

THE BENEVOLENT SOCIETY OF BLUES

THE TRUSTEES' 193rd ANNUAL REPORT

for the year ended 30 June 2017

The Trustees present their Report and the audited accounts of The Benevolent Society of Blues ("the Society" or "BSB") for the year ended 30 June 2017.

Reference and Administrative Details

The Benevolent Society of Blues is a Registered Charity, number 207818.

It is also known in its shortened form as the BSB.

In recent years the Society has adopted the slogan 'Blues Supporting Blues' in its literature.

The principal Officers of the Society are:

President:	Kathleen Duncan
Chairman:	Andrew J Cosedge
Deputy Chairman:	Robin N Clarke
Treasurer:	Perry DCN Kitchen MA FCA
Secretary:	Rowena G Harris

The **Charity Trustees**, who are responsible for the running of the Society, are known as **Directors**. Those who served as **Directors** during the year under review were:

Gordon C Bloor (b)	Sian C Keall (c)
James Y Bogue (b) (c)	Perry DCN Kitchen (a) (b)
Paul Chambers (b)	Nicholas C de Mattos (b)
Robin N Clarke (a) (b)	Stephen Treharne (b)
Andrew J Cosedge (b) (c)	Louise Warrender (b)
Christopher JP Ennis (b) (c)	Sally-Ann White (b) (d)
Catherine M Ennis (c)	Guy Wilkes (b) (d)
Peter Godden-Kent (b)	Jennifer Williams (b)

- (a) Member of Finance Committee
- (b) Member of Grants & Loans Committee
- (c) Member of Presentations Committee
- (d) Member of Communications Committee

The Chairman and Deputy Chairman are ex-officio members of all Committees.

The following persons act as **Holding Trustees** in respect of certain of the Society's investments:
Roger P Eades, Perry DCN Kitchen, Richard R McGregor, and Robert W Muir

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The **address** from which the BSB operates is: The Benevolent Society of Blues
The Counting House
Christ's Hospital
Horsham
West Sussex RH13 0YP

Communications should be addressed to the Secretary, Mrs Rowena Harris.

Telephone: 01403 247418
Email: rowena@bluessupportingblues.net

Other relevant organisations are:

Auditors: Rawlinson & Hunter Audit LLP
Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Bankers: National Westminster Bank Plc
P.O. Box 12264
1 Princes Street
London EC2R 8PB

CCLA Investment Management Ltd
COIF Charity Funds
80 Cheapside
London EC2V 6DZ

Investment Managers: CAF Investment Services
25 Kings Hill Avenue
West Malling
Kent ME19 4TA

Schroder & Co. Limited (t/a Cazenove Capital Management)
31 Gresham Street
London EC2V 7QA

Ascentric/Investment Funds Direct Limited
Trimbridge House, Trim Street
Bath BA1 1HB

Structure, Governance and Management

The BSB is an independent charity, which was founded in 1824 by a group of Old Blues (former pupils of Christ's Hospital) who wished to help some of their less fortunate colleagues. The Society exists to assist persons educated or being educated at Christ's Hospital, or past members of the staff with not less than ten years service, who are in need, hardship or distress. The assistance can extend to parents, spouses, widows, widowers, children or other dependants of such persons and can be in the form of gifts, grants or loans or any combination of these. The Society also makes a limited number of presentations to Christ's Hospital of children or close relatives of Old Blues.

The Society operates through a Board of Directors and Committees appointed by the Board. The names of the four standing Committees are shown above. The Committees primarily consist of Directors, but some have additional members who are appointed to broaden the spread of knowledge on the Committee.

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The ultimate controlling body is the Board of Directors who are, collectively, the Charity Trustees.

The Board is responsible for the overall management of the Society and meets four times a year, normally twice at Christ's Hospital and twice in London. Most of the responsibilities are delegated to the Committees, which report to the Board. The Board sets the terms of reference for each committee and ratifies all major decisions if seen fit.

The Grants & Loans Committee is responsible for determining most of the benefits provided by the BSB. It meets in most months of the year to consider in detail applications for grants, loans or other assistance. The Board aims that every Director will serve on this Committee at some stage.

The Presentations Committee is responsible for BSB presentations to Christ's Hospital. This involves identifying and assessing applicants to determine who should be offered the opportunity to take the entrance examination as a potential BSB presentee, and following up their progress while they are at the school.

The Finance Committee looks after the financial affairs of the Society. This includes financial reports and budgets and the monitoring of investment policy and performance.

The Communications Committee seeks to establish and maintain modern and effective communication with the Christ's Hospital community and beyond, to encourage new members and identify potential beneficiaries.

The day-to-day running of the Society rests with the Secretary, who is the first point of contact for all matters. The Secretary keeps the essential records of the Society, including the maintenance of the databases of members and beneficiaries.

The recruitment of new Directors and Committee members is largely by word of mouth through the extensive network of Old Blue associations and societies. Sometimes specific searches are carried out where specialist skills are needed. The induction and training of Directors and Committee members is carried out through the distribution of the BSB handbook and other documentation, through specific sessions at Board meetings and through direct involvement in one or more of the Committees.

Pay policy for senior staff

The trustees consider that they comprise the key management personnel of the charity, in charge of directing and controlling the society. All trustees give their time freely and no trustee received any remuneration during the year.

Risk Management

The Board has reviewed the major strategic, business and operational risks to which the Society is exposed and confirms that systems have been established to mitigate any such risks. The assessment of risks is kept under review.

Objectives and Activities for the Public Benefit

As already stated the objects of the Society are to assist Old Blues, current pupils of Christ's Hospital and former members of staff who are in "need, hardship or distress". These objectives have not, in essence, changed since the Society was formed in 1824.

It is the aim of the Board to seek to identify all those who are in need of assistance. This is done by letter or word of mouth, by articles or advertisements in relevant Christ's Hospital, Old Blue or BSB publications, by presentations to Old Blue clubs, societies or dining groups, by social media, and by talks to leaving pupils or other groups.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the BSB's aims and objectives and in planning future activities and providing help in the form of gifts, grants or loans or any combination of these.

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The Society is dependent on the services of unpaid volunteers as Directors and Committee members, all of whom are former pupils or former members of staff of Christ's Hospital.

How our Objectives and Activities Delivered Public Benefit: A Review of Achievement and Performance

During the year 10 individuals of pensionable age (2016:10) received regular payments or periodic gifts from the Society. The Board is always seeking to identify new older beneficiaries, who are in need.

Apart from the older beneficiaries, 22 (2016: 51) applications for assistance were received during the year of which 21 (2016: 30) were met in part or in full. The number of adults given help (including those agreed in the previous year but paid in this year) was 28 (2016: 52) whilst the number of pupils assisted was 10 (2016: 9).

The varied help to pupils covered cultural, choral, sporting, character building and charitable activities, in addition to compassionate help to pupils with difficult family circumstances.

Amongst the adults, many of those given assistance were, as usual, those embarking on degree courses but there were others of varying ages who needed assistance through encountering social or financial problems of one sort or another. The assistance was by way of grants for 24 (2016: 23) individuals and by way of interest free loans for 13 (2016: 19) individuals. Some beneficiaries, particularly students, received both grants and loans. In all, with help often being on a termly basis, 41 (2016: 81) separate grants were made to adults or pupils and 23 (2016: 41) separate loans were advanced.

The number of individuals with loans outstanding at the end of the year was 145 (2016: 142). Loans were made to 7 (2016:12) new individuals and repayments were completed on 5 (2016:11) loans. Of the remaining loanholders, 90 (2016: 87) made repayments to some degree or other during the year. It should be noted that, for 19 loans, (2016: 38) repayments were not yet scheduled to commence.

In recent years, substantial provision has been made against loans which are unlikely to be recovered, recognising that the difficult financial climate has borne most harshly on those in the greatest need. At the same time, apart from loans for educational and career development purposes, support has more usually been by way of grant, targeted as precisely as possible so as to do the most good, sometimes combined with advice, as explained below. Accordingly the provision made in this year against loans unlikely to be recovered is a very modest £507. All loans are interest free.

The Society had 8 presentees at the school during the last academic year. For the next academic year, the Society expects to have 8 presentees: one senior presentee has left the school and a new presentee is starting in September 2017. The Directors are always glad to hear of potential candidates for presentation.

Finally, it is also important to emphasise that the Society gives assistance that is non-monetary. Calling on the expertise of the Board and its contacts, 7 (2016: 14) individuals were given advice and in some cases redirected to other appropriate agencies. A recurrent continued to be help for students to plan their finances, particularly those embarking on postgraduate courses. In some cases such advice was given in addition to financial support. There is an even greater number of people that contact the Society but do not then apply for financial support. In many cases the secretariat can redirect them to more appropriate bodies, and in others a discussion is all that is needed.

Financial Review

The Treasurer's Report, which follows on page 7, is to be treated as part of this Report.

Subscriptions were down 1%. There has been a decline in subscriptions during the last few years, as previously generous members have died.

There were two very generous legacies: £240,000 from John Chumrow (Col B 1939-46) and £2,500 from Frederick Grant (Mid A 1936-42). There were also generous donations from a number of Old Blues including Dr David

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Rawlins (Col A 1946-53) and in memory of Old Blues, as well as from the Caledonian Society of Old Blues. The Board is most grateful to all who generously remember the Society, either by donation or legacy.

The direct charitable expenditure in the year was £79,536, against £42,084 in 2016. The main differences are (i) a payment of £30,000 (2016: £0) was made to Christ's Hospital to purchase one donation governorship, (ii) grants to older beneficiaries increased from £1,859 to £5,979 and (iii) grants to others increased from £22,338 to £30,096. The grants and loans committee continues to take a closely focused approach, particularly in respect of support for students. Assistance to older beneficiaries was closer to historical levels, and as ever the Board would be pleased to know of any potential older beneficiaries. Assistance given to pupils was £12,954, close to the £13,027 given in 2016. Interest free loans advanced during the year amounted to £30,915, against £49,843 in the previous year. The Directors consider that the overall levels of direct charitable expenditure represent an appropriate balance between meeting the Society's charitable objectives and maintaining its capital base.

There was an operating surplus of £235,571 in 2017, against a surplus of £20,623 in 2016, mainly due to very generous legacies received.

Funds not immediately required for charitable purposes are held in a spread of investments, currently managed through Charities Aid Foundation (CAF), Schroder & Co Limited (Schroder), and Ascentric/Investment Funds Direct Limited.

The Society has a formal Investment Policy Statement, which includes an Asset Allocation Policy that sets out ranges for the holdings of different classes of investments, as to equities on the one hand, and bonds, property and cash on the other.

About half of the Society's investments, approximately equal to its permanent endowment, are divided between Schroder's Charity Multi-Asset Fund, and Jupiter's Merlin Balanced Portfolio, both of which are mixed funds invested in a range of geographical and industry sectors.

The investment funds held through CAF are in the Equitrack Fund, a "tracker" fund managed by Legal & General, the Fixed Interest B Fund (formerly the Bond Income Fund), managed by CAF Financial Solutions and the UK Equity Fund B UK (formerly the Equity Growth Fund), also managed by CAF Financial Solutions.

The investment funds held through Ascentric/Funds Direct Limited are in tracker funds from Dimensional Fund Advisors (UK Value, UK Small Companies, International Value, Global Small Companies, Global Short Dated Bond Fund, Emerging Markets Targeted Value) and Vanguard Investments (FTSE UK All Share Unit Trust R, FTSE Developed World ex UK and Emerging Markets Stock Index). There is also an investment in the BlackRock Global Property Securities Equity Tracker D fund.

Details of investments held are in note 5 to the accounts.

The Board is confident that the present asset allocation, fund managers and spread of investments should maintain the real value of the Society's capital base whilst providing the opportunity to capitalise on improvements in stock markets. The Finance Committee monitors performance regularly, and members of the Committee also attend seminars from time to time.

The total return (representing both capital and income) on the Society's investments during the year ended 30 June 2017 has been calculated as 16.82%. This compares with a total return of 12.18% on the FTSE All-Share Index. The Society's portfolio is spread more widely than the FTSE All-Share, and the Board consider that comparison should also be made with a global index, such as the Financial Express Advisor Fund Index (AFI). The AFI indicates a figure of 13.2%.

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Reserves Policy

The Reserves policy of the Society (which was adopted in the year 2000) is as follows:

1. The Society has benefited over the years from generous gifts in the form of donations and legacies. When projecting income forward it is not prudent to rely on any significant receipts from such sources. Consequently the Society has to maintain a sizeable portfolio of investments to generate income that, together with subscriptions from members, will enable the Society to defray the expenditure necessary to meet its charitable objectives. The necessary value of the investment portfolio is the main factor determining the level of funds which the Society has to maintain as its Permanent Endowment and Reserves. Some margin is also needed to allow for adverse fluctuations in stock market values.
2. A further element of Reserves is necessary to support the book value of the interest free loans, which the Society makes to approved applicants. This recognises the fact that, by their nature, the amount and timing of repayments of loans cannot be accurately anticipated.

Quantification of the required Permanent Endowment and Reserves in accordance with the above policy gives rise to a figure of £3.82 million as at 30 June 2017. This compares with the actual total funds in the Balance Sheet at that date of £3.33 million. Hence the present level of Reserves is not excessive.

Plans for future periods

Each year the Board produces a Financial Plan, which projects the relevant figures over the next four years. Such plans provide the basis of the assessment of the required Reserves as indicated above.

The main conclusion from the most recent Financial Plan is the continuing need to increase the regular ongoing level of subscriptions to the Society, and to ensure that charitable expenditure continues to be sufficient to enable the Society to meet its primary object of helping Blues who are "in need, hardship or distress" whilst maintaining the real value of its capital base.

Appreciation

The Society is most grateful to all who have served on the various committees of the Board during the year, including Sarah Adamson, Kate Atkinson, Roger Eades, Keith Mills, and Simon Wilson. The Society is heavily reliant on such voluntary contributions of time and effort. The Board is always glad to welcome more volunteers to assist with the work of the Society.

Finally, the Board would like to pay tribute to the hard work and enthusiasm of the Secretary, Rowena Harris, during the year. The smooth and successful functioning of the Society is heavily dependent upon her dedicated work.



Andrew Cosedge
Chairman

7 October 2017

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TREASURER'S REPORT

The principal features of the Accounts for the year ended 30 June 2017 are as follows:

Subscriptions (including tax recovered as Gift Aid), amounted to £35,808 (2016 £36,132). During the last few years there has been a gradual reduction in subscriptions received, despite the untiring efforts of the secretariat and the directors and the communications committee to encourage former members to renew their subscriptions and new members to join. The Society is grateful for support from all its members.

Legacies this year of £242,500 (2016 £0) included a very generous donation of £240,000 from John Chumrow (Col B 1939-46). Donations amounted to £5,856 (2016 £4,801). Our gratitude to those Old Blues and supporters who have thus demonstrated their generosity is extremely strong. Investment income received was £66,381, 3.6% higher than last year, and in line with historic levels.

Total incoming resources were £350,805 (2016: £105,352).

The following comments on charitable expenditure should be read with reference to the five year summary on page 19. In the formal statement of financial activities on page 9, support costs are spread across the heads of charitable expenditure in accordance with applicable accounting standards. We do not believe this is helpful.

The assistance given to older beneficiaries, at £5,979 (2016 £1,859) is over three times higher than last year and more in line with historic levels (more than five years ago). It remains important to seek out more persons in this age group who are in need of help from the Society.

Grants paid to other beneficiaries increased by 35% to £30,096. There were many applications from students seeking support for postgraduate studies, and there were also several older applicants whose difficult circumstances had been exacerbated by the harsh financial climate. Grants have been targeted as precisely as possible to do the most good, and a number of those receiving financial support also received advice, introduction to other agencies, or redirection to other sources of funding as appropriate. In some cases a grant or loan was not made, and assistance was given in the form of advice and guidance that is not reflected in the figures.

Support grants for needy pupils at the school to assist with travel and other needs amounted to £12,954 (2016 £13,027). The bulk of this was the £10,000 that Christ's Hospital requests regularly each year for the Necessitous Children's Fund (NCF): it is expected that support for the NCF will continue at a similar level in future years.

£30,000 was paid to Christ's Hospital for one Donation Governorships (2016: £0). The Society aims to present one or two children each year to the school.

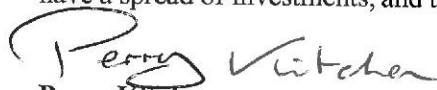
Salaries and support costs, at £31,298 (2016: £38,645) were down by 23%, mainly reflecting a reduction in staffing of the secretariat from two to one. Governance costs principally comprise the audit fee.

Total resources expended amounted to £115,234 (2016: £84,729), the increase mainly due to the payment of £30,000 to Christ's Hospital. There was a net surplus for the year amounting to £235,571 (2016: £20,623).

Loans advanced to individuals on an interest free basis, at £30,915, compared with £49,843 last year. This is in line with the average for the last 8 years. As with grants, many successful applications were from people of student age. Loan repayments totaled £30,260 (2016: £37,102). The reduction reflects the fact that during the last few years loans have been made only with a realistic prospect of recovery, whilst older outstanding and problematic loans have little more to yield. The secretariat has worked unceasingly to encourage repayments.

The loan provision of £507 was just over a tenth of that for 2016 (£4,860) and much less than the large provisions made in preceding years. The net value of the loan portfolio is now £153,833, which is considered to be realistic.

The investment portfolio increased in value from £2.47m to £2.93m, an increase of £463,109, £100,000 of which was new investment, and £363,109 due to rises in stock markets. There was also investment of £100,000 into interest bearing bonds, as detailed in note 5. The Directors continue to believe that it is in the Society's long term interest to have a spread of investments, and they take careful advice from the Society's investment managers and other sources.


Perry Kitchen
Treasurer

7 October 2017

THE BENEVOLENT SOCIETY OF BLUES

DIRECTORS' RESPONSIBILITIES

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

The law applicable to charities in England & Wales requires the Directors 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 Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements 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 operation.

The Directors 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 Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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 Directors are responsible for the maintenance and integrity of the charity and financial information on the charity's website.

Other Statutory Information

In order to comply with the document "Accounting and Reporting by Charities – SORP: April 2005" and related regulations, the Directors have pleasure in supplying the following additional information:

1. The Society is governed by the Charity Commission Scheme of Arrangement dated 9 November 1982 and by Rules that were last updated in November 2014.
2. The Society is an unincorporated association.
3. The Directors (between 12 and 24 in number) are elected by the members in accordance with the provisions of the Society's Rules. The Board may also co-opt up to 4 members to fill vacancies until the following AGM.
4. The Society's policy on Reserves is included within the Trustees' Report on page 6.
5. The Board of Directors has the power to invest in such assets as it sees fit subject to any statutory restrictions. Such investments may be held by a bank or stockbroking company as nominees, but otherwise must be vested in not less than three individuals appointed by the Board as Holding Trustees.

By Order of the Board



Rowena Harris
Secretary

7 October 2017

THE BENEVOLENT SOCIETY OF BLUES

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 30 June 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Income					
Incoming resources of a voluntary nature:					
Subscriptions including tax recovered		35,808	-	35,808	36,132
Donations including tax recovered		5,856	-	5,856	4,801
Legacies		<u>242,500</u>	-	<u>242,500</u>	-
		<u>284,164</u>	-	<u>284,164</u>	<u>40,933</u>
Investment Income:					
Distributions from investment managers		66,381	-	66,381	64,091
Deposit interest		<u>260</u>	-	<u>260</u>	<u>328</u>
		<u>66,641</u>	-	<u>66,641</u>	<u>64,419</u>
Total incoming resources		<u>350,805</u>	-	<u>350,805</u>	<u>105,352</u>
Expenditure					
Expenditure on charitable activities:					
Assistance for older beneficiaries		8,663	-	8,663	3,743
Grants to other beneficiaries		43,604	-	43,604	44,974
Support grants to pupils		18,768	-	18,768	26,227
Donations to Christ's Hospital		43,465	-	43,465	-
Loans unlikely to be recovered		<u>734</u>	-	<u>734</u>	<u>9,785</u>
Total resources expended	2, 3, 4, 6	<u>115,234</u>	-	<u>115,234</u>	<u>84,729</u>
Net incoming/(outgoing) resources	9	235,571	-	235,571	20,623
Other recognised losses and gains					
Net gains on investment assets	5, 9	<u>173,416</u>	<u>189,692</u>	<u>363,108</u>	<u>32,989</u>
Net movement in funds		408,987	189,692	598,679	53,612
Fund balances brought forward at 1 July 2016		<u>1,447,072</u>	<u>1,288,627</u>	<u>2,735,699</u>	<u>2,682,087</u>
Fund balances carried forward at 30 June 2017	9	<u><u>1,856,059</u></u>	<u><u>1,478,319</u></u>	<u><u>3,334,378</u></u>	<u><u>2,735,699</u></u>

There are no recognised gains or losses other than those included in the Statement of Financial Activities above.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 11 to 16 form part of these accounts.

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BALANCE SHEET at 30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	5	2,929,795	2,466,686
		<hr/>	<hr/>
Current assets			
Loans	6	153,833	153,685
Cash balances	7	241,152	111,045
Debtors	8	<u>17,265</u>	<u>14,634</u>
		412,250	279,364
Less: Creditors falling due within one year			
Sundry creditors		7,667	10,351
		<hr/>	<hr/>
Net current assets		404,583	269,013
		<hr/>	<hr/>
Net assets		3,334,378	2,735,699
		<hr/> <hr/>	<hr/> <hr/>
Funds			
Unrestricted	9	1,856,059	1,447,072
Restricted	9	1,478,319	1,288,627
		<hr/>	<hr/>
Total funds	9	3,334,378	2,735,699
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Directors on 7 October 2017 and signed on its behalf by:


AJ Cosedge, Chairman


PDCN Kitchen, Treasurer

The notes on pages 11 to 16 form part of these accounts.

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NOTES TO THE ACCOUNTS for the year ended 30 June 2017

1. Principal accounting policies

(a) Accounting convention

The Benevolent Society of Blues ("the society" or "BSB"), registered charity number 207818, is based and administered in the United Kingdom. The registered address is The Counting House, Christ's Hospital, Horsham, West Sussex, RH13 0YP.

The society continues as a public benefit entity as defined by FRS 102. 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The society has applied Update Bulletin 1 as published on 2 February 2016 and does not include a cash flow statement.

The financial statements are presented in sterling which is the functional currency of the society.

The society adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in Note 11.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The forecast income and reserves are sufficient to cover all of the budgeted expenditure to be able to continue as a going concern.

(c) **Investments** are valued at the closing market value on the Balance Sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(d) **Items of equipment** are only capitalised where the individual purchase price exceeds £5,000 and the assets are expected to be of lasting benefit to the Society.

(e) **Recoverable loans** are carried as a current asset in the Balance Sheet. An appropriate provision for loans unlikely to be recovered is charged in the Statement of Financial Activities.

(f) Incoming resources

Legacies and donations are accounted for in the year in which they are received, unless the requests of the donor justify different treatment.

Income tax recoverable on subscriptions and donations received under gift aid is accounted for in the period in which recovery is effected.

(g) Resources expended

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

Grants and other payments to beneficiaries are approved at monthly meetings of the Grants & Loans Committee and are charged in the year in which payment is made. There are no long-term commitments of benefits.

Salaries and support costs and Governance costs are included on an accruals basis.

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NOTES TO THE ACCOUNTS

for the year ended 30 June 2017

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(h) Financial Instruments

The society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and subsequently measured at their settlement value.

(i) Cash and cash equivalents

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the entity's cash management. Also included is cash held under management by the investment broker.

(j) Taxation

The society is not subject to any taxes on its charitable activities. Irrecoverable VAT is charged against the category of resources expended for which it was occurred.

(k) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

(l) Judgments and key sources of estimation uncertainty

In preparing the financial statements, the trustees have considered how best to apply the society's accounting policies and make estimates in the preparation of the financial statements, where relevant.

The critical judgments that have been made in arriving at the amounts recognised in the financial statements, and key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the financial year, are discussed below.

- The Trustees have assumed that of the total loans repayable of £153,833 at the year end, £85,000 is estimated to be repayable after more than one year at the year end. A higher proportion of the total loans repayable due for repayable after more than one year would result in a lower discounted asset value being presented as a debtor. A lower proportion of the total loans repayable due for repayment after more than one year would result in a higher discounted asset value being presented as a debtor in these accounts.
- The Trustees have assumed that the total estimated long term loans of £85,000 would be repaid evenly over a 10 year period. Should the estimated long term loans not be repaid evenly over a 10 year period, nor repaid at all over a 10 year period, a different present value of these loan debtors would have been presented in these accounts.
- The Trustees have assumed an estimated applicable discount rate of 3% per annum at 30 June 2017 to discount the future loans payable to the present value. A higher discount rate would result in a lower discounted asset value being presented as a debtor. A lower discount rate would result in a higher discounted asset value being presented as a debtor in these accounts.

2. Salaries and support costs

Salaries and support costs included £24,746 (2016: £31,282) in respect of the total emoluments of the Society's employees during the year. Pension costs of £1,758 (2016: £2,197) are included. The average number of the Society's employees was 2 (2016:2). This is apportioned to the various categories of the charitable activities.

3. Governance costs

Governance costs included £4,400 (2016: £4,000) in respect of auditors' remuneration. This is apportioned to the various categories of the charitable activities.

None of the Trustees or the Directors received any remuneration.

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2017

(continued)

4. Analysis of charitable activities

The charity undertakes its charitable activities through grant-giving and/or loan provision to assist persons educated or being educated at Christ's Hospital or their families, or past members of staff with no less than ten years' service, who are in need, hardship or distress.

Types of charitable activity	Direct assistance £	Support costs £	2017 total £	2016 total £
Grants to older beneficiaries (age 60+)	5,979	2,684	8,663	3,743
Grants to other beneficiaries	30,096	13,508	43,604	44,974
Grants to current pupils	12,954	5,814	18,768	26,227
Donations to Christ's Hospital	30,000	13,465	43,465	0
Loans unlikely to be recovered	507	227	734	9,785
	<u>79,536</u>	<u>35,698</u>	<u>115,234</u>	<u>84,729</u>

5. Investments

	01.07.16 £	Additions £	Disposals £	Net gains/ (losses) £	30.06.17 £
CAF					
Fixed Interest Fund B	118,543	-	-	(1,137)	117,406
UK Equitrack Fund	131,071	-	-	22,142	153,213
UK Equity Fund B	37,374	-	-	7,393	44,767
	<u>286,988</u>	<u>-</u>	<u>-</u>	<u>28,398</u>	<u>315,386</u>
VANGUARD					
FTSE Developed World Ex UK	164,376	-	-	33,953	198,329
Emerging Markets Stock Index	61,985	-	-	15,005	76,990
FTSE UK All Share Unit Trust R	18,910	-	-	2,630	21,540
	<u>245,271</u>	<u>-</u>	<u>-</u>	<u>51,588</u>	<u>296,859</u>
DEUTSCHE					
BlackRock Global Property Tracker	80,172	-	-	2,405	82,577
	<u>80,172</u>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>82,577</u>
SCHRODER					
Cash	3,080	-	-	-	3,080
Multi-Asset Fund	517,560	-	-	53,664	571,224
	<u>520,640</u>	<u>-</u>	<u>-</u>	<u>53,664</u>	<u>574,304</u>
JUPITER					
Merlin Balanced Portfolio	<u>627,908</u>	<u>-</u>	<u>-</u>	<u>93,136</u>	<u>721,044</u>
Sub-total carried forward	<u>1,760,979</u>	<u>-</u>	<u>-</u>	<u>229,191</u>	<u>1,990,170</u>

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2017

(continued)

5. Investments (continued)

Sub-total brought forward	1,760,979	-	-	229,191	1,990,170
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DIMENSIONAL

UK Value	133,363	-	-	32,321	165,684
UK Small Companies	135,720	-	-	27,924	163,644
International Value	154,043	-	-	41,356	195,399
Global Small Companies	109,343	-	-	23,611	132,954
Short Dated Bond Fund	127,359	100,000	-	(2,378)	224,981
Emerging Markets Targeted Value	45,879	-	-	11,084	56,963
	<u>705,707</u>	<u>100,000</u>	<u>-</u>	<u>133,918</u>	<u>939,625</u>

TOTAL	<u>2,466,686</u>	<u>100,000</u>	<u>-</u>	<u>363,109</u>	<u>2,929,795</u>
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Summary by sector

	01.07.16	Additions	Disposals	Net gains/ (losses)	30.06.17
	£	£	£	£	£
UK All Share	187,355	-	-	32,165	219,520
UK Smaller Companies	135,720	-	-	27,924	163,644
UK Value	133,363	-	-	32,321	165,684
MSCI Global Index ex UK	164,376	-	-	33,953	198,329
Global Value	154,043	-	-	41,356	195,399
Global Smaller Companies	109,343	-	-	23,611	132,954
Emerging Markets	107,864	-	-	26,089	133,953
Global Short-Dated Bonds	245,902	100,000	-	(3,515)	342,387
Multi-Asset Funds	1,145,468	-	-	146,800	1,292,268
Property	80,172	-	-	2,405	82,577
Cash	3,080	-	-	-	3,080
	<u>2,466,686</u>	<u>100,000</u>	<u>-</u>	<u>363,109</u>	<u>2,929,795</u>
TOTAL	<u>2,466,686</u>	<u>100,000</u>	<u>-</u>	<u>363,109</u>	<u>2,929,795</u>

The original cost of the investments was £2,294,361 (2016: £2,194,361).

6. Loans

2017
£

2016
£

The movement in loans was as follows:

Balance at 1 July	153,685	145,804
Loans advanced	30,915	49,843
Loans repaid	(30,260)	(37,102)
Loans unlikely to be recovered	(507)	(4,860)
Balance at 30 June	<u>153,833</u>	<u>153,685</u>

The dates for commencement of loan repayments are not always specified and nor is the rate of repayment normally laid down. The amount of loans repayable after more than one year is approximately £85,000 (2016: £85,000). All loans are interest free.

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2017

(continued)

7. Cash balances	2017	2016
Bank balances	13,105	20,678
Charities Fund Deposit Account	220,392	55,138
Ascentric Cash Account	7,655	35,229
	<u>241,152</u>	<u>111,045</u>

8. Debtors

Debtors of £17,265 (2016: £14,634) are amounts owed in investment income, mainly in respect of the Society's holdings on the Ascentric investment platform.

9. Funds

As at 30 June 1982 five separate funds were merged into one fund called the General Fund. After allocation of subsequent movements in funds (principally investment gains), the resulting balance on the General Fund was formally adopted as the Permanent Endowment of the Society at a Board meeting on 14 October 2000. Subsequent movements of funds have continued to be allocated as appropriate between the Permanent Endowment and Reserves.

The movement in funds during the year was as follows:

	Unrestricted Funds (Reserves)	Restricted Funds (Permanent Endowment)	Total Funds
	£	£	£
Balance at 1 July 2016	1,447,072	1,288,627	2,735,699
Net surplus before other gains	235,571	-	235,571
Other gains	173,416	189,692	363,108
Balance at 30 June 2017	<u>1,856,059</u>	<u>1,478,319</u>	<u>3,334,378</u>
The funds comprised:			
Investments	1,451,476	1,478,319	2,929,795
Net current assets	404,583	-	404,583
Total	<u>1,856,059</u>	<u>1,478,319</u>	<u>3,334,378</u>

The Trustees have complete discretion over the use of the Unrestricted Funds in pursuance of the Society's objectives.

The Trustees are required to permanently maintain the whole of the Permanent Endowment Fund. This fund cannot, therefore, be spent as if it were income.

10. Related party transactions

There have been no related party transactions in the reporting period and no trustees received any remuneration during the year to 30 June 2017 (2016: £0).

11. First-time adoption of Charities SORP FRS 102

The society has adopted the Charities SORP FRS 102 for the first time in the year ended 30 June 2017.

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2017

(continued)

The policies applied under the society's previous accounting framework are not materially different to the Charities SORP FRS 102 and have not impacted on the funds of the Society or the Statement of Financial Activities.

12. Financial Instruments

The carrying amounts of the society's financial instruments are as follows:

Financial Assets

Measured at fair value through SOFA:

	2017	2016
	£	£
Fixed asset quoted investments	2,929,795	2,466,686
Cash under management	228,047	90,367
Cash at bank and in hand	13,105	20,678

Measured at amortised cost:

Accrued income	17,265	14,634
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Financial Liabilities

Measured at amortised cost:

Creditors & Accruals due within one year	6,913	9,216
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The income, expenses, net gains and net losses attributable to the society's financial instruments are summarised as follows:

Income and expense	2017	2016
	£	£
Measured at fair value through SOFA:		
Net gains	363,109	32,989

THE BENEVOLENT SOCIETY OF BLUES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BENEVOLENT SOCIETY OF BLUES

We have audited the financial statements of the Benevolent Society of Blues ("the BSB") for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the BSB's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the BSB'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 BSB and the BSB's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8 the trustees (also known as the directors) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the BSB's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:


- give a true and fair view of the state of the charitable company's affairs as at 30 June 2017 and of its incoming resources and application of resources, including its income and expenditure, 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.

THE BENEVOLENT SOCIETY OF BLUES

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
- adequate 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.



RAWLINSON & HUNTER AUDIT LLP

Statutory Auditor and Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

7 October 2017

Rawlinson & Hunter Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE BENEVOLENT SOCIETY OF BLUES

SUMMARY STATEMENT OF FINANCIAL ACTIVITIES

for the five years ended 30 June 2017

	2017	2016	2015	2014	2013
	£	£	£	£	£
INCOME					
Subscriptions	35,808	36,132	44,787	43,581	43,564
Donations and legacies	248,356	4,801	42,748	33,968	8,273
Dividends and interest	66,641	64,419	55,084	68,277	71,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources	350,805	105,352	142,619	145,826	123,510
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE					
Assistance for older beneficiaries	5,979	1,859	2,857	2,456	3,010
Grants to other beneficiaries	30,096	22,338	27,171	21,350	28,534
Support grants to pupils	12,954	13,027	11,601	10,796	10,242
Loans unlikely to be recovered	507	4,860	13,469	21,977	44,973
Donations to Christ's Hospital	30,000	-	-	63,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	79,536	42,084	55,098	119,579	86,759
Salaries and support costs	31,298	38,645	38,399	41,654	38,518
Governance costs	4,400	4,000	3,900	4,056	3,875
Investment management (rebates)	-	-	(111)	(903)	(385)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	115,234	84,729	97,286	164,386	128,767
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming/(outgoing) resources	235,571	20,623	45,333	(18,560)	(5,257)
Net gains/(losses) on investments	363,108	32,989	90,451	115,009	199,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	598,679	53,612	135,784	96,449	193,893
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: This page does not form part of the Statutory Financial Statements.