



**The Royal Agricultural
Benevolent Institution**

**Annual Report and Financial Statements
for the year ended 31 December 2018**

Charity Registered in England and Wales: 208858

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
REPORT BY THE COUNCIL OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

Patron

Her Majesty The Queen

President

HRH The Duke of Gloucester KG GCVO

Vice Presidents

The 9 th Earl Bathurst	R Nash FRAgS
Countess Bathurst	The Lord Plumb of Coleshill DL
S Chakravarty	C P Riddle
The Lord Curry of Kirkharle CBE FRAgS	J A Sayers FRICS FAAV FRAgS
H A C Densham CBE FRAgS	J D Wallis FRICS

Council of Trustees

J M Thomas MBE ARAgS
 J G Orme
 J G Hosier MRICS
 J W Lewis FCA (rtd)
 R Binning MRICS
 J Dawson OBE
 C D'Olley MRICS FAAV
 J Hoskin FRAgS
 S Lister
 S P Miles DL
 J W Stanley FRAgS
 J Turnbull

Officer Appointment

Chairman
 Joint Deputy Chairman
 Joint Deputy Chairman
 Treasurer

appointed 8 May 2018

Committee Membership

Chair of Executive and honorary member of all other committees

1, 2, 5
 1,2,3,5
 1, 6
 4
 3
 4
 5
 3
 6
 2
 2, 3, 6

Trustee Committee Memberships:

- 1 *Chairman's Executive & Audit Committee*
- 2 *Grants Committee*
- 3 *Compliance & Risk Committee*
- 4 *Estates Committee*
- 5 *Beaufort House Management Committee*
- 6 *Manson House Management Committee*

Chief Executive

A Chivers ACA DChA
 P Burrows ACIB FRAgS

appointed 22 October 2018
retired 30 November 2018

Principal Office

Shaw House, 27 West Way, Oxford, OX2 0QH

Professional Advisors

Investment Managers

Rathbone Brothers PLC, 8 Finsbury Circus, London, EC2M 7AZ

Legal Advisors

Blake Morgan LLP, Seacourt Tower, West Way, Oxford, OX2 0FB
 Freeths LLP, 5000 Oxford Business Park South, Oxford, OX4 2BH

Bankers

NatWest Bank PLC, 43 Cornmarket Street, Oxford, OX1 3ES
 Lloyds Bank PLC, 1-5 High Street, Carfax, Oxford, OX1 4AA

External Auditors

Martin & Company Audit Limited, 25 St Thomas Street, Winchester, SO23 9HJ

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

REPORT BY THE COUNCIL OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

The Council of Trustees presents its report and audited financial statements for the year ended 31 December 2018. The financial statements have been prepared in accordance with the provisions of the Statement of Recommended Practice 'Accounting & Reporting by Charities (FRS102)' and in line with current statutory requirements, the Royal Charter and applicable Accounting Standards in the United Kingdom.

OBJECTIVES AND ACTIVITIES

The Royal Agricultural Benevolent Institution ('R.A.B.I') was initially founded in 1860 by a group of Essex farmers under the leadership of Alderman John Mechi for 'the relief of farmers, their widows and orphans'. Remaining steadfast in its duty to support the most vulnerable members of the farming community, R.A.B.I was incorporated by Royal Charter in 1935 (as amended 2011). R.A.B.I is a charity registered in England and Wales 208858.

The object of R.A.B.I as defined in the Royal Charter is:

'To relieve beneficiaries in cases of need, hardship or distress in such manner as the Corporation in its discretion thinks fit. Beneficiaries being persons who are or have been: employed or engaged in the farming industry; married to or in civil partnership with such persons; or the dependants of such persons'.

The object presents the Council of Trustees ('the Trustees') with comprehensive powers, enabling them to provide wide-ranging charitable assistance to the agricultural community. R.A.B.I's principle means of currently delivering this support is through financial grants.

Aims and objectives

The core vision of R.A.B.I, to provide support to the farming community today and on an enduring basis, continues to underpin the ethos and activities of the charity. From the charity's origins back in 1860 through to the present day, R.A.B.I remains committed to providing guidance, care and financial support to those in need within the farming community.

Following completion of the 2017 strategy meeting, the two overarching objectives for R.A.B.I during 2018 were:

- The provision of tailored support to those in need in the farming community; and
- Increasing awareness of the work of R.A.B.I to potential beneficiaries, referral organisations and supporters.

Having identified areas of divergence between the needs of the community and the fulfilment of these, R.A.B.I acts as an enabling force for these needs to be met, primarily through its grant making programmes.

Against the wider backdrop of fundamental uncertainties for the farming community, including the as yet undefined impacts of Brexit, the Trustees believe R.A.B.I continues to have a crucial role to play. Working alongside the community providing palliative support programmes, has remained a fundamental cornerstone of R.A.B.I's operations during 2018. Increasingly during 2018 the Trustees have additionally identified the potential for assistance with preventative early actions, including research, which may enable innovative long-term solutions to be developed. These actions which will be considered further during 2019 (see additionally future plans below).

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During 2018, in addition to ensuring the continuance of its core grant making programmes, R.A.B.I focused towards the following longer-term actions:

- **External Relationships**

Having identified within the 2017 review the importance of ensuring potential beneficiaries are aware of the support the charity can provide, R.A.B.I sought to develop and strengthen its programmes of collaborative working with other farming charities and referral organisations.

- **Organisational Structure and Governance**

To ensure that additional specialist skills that may be required, both at staff and trustee levels, to review both the current grants making programmes and future development activities are appropriately identified and secured, a review of recruitment and advisory support began in 2018.

- **Maximisation of Asset Potential**

The creation of an ongoing programme of service review, asset utilisation and valuations commenced during 2018.

- **Marketing and Communications**

Effective communication is paramount to ensure R.A.B.I is able to reach both beneficiaries and supporters. During 2018 R.A.B.I planned to commence a fundamental review of existing digital media resources to consider how to extend the content and reach of R.A.B.I's website and digital media channels.

Grant Making

As noted above, R.A.B.I currently seeks principally to meet its objectives through the provision of support as a grant making charity.

R.A.B.I provides a range of support via programmes of enduring regular, often long-term, grants and through the provision of single grant awards. Typically longer-term support is provided to those who are no longer working due to injury, ill-health or age. Many of R.A.B.I's long-term beneficiaries receive regular quarterly or annual grants and additional support for larger one-off items if required. R.A.B.I commonly provides support to working farmers, farmworkers and their families through the provisions of one-off emergency grants to help with domestic bills in times of hardship. Many people fall into financial difficulty through circumstances beyond their control, such as ill health, accidents, extreme weather or animal disease.

Applicants are encouraged to contact R.A.B.I in the first instance via the Freephone helpline number (0800 281 9490) following which most applicants will receive a visit from one of R.A.B.I's regional case officers. R.A.B.I's case officers will provide support, collate appropriate documentation and complete an internal application form with the applicant. All applications are initially submitted to and assessed by the central specialist support team based in Oxford, with complex cases, or grants in excess of £5,000, being additionally considered by the Grants Committee.

The Grants Committee can approve applications up to a maximum of £15,000 with approved grants in excess of £15,000 being recommended by the Committee to the next full Council of Trustees Meeting for consideration.

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Care Homes

R.A.B.I owns and manages two residential care homes, Beaufort House in Somerset and Manson House in Suffolk. The homes are maintained to provide residential care for those from farming backgrounds and both homes seek to respect and promote residents' independence, dignity and choice.

Beaufort House is set in two acres of landscaped grounds a short distance from the seafront in Burnham-on-Sea. Beaufort House is currently rated outstanding by the Care Quality Commission ('CQC') and has 33 en-suite rooms in the main home and 12 self-contained, independent apartments.

Manson House is located in the historic market town of Bury St Edmunds and is a Grade II* listed building in a residential area with shops and other amenities just a short walk away. The home offers 31 en-suite residential rooms and 23 self-contained apartments in independent blocks. Immediately subsequent to the 2018 year-end Manson House was notified it has maintained its good rating across all five categories with the CQC and was particularly praised for promoting residents' dignity, privacy and independence.

In addition to caring for people in our residential homes, R.A.B.I also offers financial grant support elsewhere to assist beneficiaries requiring residential care to stay close to their family and friends. R.A.B.I will assist successful applicants by paying the difference between the Local Authority's award for people eligible for payments for adult social care and the fees charged by residential homes.

Volunteers

R.A.B.I is proud to have an extensive network of over 800 volunteers across the UK who assist the charity to raise funds, gain supporters and increase awareness of R.A.B.I's work. The majority of volunteers support R.A.B.I through membership of one of our wholly volunteer based County Committees which operate across England and Wales. For 2018 we estimate that these volunteers contributed the equivalent of almost 13,000 hours to R.A.B.I and without their fantastic work R.A.B.I would not be able to provide so much crucial support to the farming community.

Objects and Activities for the Public Benefit

The Trustees recognise the two principles of public benefit and believe that the objectives and activities of R.A.B.I formally meet these principles through the relief of poverty, sickness and financial hardship for members of the farming community.

During 2018 R.A.B.I continued to provide direct support to those in need who were unable to continue working in farming due to injury, ill-health or age but, as noted below, increasingly provided assistance to working farmers, farmworkers and their families. The support assists those still working in agriculture to better cope with challenging circumstances and hence additionally provides a benefit not only to the direct beneficiary, but additionally to the wider public in helping to ensure a robust agricultural population endures to continue generating food for the nation.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

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ACHIEVEMENTS AND PERFORMANCE

General achievements and performance

With the planned retirement of the Chief Executive during the year, the foci for R.A.B.I for 2018 remained largely on organisational governance and operational delivery. Notwithstanding the already significant pressures placed on R.A.B.I's small staff team, strong foundational activities to support the longer-term aims of the charity to increase collaboration were successfully completed during 2018, placing R.A.B.I in a resilient position to move forwards into 2019/20.

Appreciating that making the first step to seek assistance takes real strength, R.A.B.I continued to focus during 2018 on providing a caring and supportive service to those approaching the charity. The level of R.A.B.I's direct grant funding increased once again in 2018 to £2.18 million, representing an increase of 7.5% from 2017 (£2.03 million). Whilst these direct financial payments represent a vital element of our work, the wider support provided by the charity and our case officers is much greater than can be indicated from this figure alone. The work of the team continues to become more complex and time consuming as R.A.B.I's case officers will spend the time needed to reassure people and help them find positive ways to move forwards. An example from the many calls, emails and letters received during 2018 illustrates the unseen value of R.A.B.I's support: "Having someone on my side was such a big thing. You were very caring and helped to keep me calm."

R.A.B.I is proud that the number of successful claims for state benefits resulting from R.A.B.I case officers' support rose again in 2018 to 213, totalling £494k.

The farming community continued to face significant pressures during 2018, including periods of extreme adverse weather in both the spring and summer and continued delays to government-based grants and payments. Continuing to build on the charity's network of partner charities, organisations, volunteers and individuals who assist with the promotion of our work, R.A.B.I launched a comprehensive communications campaign in the summer highlighting the extraordinary sequence of weather events and availability of our support. Through a combination of the continued pressures, promotion partners and new communication campaigns R.A.B.I achieved a 47% increase in the level of direct grant support provided to the working farming community in 2018 in comparison to the previous year.

Recognising that R.A.B.I must continue to develop its suite of communication channels, the charity worked during 2018 with a number of beneficiaries who generously provided their stories and time to help develop a range of new video materials. The professionally produced films have been utilised to great effect already during 2018, providing a depth of impact that words can simply not convey. Pressures on the small communications team limited ability to commence the wider ranging review of digital media resources, which will now be considered within the wider 2019 strategic review (see Chairman's plans below for additional details).

The 2018 Conference and Annual General Meeting was held in May 2018 and attended by over 200 supporters, members and trustees. In addition to providing a formal meeting for governance the event provides R.A.B.I with the opportunity to motivate and inspire attendees and importantly the chance to celebrate the work of the charity and everyone who provides us with support.

The recruitment of a new Chief Executive impacted the progression of the wider-ranging reviews planned during 2018 of internal information systems, data management systems and advisory support. Strong progress was however achieved in the development of internal governance procedures and management.

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Following final completion of redevelopment work at R.A.B.I's residential care home in Suffolk, in September 2018 the Trustees completed a review of the support services provided at both homes and a full professional valuation was commissioned. The review confirmed the enduring primary purposes of the homes:

- To provide care facilities and accommodation to members of the farming community in safe and congenial surroundings; and
- To provide an excellent level of care.

The homes continued to provide excellent facilities and care across 2018 with both homes maintaining near full occupancy across the year and receiving consistently high feedback from residents, their families and visiting health professionals. As noted above, Manson House in Suffolk was subject to a periodic review from the Care Quality Commission ('CQC') during 2018 and subsequent to the year-end received confirmation it has maintained its good rating across all five categories.

2018 was another successful year for fundraising with no complaints being received again during the year with regards to fundraising practices. Our regional managers continued to support R.A.B.I's volunteer County Committees to organise hundreds of individual fundraising events across England and Wales, assisting in the generation of over £1.5 million of voluntary income during 2018 (excluding legacy income). R.A.B.I's fundraising programme relies heavily on the significant and generous contribution of time and enthusiasm from our volunteers and we are extremely thankful for all of their support.

The breadth of events that occurred once again in 2018 makes it difficult to highlight any single County Committee, corporate or individual supporter for mention. We are extremely grateful to all, as every single pound makes a difference to the support we can provide. From: Barclays Bank Plc, providing matched funding support for many events in 2018; to our fantastic corporate supporters including the NFU, JCB, Krone UK and Hutchinsons; through to organisations and individuals such as NFU Cymru and Committee member Annabel James, all have made a real difference to R.A.B.I during 2018.

Investment Performance

R.A.B.I's investment portfolio of £38.3 million (£41.9 million: 2017) is managed by Rathbone Investment Management and is invested within permitted operating ranges across agreed asset classifications. The portfolio mandate is to achieve protection of capital in real terms with balanced income receipts. At the direction of the Trustees, restricted funds are fully invested in equities via the Troy Trojan Income Fund and managed on a non-discretionary basis by Rathbone Investment Management.

Rathbone Investment Managers are expected to meet a relative-return investment performance over a rolling one year period and deliver an agreed amount of annual income. For 2018 Rathbone Investment Management posted total portfolio returns of -4.6% (8.9%: 2017) against a composite benchmark of -5.1% (10.5%: 2017).

R.A.B.I continues to invest in property, to diversify the nature of its investments, both through direct holdings and indirectly through managed property funds. The managed property funds are managed on a discretionary basis by Rathbone Investment Management and disclosed within the wider portfolio. Directly owned investment properties represent farms and estates that have been gifted to R.A.B.I and are primarily held to provide long-term asset value protection. Investment properties are managed by local qualified chartered surveyors in conjunction with the Chief Executive.

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During 2018 the investment portfolio delivered income of £1.56 million (£1.47 million: 2017) against the target for the year of £1.5 million (£1.4 million: 2017). Income generated from directly held investment properties totalled £759k (£241k: for 2017) and included in 2018 a nonrecurring receipt due under agreement of £487k.

FINANCIAL REVIEW

2018 represents a year of financial consolidation for R.A.B.I with the charity recognising a small surplus of £344k (£1,838k: 2017) prior to the application of market movements in investments. Following the application of realised and unrealised market movements, R.A.B.I noted a year-end deficit of £7,683k (£3,831k surplus: 2017).

Following receipt of the exceptional £1,882k donation during 2017 from the Jonathan Billing Charitable Trust towards the redevelopment of the Manson House residential home, voluntary income receipts of £2,637k continued to exceed budget having returned to a more expected sustainable level. R.A.B.I thank all of the trusts, charitable funds and individual fundraisers and donors for their continued support as both regular or first time donors, as every pound received really does make a difference.

Income from investments remained strong during 2018 despite volatile market conditions. Total investment income for the year of £2,332k (£1,820k: 2017) includes a non-recurring receipt due under agreement from the R.A.B.I owned estate of £487k.

Having completed the comprehensive redevelopment of the R.A.B.I residential home in Suffolk, a full RICS valuation of the two homes was completed in early 2019. The valuation basis for the two homes has subsequently been aligned for 2018 with an indicated impairment of the previously noted carrying value of £4,595k being recognised as a revaluation loss in the year. Occupancy at both homes has been consistently high during 2018 with income from fees increasing to £2,622k (£2,433: 2017).

Trustees continue to honour the commitment to provide support to our grants programme beyond the immediate income generated from fundraising, increasing the total level of direct grant support to beneficiaries by 7.5% during 2018 to £2,179k (£2,027k: 2017). Including the costs of support from R.A.B.I case officers and the provision of our Freephone helpline, expenditure for 2018 to provide support to the farming community totalled £3,043k (£2,732k: 2017).

R.A.B.I remains committed to ensuring our support is understood, accessible and available to all who work, or have worked in farming and are facing challenges. During 2018 the charity continued to invest in communicating widely to the agricultural community and recognises the important work our volunteers undertake to complement our formal messaging. We remain confident that this approach is appropriate, with the level of support provided to those still actively engaged in farming increasing significantly during 2018, with total direct grant support to those working in farming and their families rising 47% in comparison to 2017.

Reserves

To maintain income in the longer-term, an investment strategy is in place seeking to protect in real terms the value of the investment portfolio at a level that is able to deliver, as a minimum, a core income stream to finance expected long-term beneficiary commitments. This strategy is reviewed at least every three years against forecast requirement and income yields.

The application of the longer-term investment strategy has historically allowed R.A.B.I to maintain unrestricted funds at a level whereby the Trustees have been able to apply a policy of meeting all indirect expenditure through application of the investment income generated.

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To generate income to support R.A.B.I.'s indirect expenditure and being cognisant of specialist advice regarding forecast investment income returns, the Trustees deem it appropriate and necessary to maintain invested reserves at a level of approximately £55 million within total reserves of approximately £65 million.

At the year-end R.A.B.I held total reserves of £68,476k, including invested reserves of £49,817k. Allowing for the current significant short-term volatility in the investment markets, the Trustees are content that the closing 2018 investment and total reserve balances of £50 million and £68 million respectively are appropriate.

R.A.B.I hold a number of endowed and restricted funds for which further details are provided at note 20.

On the basis that the direct costs of support to longer-term beneficiaries can be met from in-year voluntary income receipts, Trustees are content to maintain a low level of unrestricted free reserves. To ensure R.A.B.I is in an appropriate position to respond quickly and effectively to any emerging funding requirement and provide sufficient assurance to meet immediate and mid-term expenditure, free reserves of approximately £5 million are currently deemed appropriate. Trustees are content that the closing 2018 free unrestricted reserves of £4.4 million are reasonable.

Investments

To meet the need for regular ongoing specified annual income, increasing with inflation, R.A.B.I's investment strategy is to hold a diversified portfolio across established markets with a bias towards equities that offer growth and yield.

The investment policy is subject to annual review by the Chairman's Executive and Audit Committee in conjunction with the Estate Committee with regards to directly held property investments and the charity's professional advisors. The Committee formally review the investment portfolio twice a year and provide recommendations to the Trustees.

R.A.B.I has a neutral ethical investment policy.

Risk Management

The Compliance and Risk Committee review the major risks facing R.A.B.I and provide assurance and recommendations to the Trustees within the annual business planning process. The Committee and Trustees continue to work to identify significant risks to R.A.B.I and work with the Senior Management Team to implement procedures to both mitigate risk where possible and minimise potential impact should risks materialise.

The Trustees identified the following as the current significant strategic risk matters for R.A.B.I:

- Understanding the factors that could impact negatively on R.A.B.I's reputation, minimising these where possible and responding efficiently where necessary;
- Utilising staff and volunteers appropriately, including the provision of support and management;
- Ensuring R.A.B.I is best placed to understand, evolve and respond to the challenges facing the farming community and that the remit and reach of R.A.B.I is widely understood;
- A significant fall in financial sustainability adversely affecting the ability of R.A.B.I to provide support to beneficiaries.

As noted below, Trustees constituted the Compliance & Risk Committee during 2018 to provide additional oversight, review and advise the Trustees with regards to the identification and management of key risks to R.A.B.I. The Committee works closely with the Chief Executive and Senior Management Team to review emerging risk profiles and the management of operational risks and provides updates to the Trustees at all Council Meetings.

The Chief Executive and full senior management team meet approximately eight times a year and review operational risks effectiveness at each meeting. During 2019 the senior management team will be working with Trustees to better link operational risk assessment and mitigation to the Trustee determined strategic risk profiles noted above.

The Chairman's Executive and Audit Committee continue to work closely with the professional Investment Managers who are employed by the Trustees to provide advice and manage R.A.B.I's investment portfolio. The Chief Executive works closely with the Estate Committee and external specialist surveyors to ensure appropriate management of the directly held investment properties.

R.A.B.I has continued to progress the ongoing project to ensure that all key procedures and requirements are documented and available on shared areas. Key compliance and regulatory responsibilities are subject to duplication whenever possible and training provided to support their continuance. The Trustees and senior management team are continuing to review succession plans and volunteer programmes.

Being cognisant of the enduring requirement for R.A.B.I to remain best placed to support the farming community, a review of strategy and impact will commence in 2019 with an expectation of additional managerial and support staff being recruited to ensure that the necessary strategic projects to identify and respond to the evolving needs and the core operational activities of R.A.B.I can be achieved.

The Trustees are satisfied that the arrangements for managing potentially significant risks identified are adequate, mitigate the risks noted to an appropriate level and are subject to sufficiently rigorous monitoring and control. R.A.B.I employs professional specialist advisors to provide support for legal, accountancy and taxation, health and safety and other matters of regulation and compliance as they arise.

R.A.B.I additionally operates systems of internal controls which are designed to provide Trustees with reasonable assurance against material misstatement or loss. These include:

- An annual operating budget which is approved and reviewed by the Chairman's Executive and Audit Committee and Trustees;
- Regular consideration by the Chairman's Executive and Audit Committee and Trustees of financial results against the budget and other indicators;
- Regular consideration by the Chairman's Executive and Audit Committee of Investment Management results against benchmarks;
- Delegation of day-to-day management authority and segregation of duties.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The members of R.A.B.I are determined as: members of the Council of Trustees; former members of the Council of Trustees for a period of five years following their tenure; up to three officers of each County Committee; and the President and Vice Presidents as appointed by the Council of Trustees.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

REPORT BY THE COUNCIL OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

R.A.B.I is governed by its Council of Trustees ('the Trustees') as established within the Royal Charter and By-laws dated 1953 (as amended 2011). Trustees are delegated authority from the members to manage the affairs of R.A.B.I in accordance with the Royal Charter and By-laws.

The Royal Charter and By-laws determine the Council shall consist of not less than nine and no more than twelve Trustees. Trustees are elected by members of R.A.B.I at the AGM for a term of four years and can serve no more than two consecutive terms. Office holders, currently being the Chairman, up to two Deputy Chairmen and the Treasurer are appointed for a term of three years at the discretion of the Trustees.

The Council must hold at least four meetings a year with a quorum of at least seven Trustees being required to conduct the business of the charity.

Trustee Induction

All new trustees receive a personalised induction programme designed to cover the key strategic aims of R.A.B.I, the operational framework, regulatory responsibilities, finance and future plans. The initial induction includes a briefing from R.A.B.I's charity law advisors regarding the rights and responsibilities of trusteeship.

Trustees attend an annual 'Away-Day' during which they review any significant updates of regulatory or governance importance and are encouraged to attend the annual visit to one of R.A.B.I's investment properties. Trustees are expected to have visited R.A.B.I's residential homes in Somerset and Suffolk within the first year of appointment and are invited to attend a range of committee meetings.

Trustees are additionally invited to attend internal and suitable external trustee training courses to ensure an appropriate and ongoing understanding is maintained within the Council with regards to significant issues such as: governance; the role and responsibilities of trustees; understanding charity finance and investments; safeguarding; and identifying and managing risks.

Organisational Structure

The Council of Trustees is responsible for setting the strategic direction of R.A.B.I whilst the day to day management is delegated to the Chief Executive.

The Chief Executive has delegated authority to determine operating policies, manage operational planning, budgets, property and staffing resources to support the strategic and policy framework set by the Trustees. The Chief Executive is responsible for the effective and efficient management of R.A.B.I. Trustees delegate authority to the Chief Executive to authorise budgeted expenditure to a limit of £35k and to approve items of un-budgeted expenditure, subject to an individual item maximum of £25k where this does not represent more than a 10% variance from approved financial forecasts. Details of any unbudgeted expenditure approvals are presented to the Trustees at every meeting.

In accordance with the By-laws, the Trustees have constituted six Committees, all of which must contain a minimum of two Trustee members: The Chairman's Executive & Audit Committee; the Grants Committee; the Compliance & Risk Committee; the Estates Committee; Beaufort House Management Committee; and Manson House Management Committee. The Trustees set clear terms of reference and delegation for Committees and receive regular reports on activities undertaken.

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The Chairman's Executive & Audit Committee

Trustees delegate the oversight for urgent decision-making to the Committee, subject to ratification by Trustees at the next subsequent Council meeting. The Committee additionally provides supervision of the short and long-term viability of R.A.B.I and reviews the performance of the Investment Managers and external audit functions.

The Committee is additionally delegated with providing oversight, review and advisory support to the Trustees with regards to R.A.B.I's senior management. The Committee provides recommendations to the Trustees with regards to key management salaries, based on an annual review of sector benchmarks. The Committee remain cognisant of R.A.B.I's intent to attract and retain talented and committed employees who can help the charity realise its objectives now and into the future. To achieve this, the Committee seeks to ensure salaries reflect the appropriate market pay for a comparable position in the relevant job market and are subject to regular review.

The Committee is convened at the request of the Chairman or Chief Executive, subject to meeting at least biannually to oversee the Investment Manager and External Auditor reviews. The Committee met on five occasions during 2018.

The Grants Committee

The Trustees delegate the disbursements of grants to the Grants Committee. The Grants Committee is required to meet at least biannually and met to consider awards on seven occasions during the year.

The Committee is delegated authority to award single grants up to £15,000 and to approve new beneficiary status.

The Compliance & Risk Committee

The Compliance & Risk Committee was constituted during 2018 to provide an oversight, review and advisory role to the Trustees with regards to the identification and management of key risks to R.A.B.I.

The Committee reviews emerging risk profiles and the management of operational risks to provide Trustees with assurance and recommendations for additional action. To ensure appropriate specialist consideration of areas of key operational concern, the Committee has constituted two working groups: the Health & Safety Working Group; and the Safeguarding Working Group. The Committee will be required to meet at least biannually and met once during 2018.

The Estates Committee

The Estates Committee was formally constituted during 2018. Trustees delegate to the Estates Committee the oversight for providing recommendations as required, on the strategy and management of the R.A.B.I estates to provide the best possible return at an appropriate level of risk.

The members of the Committee include at least two Trustee members with specialist skills and experience and the Chief Executive. The Committee is required to meet at least annually.

The Beaufort House and Manson House Management Committees

The two R.A.B.I residential homes are supported by a Management Committee which includes at least two Trustee members, the Chief Executive, the relevant Home Manager and senior home staff. The Committees are delegated with oversight of the management and operations of the home and have limited authority for the oversight of urgent decision-making for the home, subject to ratification by Trustees at the next subsequent Council meeting.

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Collaborations

R.A.B.I seeks to work closely with other charities and organisations to provide maximum benefit to the agricultural community. R.A.B.I is a member of Farming Help, a collaborative forum for the national charities engaged in providing support to the farming network. The membership of Farming Help during 2018 included R.S.A.B.I, the Farming Community Network and the Addington Fund.

CHAIRMAN'S SUMMARY – LOOKING AHEAD

With the ongoing ambiguities surrounding Brexit and lack of a fully defined Agriculture Bill, those working in agriculture today continue to face fundamental uncertainties as they look to the future. Against this backdrop the Trustees, being cognisant of the ongoing need for R.A.B.I to evolve and modernise to help support the farming community to meet the challenges they will face, will commence in 2019 a programme of ongoing strategic review to refine the prioritisation and focus of R.A.B.I's future activities.

The core mission for R.A.B.I, to provide advice, practical care and financial support to those in need in the farming community today and on an enduring basis will continue to underpin the strategic and operational direction of the charity. As the Trustees commence the strategic review our central objective is: to ensure no member of the farming community will have to face adversity alone.

Within this wide reaching strategic objective key plans for 2019 include:

- ***Approval and publication of R.A.B.I's strategy 2019-2022***

The Trustees have tasked the new Chief Executive to complete a full review of the current structure, governance and strategic direction of the charity, following which they have committed to a series of focused away-days, commencing in 2019. The preliminary focus of the Trustees for 2019 is expected to be the establishment of operational structures and strategies to provide R.A.B.I with the most efficient framework to understand the challenges of farming life and develop flexible programmes of support.

Following the expected adoption of the strategy in early 2019, the senior management team will begin to focus on the development of a detailed strategic plan. Working in collaboration with staff, volunteers and other farming organisations, managers will draft the detailed plans that will begin the process to redefine the core activities for R.A.B.I.

- ***Developing collaboration and communication networks***

Effective communication is paramount to R.A.B.I understanding how the charity can best provide support, engage with supporters and ensure that those we seek to help are aware of the assistance that the charity can provide.

During 2019 R.A.B.I plans to focus resources on understanding how the charity can best target this engagement to ensure the charity directs resources and staffing to maximum effect. Research indicates that digital media can provide enormous potential for R.A.B.I to better engage and during 2019 we will commence work to consider how to develop and supplement the existing digital channels.

In conjunction with this work, R.A.B.I will seek to better understand and consolidate existing partnerships and develop new collaborations with our fellow farming charities and organisations who work with the agricultural community.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
REPORT BY THE COUNCIL OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

- ***Social value review***

To ensure R.A.B.I is able to direct support most effectively, during 2019 the charity will commence work with external specialists to consider how to maximise the efficiencies and effectiveness of the charity's funding programmes.

- ***Organisation and governance***

Building on the recent appointment of the new Chief Executive, during 2019 R.A.B.I will continue the process to evaluate core competencies of trustees, staff and volunteers. The charity will consider additional opportunities for support and training and seek to recruit where it is identified as necessary to strengthen the breadth of representation or skills.

- ***Information Systems***

R.A.B.I is aware of the need to invest in data management and digital infrastructure to ensure the charity can both communicate and operate effectively. During 2019 a full review of the current functional information systems will commence to consider current obsolescence and inefficiencies.

Whilst there is clearly much uncertainty as to the exact nature of the challenges farming families will face over the next ten years, ultimately there is fundamental change on the horizon. R.A.B.I is determined to remain ready to react quickly where need arises, whilst planning to ensure that we will be there to support the farming community now and into the future.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing an annual report and financial statement in accordance with applicable law and UKGAAP (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities Statement of Recommended Practice;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statement;
- Prepare the financial statement on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statement complies with the Charities Act 2011, the applicable charities (accounts and reports) regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
REPORT BY THE COUNCIL OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

In so far as the Trustees are aware at the time of approving the trustees' annual report:

- There is no relevant audit information of which the charity's auditor is unaware;
- The Trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees on 14 May 2019 and signed on their behalf by:

J M Thomas MBE ARAgS
Chairman of the Council of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

We have audited the financial statements of The Royal Agricultural Benevolent Institution for the year ended 31 December 2018, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charity'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 charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Council of Trustees 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 charity's affairs as at 31 December 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Council of Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Martin and Company Audit Limited
Chartered Accountants
Statutory Auditor
15 May 2019

25 St Thomas Street
WINCHESTER
SO23 9HJ

Martin and Company Audit Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL 2018	TOTAL 2017 (restated)
		£000	£000	£000	£000	£000
Income						
<i>Donations and legacies</i>	2	2,417	220	-	2,637	4,056
<i>Charitable activities</i>						
- Fees for residential care		1,331	-	-	1,331	1,348
<i>Other trading activities</i>						
- Fees for residential care		1,291	-	-	1,291	1,085
- Trading sales	3	29	-	-	29	28
<i>Investment income</i>	4	2,068	264	-	2,332	1,820
<i>Other Income</i>		8	-	-	8	10
Total Income		7,144	484	-	7,628	8,347
Expenditure						
<i>Raising funds</i>						
- Donations and legacies	5	762	-	-	762	753
- Residential homes	8	1,190	-	-	1,190	952
- Other trading activities	3	24	-	-	24	19
- Generating investment income	7	373	-	-	373	243
<i>Charitable activities</i>						
- Grants and support services	9	2,355	688	-	3,043	2,732
- Residential homes	8	1,223	33	-	1,256	1,204
- Publicity and marketing	6	636	-	-	636	606
Total Expenditure		6,563	721	-	7,284	6,509
Net (losses)/gains on investment assets						
- Realised	16	(150)	-	-	(150)	(105)
- Unrealised	16	(2,577)	(617)	(88)	(3,282)	2,088
Total (losses)/gains on investment assets		(2,727)	(617)	(88)	(3,432)	1,983
Net (expenditure)/income		(2,146)	(854)	(88)	(3,088)	3,821
Other recognised losses						
Losses on revaluation of tangible fixed assets	14	(4,595)	-	-	(4,595)	-
Net movement in funds		(6,741)	(854)	(88)	(7,683)	3,821
<i>Reconciliation of funds:</i>						
Total funds brought forward 1 January		63,581	5,816	832	70,229	66,408
Total funds carried forward 31 December		56,840	4,962	744	62,546	70,229

The charity has no recognised gains or losses for the year other than as detailed above.

The net movements in the charity for the year arise from continuing operations.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	TOTAL 2018 £000	TOTAL 2017 (restated) £000
Fixed Assets			
Tangible Assets	14	8,268	12,790
Investments	16	49,817	53,611
Total Fixed Assets		58,085	66,401
Current Assets			
Trading Stock		5	4
Debtors	17	314	219
Cash at Bank and In Hand	18	4,632	3,897
Total Current Assets		4,951	4,120
Creditors: Amounts Falling Due Within One Year	19	(490)	(292)
Net Current Assets		4,461	3,828
Total Net Assets		62,546	70,229
The Funds of the Charity	20		
Endowed Funds		744	832
Restricted Funds		4,962	5,816
Unrestricted Funds		56,840	63,581
Total Charity Funds		62,546	70,229

The financial statements on pages 16-30 were approved by the Trustees on 14 May 2019 and signed on their behalf by:

J M Thomas MBE ARAgS
Chairman of the Council of Trustees

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 (restated) £000
Cash flow from Operating Activities		
Net cash outflow from operating activities	(1,863)	(35)
Cash flow from Investing Activities		
Dividend receipts	1,560	1,576
Investment property rentals	759	241
Interest on cash deposits	13	3
Net proceeds from sale of investments	143	988
Purchase of tangible fixed assets	(142)	(933)
Proceeds from sale of tangible fixed assets	265	85
	2,598	1,960
Change in cash and cash equivalents during the year	735	1,925
Cash and cash equivalents as at 1 January 2018	3,897	1,972
Cash and cash equivalents as at 31 December 2018	4,632	3,897

Notes to the Cash flow Statement

Reconciliation of Net Income to Net Cash Flows from Operating Activities	2018 £000	2017 (restated) £000
Net (expenditure)/income for the year	(3,088)	3,821
Adjustment for:		
Depreciation charges	23	10
Losses/(gains) on investments	3,432	(1,983)
Investment Income	(2,332)	(1,820)
Increase in stocks	(1)	(1)
Increase in debtors	(95)	(46)
Increase/(decrease) in creditors	198	(16)
Net cash used in operating activities	(1,863)	(35)

Analysis of Cash and Cash Equivalents

	31 December 2018 £000	31 December 2017 £000	Cash Flow
Cash at bank and in hand	123	139	(16)
Short-term deposits	4,509	3,758	751
	4,632	3,897	735

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

PRINCIPAL ACCOUNTING POLICIES 2018

The financial statements have been prepared in accordance with the applicable accounting standards in the United Kingdom, the Accounting Regulations issued under the Charities Act 2011 and the Statement of Recommended Practice 'Accounting and Reporting by Charities (FRS102)'. A summary of the significant accounting policies is set out below.

The Royal Agricultural Benevolent Institution ('R.A.B.I') meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transactional value unless otherwise stated in the relevant accounting policy notes. The Trustees consider it appropriate for these accounts to be prepared on a going concern basis.

Historical Cost Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and tangible land and buildings to market value and are in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (FRS102)'.

Income

Donations and legacies are received by way of grants, donations, legacies and gifts and are included in full in the Statement of Financial Activities when receivable. Voluntary income, restricted in use by the wishes of the donor, is taken to restricted funds. Income is only deferred when the donor specifies that the donation must only be used in future accounting periods. Legacies are accounted for when received, or when it becomes probable that the legacy will be received and the value can be measured with sufficient reliability.

Investment income is accounted for in the period in which the charity is entitled to receipt and comprises dividend income, interest on cash deposits and rental income from investment properties.

Residential fees are accounted for in the period in which the service has been provided.

Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation for the charity to make payment. All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities.

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset where appropriate.

Costs of raising funds include investment managers' fees, costs to provide residential care support to non-beneficiaries at the two R.A.B.I residential homes and expenditure incurred to attract voluntary income, grants and legacies. Residential home costs are charged to the Statement of Financial Activities in the period in which the service has been provided.

Expenditure on charitable activities includes the payment of grants to beneficiaries and the indirect costs of providing the casework support. Grants are recognised in the financial statements in the year in which the grant offer is conveyed to the recipient. Conditional grants to beneficiaries are not recognised where the conditions of receipt have not been met and are noted as financial commitments.

Support costs consist of salary and other expenditure incurred to facilitate the administration and governance of the charity. Support costs are directly attributed to activities where it is possible to allocate to the activity on a basis of use of resource. Where it is not possible to directly attribute support costs, these are apportioned by the estimated percentage of time utilised by employees on each activity. The allocation of support costs for 2018 on this basis are: costs of generating voluntary income 32%; publicity and marketing 20%; investment costs 3%; direct welfare payments 36%; and residential homes 9%.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

PRINCIPAL ACCOUNTING POLICIES 2018

Tangible Fixed Assets and Depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Freehold land and buildings are measured at market value less impairment and are not depreciated as trustees consider recognition on a market value basis renders any depreciation charge as immaterial. Freehold land and buildings are subject to a full professional review on a rolling 10 year basis in accordance with RICS “Red Book”.

An impairment is recognised in accordance with FRS11 for the difference between the carrying amount and the revalued recoverable amount. Impairment movements are charged to the Statement of Financial Activities in the period incurred.

Following final completion during 2018 of an extended and extensive programme of redevelopment at one of the charity’s residential homes, R.A.B.I have adopted a consistent approach to the market valuation of the two residential homes, being the market value of the freehold investment in the residential home and the net income for the retirement flats.

It is R.A.B.I’s policy to capitalise all assets with a combined purchase value in excess of £1,000. Depreciation is calculated on a straight line basis across the expected useful life of the asset class:

Motor vehicles	3 years
Equipment	3-10 years

Investments

Quoted investments are stated at market value at the balance sheet date.

R.A.B.I additionally owns a number of farms and estates which are held to generate a rental income. During 2018, in accordance with FRS102 these assets have been reclassified as investments and the prior year balances adjusted (see below). Investment properties are recognised at market value and are subject to a full professional valuation on a rolling 10 year basis in accordance with RICS “Red Book” valuations, with an interim desktop review every 5 years.

Gains and Losses on Investment Assets

Gains and losses arising on investment assets, both through sale and changes in valuations, are taken to the Statement of Financial Activities in the year they occur.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Stock

Stock is stated at the lower of cost and net realisable value.

Funds Structure

R.A.B.I currently holds three permanently endowed funds with no discretion to expend the capital. Income from two of the permanently endowed funds is restricted, with the third generating unrestricted income for general charitable purposes.

Restricted funds are subject to specific restricted conditions imposed by the donors as indicated below at note 20.

Designated funds comprise unrestricted funds that are set aside by the trustees for a particular purpose.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

PRINCIPAL ACCOUNTING POLICIES 2018

Pensions

The charity operates a defined contribution pension scheme for the benefit of all eligible employees. The assets of this scheme are administered by an independent pension provider, with employer pension payments recognised as an expense during the year of payment.

Volunteers

An estimate of the total contributions of our volunteers is included at note 13 and is calculated on the basis of periodic returns detailing the number of volunteers who provide support to the charity.

Prior Year Adjustment

Following completion of the extensive redevelopment of one of the charity's residential homes, trustees completed a review in September 2018 of the support services provided at the two homes. The purpose of the homes being to provide charitable residential care to members of the farming community, trustees noted that, to ensure the homes remain viable, excess capacity at the homes is provided to non-farming residents. Whilst trustees consider this activity to be ancillary to the primary purpose of the homes, to ensure clarity is provided in the financial statements, residential fees have been reallocated to more clearly reflect those relating to primary and ancillary purposes. The reallocation does not affect net income and hence there is no impact of the adjustment on reserves.

The bought forward tangible fixed assets and investments have been subject to a reallocation of the charity's estate and farm properties. It is noted the properties are held to generate a rental income and hence in accordance with FRS102 have been reclassified as investments. The reallocation does not affect reserves.

The bought forward charitable income and expenditure balances have been restated to remove that element of residential fees paid at the residential homes by the charity on behalf of beneficiaries. The adjustment does not impact on net income or reserves.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Statement of Financial Activities analysis for the year-ended 31 December 2017

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	TOTAL 2017 (restated) £000
Income				
<i>Donations and legacies</i>	3,812	88	156	4,056
<i>Charitable activities</i>				
- Fees for residential care	1,348	-	-	1,348
<i>Other trading activities</i>				
- Fees for residential care	1,085	-	-	1,085
- Trading sales	28	-	-	28
<i>Investment income</i>	1,602	218	-	1,820
<i>Other Income</i>	10	-	-	10
Total Income	7,885	306	156	8,347
Expenditure				
<i>Raising funds</i>				
- Donations and legacies	753	-	-	753
- Residential homes	952	-	-	952
- Other trading activities	19	-	-	19
- Generating investment income	243	-	-	243
<i>Charitable activities</i>				
- Grants and support services	2,364	368	-	2,732
- Residential homes	1,178	26	-	1,204
- Publicity and marketing	606	-	-	606
Total Expenditure	6,115	394	-	6,509
Net gains/(losses) on investment assets				
- Realised	(105)	-	-	(105)
- Unrealised	1,927	141	20	2,088
Net movement in funds	3,592	53	176	3,821
<i>Reconciliation of funds:</i>				
Total funds brought forward 1 January	59,989	5,763	656	66,408
Total funds carried forward 31 December	63,581	5,816	832	70,229

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2 Voluntary Income

	2018	2017
	£000	£000
Annual subscriptions	51	42
Donations	1,178	1,266
Voluntary income from trusts	267	2,123
Income tax recovered under Gift Aid	39	53
Legacies	1,102	572
	<u>2,637</u>	<u>4,056</u>

3 Trading Sales

	2018	2017
	£000	£000
Sales	29	28
- less cost of sales	(16)	(11)
- less operating costs	(8)	(8)
Net profit	<u>5</u>	<u>9</u>

4 Investment income

	2018	2017
	£000	£000
Income from estates and development	759	241
Listed securities general fund	1,295	1,330
Interest on loans and deposits	13	3
Trust funds		
- Manson House Special Fund	6	6
- Beaufort House Special Fund	1	1
- R.A.B.I Emergency Fund	225	214
- Barnes Trust	26	24
- Ken & Ann Woodward Fund	6	-
- David Beale Charitable Trust	1	1
	<u>2,332</u>	<u>1,820</u>

5 Costs of raising donations and legacies

	2018	2017
	£000	£000
Centralised staff & fundraising costs	188	177
Fundraising costs - Regional/Branches	120	156
Regional staff shared costs	217	209
Legacies	2	2
Allocation of support costs (see note 10)	235	209
	<u>762</u>	<u>753</u>

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6 Publicity and marketing

	2018	2017
	£000	£000
Central staff, marketing & publicity costs	144	137
Publications and advertising	20	21
Regional staff shared costs	325	313
Allocation of support costs (see note 10)	147	135
	636	606

Included in the costs to publicise and communicate the work of the charity are costs incurred on general publications, the website and digital media, shows, exhibitions and events.

7 Costs of generating investment income

	2018	2017
	£000	£000
Investment manager's fees	140	144
Estates expenditure	211	79
Allocation of support costs (see note 10)	22	20
	373	243

8 Residential homes

	2018	2017
	£000	£000
Costs of running residential homes	2,347	2,070
Expenditure from Homes Special Funds (Restricted Funds)	33	26
Allocation of support costs (see note 10)	66	60
	2,446	2,156

9 Grants and support services

	2018	2017
	£000	£000
Grants	1,411	1,313
Homes fees paid	230	241
Home helps	49	40
Emergency Relief	71	53
Helpline	377	244
Welfare support	418	380
Casework costs	222	212
Allocation of support costs (see note 10)	265	249
	3,043	2,732

	No.	No.
	Assisted	Assisted
Beneficiaries – assisted with direct grant awards		
Non-working farmers/farmworkers (retired and disabled)	1,003	1,103
Working farmers/farmworkers	247	157
	1,250	1,260

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
10 Support costs		
Printing, stationery, books, postage, telephone	29	28
Staff costs	425	397
Establishment expenses	70	60
Legal, health & safety, audit and bank charges	23	10
Governance & trustees	57	59
Office machinery, IT equipment and maintenance	94	84
Staff training	15	15
Sundry expenses	22	20
	735	673

Allocation of support costs

The support cost elements of staff and other expenditure has been attributed on a basis consistent with the use of resources:

	Raising Donations & Legacies £'000	Generating Investment Income £'000	Publicity & Marketing £'000	Grants & Support Services £'000	Residential Homes £'000	Total £'000
Staff costs	136	13	85	153	38	425
Printing, stationery, postage, telephone	9	1	6	11	3	30
Office IT, equipment and maintenance	30	3	19	34	9	95
Establishment expenses	22	2	14	25	6	69
Governance & trustees	18	2	11	21	5	57
Legal, H&S, audit and bank charges	8	1	5	8	2	24
Staff training	5	-	3	5	1	14
Sundry	7	-	4	8	2	21
Total	235	22	147	265	66	735

	2018 £000	2017 £000
11 Audit Fees		
Auditors' fees for reporting on the financial statements	10	10

No other financial or taxation advice was provided by the External Auditors during 2018 (2017: none).

12 Trustees and Employees

	Residential Homes	Welfare & Casework	Fundraising & Marketing	Management & Admin	2018 £000	2017 £000
Wages & Salaries	1,477	439	552	365	2,833	2,669
Employer's National Insurance costs	102	39	54	43	238	221
Employer's pension costs	24	31	21	22	98	85
	1,603	509	627	430	3,169	2,975

One employee earned between £60,000 and £70,000 during the year (2017: none).

One employee earned between £100,001 and £110,000 during the year (2017: one).

The charity made payment to its key management personnel, deemed to be the Chief Executive Officer and seven members of the Senior Management Team of £471,557 during 2018 (2017:£444,383). Included within this payment are employer pension contributions of £29,383 (2017:£28,161).

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12 Trustees and Employees (continued)

Average Headcount	Residential Homes	Welfare & Casework	Fundraising & Marketing	Management & Admin	2018 Total	2017 Total
Full Time	24	5	15	7	51	52
Part-time and Casual	74	14	3	2	93	87
	98	19	18	9	144	139

Full time is calculated as an averaged minimum of 30 hours per week equivalent.

Trustees receive no remuneration during 2018. Expenses totalling £34,173 (2017: £29,036) was paid to 13 trustees (2017: 12) for reasonable travel, trustee training, accommodation and meals expenditure whilst carrying out charity business.

13 Recognition of volunteers

R.A.B.I is fortunate to attract the support from committed volunteers across the country. These volunteers are involved in supporting the generation of income and assisting in the delivery of the charity's services. The table below provides an estimate of the number of volunteers and amount of hours they have committed to helping R.A.B.I during 2018.

Fundraising & Marketing		Welfare & Services		Publicity		Total	
Volunteers	Hours	Volunteers	Hours	Volunteers	Hours	Volunteers	Hours
614	10,831	10	33	217	2,029	841	12,893

14 Tangible fixed assets

	Freehold Land & Buildings £000	Motor Vehicles £000	Equipment £000	TOTAL £000
Cost as at 1 January 2018 (Restated)	12,755	-	57	12,812
Additions	35	47	14	96
Revaluations	(4,595)	-	-	(4,595)
Disposals	-	-	(20)	(20)
Cost as at 31 December 2018	8,195	47	51	8,293
Depreciation as at 1 January 2018	-	-	22	22
Provision for year	-	6	17	23
Disposals	-	-	(20)	(20)
Depreciation as at 31 December 2018	-	6	19	25
Net Book Value				
Bought forward 1 January 2018 (Restated)	12,755	-	35	12,790
Carried forward 31 December 2018	8,195	41	32	8,268

Freehold land and buildings consist of three properties the charity utilise to support its operational activities. These properties are professionally valued on a rolling basis every 10 years at full RICS "Red Book" valuation with a desktop review every five years. Additions to freehold land and buildings are recognised at cost.

The charity's principle office is Shaw House in Oxford, which was subject to a full RICS "Red Book" valuation in August 2018. The charity additionally owns two residential care homes based in Somerset and Suffolk.

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tangible Fixed Assets (continued)

Following completion during 2018 of the extensive programme of redevelopment at one of the charity's residential homes, R.A.B.I have adopted a consistent approach to the market valuation of the two residential homes, being the market value of the freehold investment in the residential home and the net income for the retirement flats.

Completion of the RICS valuation of the two residential homes in early 2019 indicates that the carrying value of the homes is impaired. In accordance with the valuation, an impairment loss has been recognised in the 2018 Statement of Financial Activities of £4,595k.

R.A.B.I additionally owns a number of farms and estates which are held to generate a rental income for the charity. In accordance with FRS102 these assets have been classified as investments, with the associated carrying values being removed from the bought forward tangible fixed asset balance and reclassified within investments (see additionally note 16 below).

During the year the charity purchased two wheelchair accessible vehicles for use at each of the homes. R.A.B.I does not retain the rights or responsibilities of ownership for the remaining vehicles utilised by R.A.B.I, with the associated lease costs being recognised as they fall due during the year.

15 Capital commitments

	2018 £000	2017 £000
Authorised and contracted for	-	33
Authorised but not contracted for	98	105
	<u>98</u>	<u>138</u>

Items noted as authorised but not contracted for as at 31 December 2018 include commitments for the upgrade of WiFi connectivity at the residential home in Somerset, approved additions to equipment at the two homes and phase one approval for replacement of the main R.A.B.I IT Server.

16 Investments

Fixed Asset Investments	2018 £000	2017 £000
Market value at 1 January 2018	41,966	40,971
Net disposals at carrying value	(143)	(988)
Losses on disposal	(150)	(105)
Unrealised revaluation movement	(3,282)	2,088
Market value at 31 December 2018	<u>38,391</u>	<u>41,966</u>
Historical cost at 31 December 2018	<u>29,673</u>	<u>28,925</u>
 Property Investments	 2018 £000	 2017 £000
Market value at 1 January 2018	11,645	11,077
Additions	46	653
Disposals	(265)	(85)
Market value at 31 December 2018	<u>11,426</u>	<u>11,645</u>
Historical cost at 31 December 2018	<u>2,354</u>	<u>2,354</u>

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16 Investments (continued)

Investment properties are recognised at market value and are subject to a full professional valuation on a rolling 10 year basis in accordance with RICS "Red Book" valuations, with an interim desktop review every 5 years. Additions to investment properties are recognised at cost. The following properties are recognised in the financial statements at RICS "Red Book" valuations:

Brook Farm – December 2010
Moles Farm – December 2009
Furzehill Farm – December 2014
Caustons Hall Estate – December 2011
Mountstephen Estate – December 2012

All other investment properties are currently valued at 15 times annual rentals pending RICS "Red Book" valuations.

Analysis of Investments

	Market Value 31 December 2018 £000	Market Value 31 December 2017 £000	Income from Investments 2018 £000	Income from Investments 2017 £000
Quoted investments UK	34,777	38,470	1,179	1,216
Quoted investments - Overseas	2,714	2,836	381	360
Cash held within investment portfolios	900	660	-	-
Investment Properties	11,426	11,645	759	241
	49,817	53,611	2,319	1,817

Material Investment Holdings

The following investments represent material holdings as at the year-end within the total investment portfolio (excluding direct property investments):

	Market Value 31 December 2018	% of Portfolio
Capital Financial Managers Trojan Income S Inc	£6,623,181	18%

17 Debtors	2018 £000	2017 £000
Taxation recoverable	33	7
Other debtors	244	190
Prepayments	37	22
	314	219
18 Cash at bank and in hand	2018 £000	2017 £000
Cash and current account balances	123	139
Short-term deposits	4,509	3,758
	4,632	3,897
19 Creditors	2018 £000	2017 £000
Fees and commissions	108	54
Taxation and social security	162	72
Other creditors	220	166
	490	292

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20 Funds

Statement of funds	Fund balance bought forward £000	Incoming resources £000	Outgoing resources £000	Investment losses £000	Tangible fixed asset losses £000	Fund balance carried forward £000
Unrestricted funds	63,581	7,144	(6,563)	(2,727)	(4,595)	56,840
Restricted funds						
Manson House Special Fund	174	46	(34)	(17)	-	169
Beaufort House Special Fund	34	4	-	(2)	-	36
R.A.B.I Emergency Fund	5,603	250	(501)	(598)	-	4,754
Gloucestershire NFU Farmers Fund	5	4	(6)	-	-	3
Restricted Voluntary Income (Various)	-	148	(148)	-	-	-
	5,816	452	(689)	(617)	-	4,962
Endowment funds						
The Barnes Trust	652	26	(26)	(70)	-	582
Ken & Ann Woodward Fund	160	6	(6)	(16)	-	144
David Beale Charitable Trust	20	-	-	(2)	-	18
	832	32	(32)	(88)	-	744
	70,229	7,628	(7,284)	(3,432)	(4,595)	62,546

Analysis of net funds	Tangible fixed assets £000	Fixed asset investments £000	Current assets £000	Current liabilities £000	Total funds £000
<i>Restricted funds</i>					
Manson House Special Fund	18	144	7	-	169
Beaufort House Special Fund	23	13	-	-	36
R.A.B.I Emergency Fund	-	4,754	-	-	4,754
Gloucestershire NFU Farmers Fund	-	-	3	-	3
	41	4,911	10	-	4,962
<i>Endowment funds</i>					
The Barnes Trust	-	582	-	-	582
Ken & Ann Woodward Fund	-	144	-	-	144
David Beale Charitable Trust	-	18	-	-	18
	-	744	-	-	744
<i>Unrestricted funds</i>	8,227	44,162	4,941	(490)	56,840
Total Funds	8,268	49,817	4,951	(490)	62,546

THE ROYAL AGRICULTURAL BENEVOLENT INSTITUTION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20 Funds (continued)

Funds Held

Fund Name	Fund Classification	Purpose and Restrictions
The Barnes Trust	Permanent Endowment	Monies transferred via Charity Commission scheme dated 28 March 1994 into the R.A.B.I upon the closure of the John Iles Barnes Charity for Farmers and their Widows. Income is restricted for the relief need, hardship or distress of persons who are, or have been, engaged in agriculture being resident in the counties of Dorset, Hampshire or Somerset.
Ken & Ann Woodward Fund	Permanent Endowment	Income generated by the endowment is restricted for the benefit of R.A.B.I beneficiaries situated in Suffolk.
David Beale Charitable Trust	Permanent Endowment	Monies transferred by the Trust following the winding-up of the Trust in 2009. Income generated by the endowment is unrestricted.
Manson House Special Fund	Restricted	The Fund was originally founded via donations from three Trusts: the Eleanor Stevens Trust; the J W Watmough Trust; and the Nowton Almshouse Trust and have been supplemented via fundraising and donations. The Fund is restricted to providing benefits for the residents of Manson House, the R.A.B.I. residential home in Suffolk.
Beaufort House Special Fund	Restricted	The Fund was created via fundraising and donations and is restricted to providing benefits for the residents of Beaufort House, the R.A.B.I residential home in Somerset.
R.A.B.I Emergency Fund	Restricted	The R.A.B.I Emergency Fund represents the balance of donations received during the 2001 Foot & Mouth epidemic. The Fund is restricted to providing support to working farmers, farm workers and their families affected by death, disaster or disease.
Gloucestershire NFU Farmers Fund	Restricted	Restricted donations to fund hampers and special payments for R.A.B.I beneficiaries located in Gloucestershire.
Restricted Voluntary Income Fund	Restricted	R.A.B.I received the following restricted donations during 2018:
		£000
		• Christmas Hampers 32
		• Christmas Hampers Oxfordshire & Essex 1
		• Stress & mental health support 24
		• Support in North Yorkshire & Northumberland 60
		• Support in Dorset & Hampshire 10
		• Support in Kent 7
		• Support in Shropshire 4
		• Support in Devon 9
		• Support in Durham 1

21 Transactions with Related Parties

There have been no related party transactions in the reporting period that require disclosure and no outstanding related party transactions as at 31 December 2018.