

**THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2022**

Patron:

HER MAJESTY THE QUEEN

President:

Vice Admiral P M Bennett, CB, OBE

Registered Charity Number
207405

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REPORT OF THE TRUSTEES

The Trustees present their report with the financial statements of the charity for the year ended 31st December 2022. The Trustees have adopted the provisions of the 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 issued in July 2014.

LEGAL AND ADMINISTRATIVE INFORMATION

Name of the Charity

The official name of the charity is the 'Royal Naval Benevolent Society for Officers' (RNBSO). However, in 2008 the Trustees agreed to adopt the working title of the 'Royal Navy Officers' Charity' (RNO).

The Council structure and Trustees

The Council members, who are the Trustees of RNBSO, are as follows:

President - Vice Admiral P M Bennett, CB, OBE
Chairman – Rear Admiral M Kimmons, CB
Deputy Chairman - Commander E E Marland, Royal Navy (resigned 31/12/2022)
Honorary Treasurer – Lieutenant W P Austin, Royal Navy
Surgeon Commander G F Chirnside, Royal Navy
Commander I Fyfe-Green Royal Navy
Commander R M Grainger, Royal Navy (resigned 31/12/2022)
Commander G P Hockley, LVO, Royal Navy
Commander B F M Hughes, Royal Navy
The Venerable M G Poll, Royal Navy
Commodore A A Ross, Royal Navy
Commander M Westwood, Royal Navy
Lieutenant S Williams Royal Navy
The Officers and Advisers of the Council are:

Chief Executive Officer

Commander M Goldthorpe, BEM, Royal Navy

Principal Address & Contact Details

70, Porchester Terrace
London, W2 3TP
Tel No: 020 7402 5231
E-Mail: rnoc@ arno.org.uk

Auditor

Moore Kingston Smith LLP
6th Floor, 9 Appold Street
London
EC2A 9AP

Bankers

Child & Co. (Bankers) 1 Fleet Street, London, EC4Y 1BD

Solicitors

Gregory Rowcliffe Milners, 1 Bedford Row, London, WC1R 4BZ

Investment Managers

Cazenove Capital Management Limited, 12 Moorgate, London EC2R 6DA

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STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Documents

The charity was founded in 1739 and was incorporated by Royal Charter as the Royal Naval Benevolent Society in 1838. Extant amendments to the Royal Charter were granted in 1996 (change of name to Royal Navy Benevolent Society for Officers) and 1997 (inclusion of Warrant Officers holding Warrants before 1st April 1956).

The charity is governed by a set of rules, which were last amended in 2019 and approved by the members of the Society at the Annual General Meeting in July 2019.

HM Queen Elizabeth II

The RNBSO, for the past 60 years have been enormously privileged to have Her Majesty the late Queen Elizabeth as Patron of the charity. Following the extremely sad news of the death of Her Majesty, the RNBSO enter 2023 awaiting news of our new patron, whilst offering our best wishes and loyal support to His Majesty, King Charles.

The Council

The members of the governing Council meet thrice yearly and are, for the purposes of charity law, the Trustees of RNBSO. Trustees may be elected to the Council for a period of three years and retire by rotation, albeit offering themselves for re-election each year, if they remain eligible. The President is elected by Trustees from amongst its senior members. The Chairman and Deputy Chairman are elected from the Trustees by the Council to serve in those offices for a period of one year. They may also offer themselves for re-election, as long as they remain eligible.

The RNBSO is a subsidiary charity of the RNRMC but retains its own Trustees for the day-to-day administration of the charity. The RNRMC is, however, the Corporate Member with a power of veto at a General Meeting. In addition the Corporate Member is entitled to nominate a Trustee to the board; the current nominated trustee is Commander M Westwood RN.

Trustees Induction and Training

New members of the Council attend the NCVO run Trustee Induction Course, receive an induction pack, which includes a description of their duties and responsibilities, and current policy documents for the charity. Further in-house and external training is delivered if required.

Management and Administration

The executive business of the charity is administered by the CEO, supported by three staff members jointly employed by the charity and ARNO which shares the same premises. All members of the Council give their time voluntarily and receive no benefits other than travelling expenses.

Volunteers and Related Parties

The RNBSO is also the sole Trustee of the ARNO Charitable Trust (CT). In addition, it manages the RN Scholarship Fund (RNSF) as a sub-charity. Work continues to subsume the RNSF into the main RNBSO Fund.

Risk Management

The Trustees monitor the principal risks in the charity via a Risk Matrix that is scrutinised by the Finance and Administration Sub Committee (FASC) and discussed by the Board annually. The Trustees believe that the charity remains, under normal circumstances, both sustainable and resilient, in its structure, governance and administration. The Risk Matrix identifies the following areas as those of the highest potential risk if not mitigated:

| Risk | Mitigation |
|-------------------|------------------------------|
| Loss of key Staff | Robust supersession planning |

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| | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| | Ongoing review of records, systems, plans and projects Internal cross desk training |
| Financial Viability | Close scrutiny by FASC, Audit, Regular reviews |
| Compliance | Operating in an honest and ethical manner Monitoring changes in regulation/legislation Ensuring high quality and timely legal advice |

OBJECTIVES & ACTIVITIES

Objects

The governing document enables relief to be given to Officers and former Officers of the Royal Navy, the Royal Marines, the Royal Naval Reserve, the Royal Naval Volunteer Reserve, the Royal Marine Forces Volunteer Reserve and the Queen Alexandra’s Royal Naval Nursing Service, their spouses, former spouses and dependants who are in need.

PUBLIC BENEFIT

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission’s guidance on public benefit, including the guidance ‘Public benefit: running a charity (PB2)’.

RNBSO is a membership organisation as well as a charity and on being established only members were eligible for financial assistance. In 1997 Trustees agreed to widen the criteria so that all serving and retired officers, whether members or not, would be eligible for benevolence in the future. Furthermore, the list of beneficiaries was widened to include spouses, dependent children and former spouses. Recently, with the approval of the Charity Commission, former officers of the Woman’s Royal Naval Service have also become eligible to receive assistance.

Grant Making Policy

In accordance with its Royal Charter, the charity delivers its objects for public benefit by enabling financial relief to be extended by the Trustees to all officers of the Naval Service and their dependants who are in financial distress.

SIGNIFICANT ACHIEVEMENTS

The RNBSO continues to meet the need of all beneficiaries, in the main, from its own investment portfolio. In recent years and especially during the Covid Pandemic and Cost of Living Crisis this income has been bolstered by a number of generous donations. Mindful of the additional pressures on a large number of our most vulnerable beneficiaries Trustees authorised 2 additional in year payments of £300 and £500 to help with everyday living costs. In addition to regular beneficiaries, new applications are received on a weekly basis many of these are complex requiring multi-agency almonisation. Despite this most are normally dealt with within 2 working days and in an emergency cases can be resolved within 24 hours. A copy of the latest Impact Report can be accessed at the charity website. www.rnoc.org.uk. The ARNO/RNOC website www.arno.org.uk is accessed on a regular basis and all IT systems are regularly monitored and checked to ensure the latest compliance. During 2022 year the RNOC have engaged an outside marketing company to help raise awareness of the charity.

FINANCIAL REVIEW

Investment Controls and Restrictions

The Trustees ensure that the capital held by RNBSO is invested prudently and conservatively over the long term for the ultimate benefit of beneficiaries. The aim is to achieve a balance of income and capital growth through an agreed investment strategy. In late 2021, following advice and consideration, Trustees agreed to switch the bespoke fund of fund approach focussed on income producing assets into the Cazenove Responsible Multi-Asset Fund (distribution units). In addition to providing income from investments and capital this fund addresses various ESG and geographic requirements. This transition is now complete and Trustees have been satisfied with both the changeover and outcome.

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Cazenove Capital Management continues to manage the charity's Investment Portfolio on a discretionary basis. The investment performance is regularly reviewed by Trustees.

Investment Performance

2022 was a turbulent year in financial markets with global equities falling over 8% and the UK gilt market by close to a quarter. Driven by rising commodity prices (exacerbated by Russia's invasion of Ukraine) and supply chain crunches, inflation soared and central banks were forced to raise interest rates aggressively to try and bring rising prices back under control.

The year-end investment valuation for the combined RNBSO portfolios stood at £16,015,882 as at 31 December 2022, registering a slight year-on-year decline of 3.3% - some relative shelter from the worst of the market falls. The portfolios benefitted from a residual bias towards some income-paying investments at the start of the year, which performed comparatively well, before fully transitioning to the Charity Responsible Multi Asset Fund later in the year and being able to benefit from a strong rally in performance in the last quarter of the year.

In terms of positioning, we have become more constructive on fixed income as rates have risen and have gradually been increasing our exposure to government bonds. We are however still more cautious on equities and we are likely to remain underweight here until we see a peak in US interest rates, a softer US labour market and earnings forecasts that better reflect the likelihood of a recession. We also still like alternative assets, which have an important role to play in portfolio construction. We did however use the rally in gold prices in October as an opportunity to reduce our exposure here given the correlation between Gold and equities has been increasing and we felt the diversification benefits of holding Gold had been reduced.

High levels of inflation in the UK have made meeting inflation plus return targets more challenging in the shorter term. Despite this, we remain confident in the ability to meet inflation plus targets over the longer term.

Financial Outcome

Incoming resources for the year amounted to £1,018,328 and resources expended £711,344 giving rise to a net income of £306,984 before recognised gains and losses on investments. Investment income was £642,054 and legacies/donations, for which the Council are extremely grateful, £376,274.

The total sum expended on grants during the year was £508,537 compared to £500,289 in 2021. As in previous years the number of applications from serving personnel continues to rise. Grants continue to be administered in a timely manner and it is extremely rare that valid applications are not met in full.

Reserves Policy

The aim of the charity is to maintain sufficient resources to continue to be self-financing in perpetuity. It aims to hold its free reserves to a level equivalent to six months of its own expenditure, which would require a liquid reserve of around £250k. At the year end funds amounted to £16.2m of which £237k are restricted and are therefore not freely available. The remaining funds are therefore £16.m, the majority of which are represented by investments which the Trustees deem to be held for the longer term in order to generate an income stream for the charity and remain sustainable for future generations.

Fundraising Principles

The RNOC's income has historically been obtained from investments and therefore there has been no requirement to fundraise. In recent years the charity has conducted some minor fund raising activities, primarily, via the Association of Royal Navy Officers' (ARNO) membership and other initiatives including the "Big Give" and Social media. In addition to raising funds the main drive behind these initiatives was to increase awareness of the charity and therefore potential beneficiaries. No complaints were received in the year in respect of fundraising practices.

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FUTURE PLANS

Future Activities and Aims

The need for benevolence continues, COVID lingers in the background and the full and true consequences of the current rises in inflation and the Cost of Living remain unknown. The charity's Benevolence Sub-Committee closely monitor trends, grants and emerging cases recommending, where and when necessary, increases and additional resources.

The standard annuity grant for 2022 was £3,000 pa. In light of recent and current events the Benevolence subcommittee reviewed the level of grant using data from the Rowntree Foundation along with evidence from casework and recommended and uplift to £3,500. This was approved by Trustees in December and will be effective from 1 January 2023.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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 of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

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. 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.

In so far as the charity's Trustees are aware:

- there is no relevant audit information of which the organisation's auditor is unaware, and
- the charity's Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Signed on behalf of the Trustees.



Rear Admiral M Kimmons CB
Chairman

22 February 2023

REPORT OF THE INDEPENDENT AUDITORS TO MEMBERS OF THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS

Opinion

We have audited the financial statements of The Royal Naval Benevolent Society for Officers for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of 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 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 December 2022, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 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 charity'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 annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; 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 required for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO MEMBERS OF THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 is detailed below.

**REPORT OF THE INDEPENDENT AUDITORS TO MEMBERS OF
THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

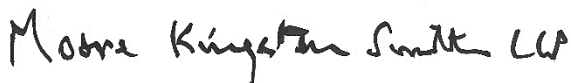
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP
Statutory auditor

6th Floor
9 Appold Street
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Date: ...13 March 2023.....

**THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS STATEMENT OF FINANCIAL
ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2022**

| | Notes | Total Unrestricted Funds | Total Restricted Funds | Funds 2022 | Funds 2021 |
|-------------------------------------------|-------|--------------------------------|------------------------------|-------------------|-------------------|
| INCOME & ENDOWMENTS | | | | | |
| Donations and legacies | 2 | 376,274 | - | 376,274 | 278,925 |
| Investment income | 3 | 631,253 | 10,801 | 642,054 | 429,524 |
| Total operating income | | <u>1,007,527</u> | <u>10,801</u> | <u>1,018,328</u> | <u>708,449</u> |
| EXPENDITURE | | | | | |
| Raising funds | | | | | |
| Investment manager's fees | | 19,601 | - | 19,601 | 58,511 |
| Advertising | | 3,720 | - | 3,720 | - |
| Charitable activities | | | | | |
| Grants | 5 | 450,421 | 58,116 | 508,537 | 500,289 |
| Other charitable activities | 4 | 179,486 | - | 179,486 | 166,872 |
| Total operating expenditure | | <u>653,228</u> | <u>58,116</u> | <u>711,344</u> | <u>725,672</u> |
| Net operating income/(expenditure) | | 354,299 | (47,315) | 306,984 | (17,223) |
| Net gains/(losses) on investments | 11 | (1,134,959) | (19,335) | (1,154,294) | 1,781,086 |
| Net (expenditure)/income | | (780,660) | (66,650) | (847,310) | 1,763,863 |
| Gross transfers between funds | 15 | - | - | - | - |
| Net movement in funds | | (780,660) | (66,650) | (847,310) | 1,763,863 |
| Total funds brought forward | | 16,817,871 | 303,563 | 17,121,434 | 15,357,571 |
| Total funds carried forward | 14 | <u>16,037,210</u> | <u>236,914</u> | <u>16,274,124</u> | <u>17,121,434</u> |

**THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
BALANCE SHEET AT 31ST DECEMBER 2022**

| | | 2022 | 2021 |
|---------------------------------------|----|--------------------------|--------------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investments | 11 | 16,015,882 | 16,958,757 |
| Current assets | | | |
| Debtors | 12 | 18,909 | 23,011 |
| Cash at bank and in hand | | <u>254,333</u> | <u>162,515</u> |
| | | 273,242 | 185,526 |
| Liabilities | | | |
| Creditors falling due within one year | 13 | <u>(15,000)</u> | <u>(22,849)</u> |
| Net current assets | | 258,242 | 162,677 |
| Net assets | | <u><u>16,274,124</u></u> | <u><u>17,121,434</u></u> |
| The funds of the charity | | | |
| Restricted funds | 14 | 236,914 | 303,563 |
| Unrestricted funds | 14 | 16,037,210 | 16,817,871 |
| Total charity funds | | <u><u>16,274,124</u></u> | <u><u>17,121,434</u></u> |

The financial statements on pages 9 to 20 were approved by the Trustees on 22nd February 2023. and signed on their behalf by:




Rear Admiral M Kimmons CB
Chairman

W P F Austin
Honorary Treasurer

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

| | 2022 | 2021 |
|--------------------------------------------------------------------------------|---------------------|--------------------|
| | £ | £ |
| Cash (outflow) from operating activities | | |
| Net cash used in operating activities | <u>(320,817)</u> | <u>(488,255)</u> |
| Cash flows from investing activities | | |
| Investment income and interest received | 624,054 | 429,524 |
| Proceeds from disposal of fixed asset investments excluding endowment funds | 15,866,950 | 4,031,711 |
| Acquisition of fixed asset investments excluding endowment funds | <u>(16,078,369)</u> | <u>(3,975,074)</u> |
| | <u>412,635</u> | <u>486,161</u> |
| Net increase/(decrease) in cash and cash equivalents | 91,818 | (2,094) |
| Cash and cash equivalents at beginning of year | <u>162,515</u> | <u>164,609</u> |
| Cash and cash equivalents at end of year | <u>254,333</u> | <u>162,515</u> |

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

| | 2022 | 2021 |
|------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Net income/(expenditure) including endowments | (847,310) | 1,763,863 |
| Adjustments for: | | |
| Net (gains)/losses on investments | 1,154,294 | (1,781,086) |
| Investment income | (624,054) | (429,524) |
| (Increase) in debtors | 4,102 | (85) |
| (Decrease) in creditors | (7,849) | (41,423) |
| Net cash used in operating activities | <u>(320,817)</u> | <u>(488,255)</u> |

The charity has no net debt and accordingly no net debt note is presented.

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1. ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by (the revaluation of land and buildings and) investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charity is a public benefit entity for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP) and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements comprise the charity and its subsidiary, the Royal Naval Scholarship Fund (RNSF), under a Charity Commission Scheme.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c) Income

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy receivable can be measured reliably. Where entitlement to a legacy exists but there is uncertainty as to its receipt or the amount receivable, details are disclosed as a contingent asset until the criteria for income recognition are met.

Income is deferred when the donor attaches conditions outside the charity's own control or specifies that the resources are to be used in a future accounting period.

d) Expenditure

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Charity. Unconditional grant offers are accrued once the recipient has been notified of the grant award and its payment is probable. Grant awards that are subject to the recipient fulfilling performance or other conditions are accrued when the recipient has been notified of the grant and either the performance condition is met or any remaining unfulfilled condition attaching to the grant is outside of the control of the Charity.

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

1. ACCOUNTING POLICES (Continued)

e) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Where services are provided to the charity as a donation that would normally be purchased, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

f) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

g) Allocation of overhead and support costs

Overhead, support and governance costs are allocated between the cost of raising funds and charitable activities. Overhead, support and governance costs relating to charitable activities have been apportioned between activities.

h) Costs of raising funds

The costs of raising funds consist of investment management fees, other direct costs of raising funds and an apportionment of overhead, support and governance costs.

i) Charitable activities

Costs of charitable activities include grants payable, other costs directly associated with providing benevolence to beneficiaries and an apportionment of overhead, support and governance costs.

j) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit, legal fees and Trustee meeting expenses together with an apportionment of overhead and support costs.

k) Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the Statement of Financial Activities as 'gains or losses on investments' and are allocated to the appropriate fund holding or disposing of the relevant investment.

l) Realised and unrealised gains and losses on investments

All gains and losses are taken to the income and expenditure section of the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and opening market value or purchase date if later. Unrealised gains and losses are calculated as the difference between the market value at the end of the year and opening market value, or purchase date if later.

m) Funds structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

1. ACCOUNTING POLICES (Continued)

n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

o) Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 12 and 13 for the debtor and creditor notes.

p) Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

q) Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

2. VOLUNTARY INCOME

| | Unrestricted | Restricted | Total |
|-------------------|---------------------|-------------------|----------------|
| | 2022 | 2022 | 2022 |
| | £ | £ | £ |
| General donations | 17,752 | - | 17,752 |
| Legacies | 341,367 | - | 341,367 |
| Donated services | 4,295 | - | 4,295 |
| Other | 12,860 | - | 12,860 |
| | <u>376,274</u> | <u>-</u> | <u>376,274</u> |

| | Unrestricted | Restricted | Total |
|-------------------|---------------------|-------------------|----------------|
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| General donations | 50,997 | - | 50,997 |
| Legacies | 224,178 | - | 224,178 |
| Donated services | 3,750 | - | 3,750 |
| | <u>278,925</u> | <u>-</u> | <u>278,925</u> |

Donated services represent audit and accountancy fees paid on behalf of the charity by the Royal Navy & Royal Marines Charity (RNRMC). The expenditure is shown under governance costs (see note 7).

The charity is a named beneficiary of a residuary legacy and an interim distribution has been recognised as income in these financial statements. The balance that remains receivable has not been accrued in these financial statements, as the amount to be received cannot be reliably measured.

3. INVESTMENT INCOME

| | Unrestricted | Restricted | Total |
|---------------------------|---------------------|-------------------|----------------|
| | 2022 | 2022 | 2022 |
| | £ | £ | £ |
| Dividends | 630,742 | 10,801 | 641,543 |
| Interest on cash deposits | 511 | - | 511 |
| | <u>631,253</u> | <u>10,801</u> | <u>642,054</u> |

| | Unrestricted | Restricted | Total |
|---------------------------|---------------------|-------------------|----------------|
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| Dividends | 421,125 | 8,386 | 429,511 |
| Interest on cash deposits | 13 | - | 13 |
| | <u>421,138</u> | <u>8,386</u> | <u>429,524</u> |

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

4. ANALYSIS OF CHARITABLE EXPENDITURE

| | Grants Payable (see note 5) £ | Other Direct Costs £ | Support Costs (see note 6) £ | Total 2022 £ |
|-------------|----------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------|
| Benevolence | 508,537 | - | 179,487 | 688,024 |
| | <u>508,537</u> | <u>-</u> | <u>179,487</u> | <u>688,024</u> |

| | Grants Payable (see note 5) £ | Other Direct Costs £ | Support Costs (see note 6) £ | Total 2021 £ |
|-------------|----------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------|
| Benevolence | 500,289 | - | 166,872 | 667,161 |
| | <u>500,289</u> | <u>-</u> | <u>166,872</u> | <u>667,161</u> |

5. ANALYSIS OF GRANTS PAYABLE

| | Grants to Institutions £ | Grants to Individuals £ | Total 2022 £ |
|--------------------|-----------------------------------------|----------------------------------------|-----------------------------|
| Benevolence grants | - | 450,421 | 450,421 |
| Scholarships | - | 58,116 | 58,116 |
| Total | <u>-</u> | <u>508,537</u> | <u>508,537</u> |
| | Grants to Institutions £ | Grants to Individuals £ | Total 2021 £ |
| Benevolence grants | - | 456,450 | 456,450 |
| Scholarships | - | 43,839 | 43,839 |
| Total | <u>-</u> | <u>500,289</u> | <u>500,289</u> |

The number of grants paid to individuals in the current year was 210 (2021: 148).

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

6. ALLOCATION OF SUPPORT COSTS AND OVERHEADS

The Trustees consider that no or at least a very minimal amount of supports costs and overheads can be attributed to the governance costs therefore they are all apportioned to charitable activities.

Analysis of support costs:

| | 2022 | 2021 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Management costs | 125,094 | 115,093 |
| Establishment costs | 32,500 | 33,000 |
| Administrative costs | 12,304 | 11,972 |
| Governance costs (See note 7) | 9,589 | 6,806 |
| | <u>179,487</u> | <u>166,871</u> |

7. ANALYSIS OF GOVERNANCE COSTS

| | Total | Total |
|-----------------------------|--------------|--------------|
| | 2022 | 2021 |
| | £ | £ |
| Auditor's remuneration | 4,295 | 3,750 |
| Legal and professional fees | 3,375 | 1,854 |
| Annual report costs | 1,009 | - |
| Other | 910 | 1,202 |
| | <u>9,589</u> | <u>6,806</u> |

8. TRANSACTIONS WITH MEMBERS OF THE COUNCIL

No Trustees received emoluments in the year (2021: none). 6 trustees received reimbursement of travel expenses and other administrative expenses of £1,162 (2021: 5 Trustees received £157) from RNSBO.

9. ANALYSIS OF STAFF COSTS

| | 2022 | 2021 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Salaries and wages | 174,013 | 179,670 |
| Social security costs | 19,273 | 20,431 |
| Pension costs | 28,207 | 27,354 |
| | <u>221,493</u> | <u>227,455</u> |

Employees' responsibilities are split between the charity and the Association of Royal Navy Officers (ARNO). Since 1 October 2008 staff have been paid by RNBSO and a recharge made to ARNO. The disclosures above relate to the total payroll responsibilities of the charity.

One employee (2021: one employee) had emoluments of £70,000-£80,000. The cost to this charity is less than £60,000 as a portion of their salary and associated costs are re-charged to ARNO (see note 17).

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

Key management personnel include the Trustees and Chief Executive. The total employee benefits of the charity's key management personnel were £75,001 (2021: £73,204). No Trustees received emoluments in the year.

10. STAFF NUMBERS

The average number of staff employed was 3 (2021: 4 staff) and the average number of full-time equivalent employees (including casual and part time staff) during the period was as follows:

| | 2022 | 2021 |
|-------------------|----------------|----------------|
| | Numbers | Numbers |
| Direct charitable | <u>3</u> | <u>4</u> |

11. FIXED ASSET INVESTMENTS

| | 2022 | 2021 |
|--------------------------------------|--------------------|-------------------|
| | £ | £ |
| Movements in fixed asset investments | | |
| Market value brought forward | 16,841,054 | 15,076,606 |
| Additions | 16,078,369 | 3,975,074 |
| Disposals | (15,976,977) | (3,991,712) |
| Net gains/(losses) | <u>(1,154,294)</u> | <u>1,781,086</u> |
| | 15,788,152 | 16,841,054 |
| Add cash | 227,730 | 117,703 |
| Market value carried forward | <u>16,015,882</u> | <u>16,958,757</u> |

Analysis of market value of investments by type:

| | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| | £ | £ |
| Equities | 10,132,917 | 11,724,526 |
| Bonds | 1,707,150 | 1,907,789 |
| Multi-Asset Funds | - | 163,803 |
| Alternative Investments | 2,208,737 | 2,859,237 |
| Cash | <u>1,967,078</u> | <u>303,402</u> |
| | <u>16,015,882</u> | <u>16,958,757</u> |

Analysis of market value of investments between those held within and outside the United Kingdom:

| | 2022 | 2021 |
|----------------------------|-------------------|-------------------|
| | £ | £ |
| Within the United Kingdom | 5,253,758 | 10,218,996 |
| Outside the United Kingdom | <u>10,762,124</u> | <u>6,739,761</u> |
| | <u>16,015,882</u> | <u>16,958,757</u> |

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

12. DEBTORS

| | 2022 | 2021 |
|-----------------------------------------------|---------------|---------------|
| | £ | £ |
| Due from Royal Navy and Royal Marines Charity | 4,295 | 3,750 |
| Prepayments | 14,614 | 10,287 |
| Other debtors | - | 8,974 |
| | <u>18,909</u> | <u>23,011</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|----------------|---------------|---------------|
| | £ | £ |
| Accruals | 11,000 | 19,849 |
| Pension Fund | 4,000 | - |
| Grant creditor | - | 3,000 |
| | <u>15,000</u> | <u>22,849</u> |

14. ANALYSIS OF CHARITABLE FUNDS

Analysis of unrestricted fund movements

| | Balance at 01.01.2022 | Income | Expenditure | Investment losses | Balance at 31.12.2022 |
|---------------|----------------------------------|------------------|--------------------|------------------------------|----------------------------------|
| | £ | £ | £ | £ | £ |
| General funds | <u>16,817,871</u> | <u>1,007,527</u> | <u>(653,228)</u> | <u>(1,134,959)</u> | <u>16,037,210</u> |

Analysis of restricted fund movements

| | Balance at 01.01.2022 | Income | Expenditure | Investment losses | Balance at 31.12.2022 |
|------|----------------------------------|---------------|--------------------|------------------------------|----------------------------------|
| | £ | £ | £ | £ | £ |
| RNSF | <u>303,563</u> | <u>10,801</u> | <u>(58,116)</u> | <u>(19,335)</u> | <u>236,914</u> |

The Royal Naval Scholarship Fund is a subsidiary of the charity and aggregated in its financial statements under a Uniting Direction issued by the Charity Commission. The Fund was transferred to RNBSO from ARNO Charitable Trust and it originated from the proceeds of the sale of the Royal Naval School at Eltham.

15. TRANSFER BETWEEN FUNDS

There were no transfers between funds during the period.

ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Fund | Restricted Funds | Total 2022 |
|-------------------------------|------------------------------|-----------------------------|-------------------|
| | £ | £ | £ |
| Fixed asset investments | 15,754,228 | 261,654 | 16,015,882 |
| Current assets | 282,983 | (9,741) | 273,242 |
| Other net current liabilities | | (15,000) | (15,000) |
| | <u>16,037,210</u> | <u>236,913</u> | <u>16,274,124</u> |
| | Unrestricted Fund | Restricted Funds | Total 2021 |
| | £ | £ | £ |
| Fixed asset investments | 16,641,958 | 316,799 | 16,958,757 |
| Current assets | 185,526 | - | 185,526 |
| Other net current liabilities | (9,613) | (13,236) | (22,849) |
| | <u>16,817,871</u> | <u>303,563</u> | <u>17,121,434</u> |

17. RELATED PARTY TRANSACTIONS

Association of Royal Navy Officers (ARNO)

ARNO is a membership association for which the Trustees of the charity are also the members of ARNO's council.

During the year the net management, administration and establishment costs recharged by the charity to ARNO amounted to £51,751 (2021: £67,803).

18. ULTIMATE CONTROLLING PARTY

During the year the charitable company was under the control of the Royal Navy and Royal Marines Charity (a registered charity incorporated in England and Wales, registered company number 6047294, registered charity number 1117794 and also a registered charity in Scotland, charity number SC041898), which has the right of veto in general meetings of the charity. Copies of the Royal Navy and Royal Marines Charity consolidated financial statements can be obtained from Building 29, HMS Excellent, Whale Island, Portsmouth, PO2 8ER.

**THE ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**