

THE BENEVOLENT SOCIETY OF BLUES

THE TRUSTEES' 195th ANNUAL REPORT

for the year ended 30 June 2019

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 2019.

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 OBE
Chairman:	Andrew J Cosedge
Deputy Chairman:	Robin N Clarke
Treasurer:	Perry DCN Kitchen MA FCA
Secretary:	Julie Wilson

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)	Peter Godden-Kent (b)
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)
Martin Crick (b)	Sally-Ann White (b) (d)
Catherine M Ennis (c) (retired 15/4/19)	Jennifer Williams (b)
Christopher J Ennis (b) (c)	Guy Wilkes (b) (d)

- (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, Julie Wilson.

Telephone: 01403 247418
Email: JLW@christs-hospital.org.uk

Other relevant organisations are:

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

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

Integrated Financial Arrangements Ltd t/a Transact
29 Clement's Lane
London
EC4N 7AE

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 and Governance

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. In addition, the Board has taken due consideration of *Good Governance – A Code for the Voluntary and Community Sector* ("the Code"), ensuring that the six main principles of the Code are adhered to. These are:

- Understanding the Trustees' role.
- Doing what the organisation was set up to do.
- Working effectively.
- Control.
- Behaving with integrity.
- Openness and accessibility.

The Board recognises that good governance plays an essential part in securing the future of the Society and confirms that it follows the said main principles of the Code in leading, directing and managing the Society.

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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 through social media, by 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, and by talks to 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.

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 (2018:10) 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, 38 (2018: 33) applications for assistance were received during the year of which 30 (2018: 19) 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 44 (2018: 41) whilst the number of pupils assisted was 11 (2018: 12).

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 20 (2018: 19) individuals and by way of interest free loans for 14 (2018: 12) individuals. Some beneficiaries, particularly students, received both grants and loans. In all, with help often being on a termly basis, 78 (2018: 45) separate grants were made to adults or pupils and 24 (2018: 23) separate loans were advanced.

The number of individuals with loans outstanding at the end of the year was 146 (2018: 145). Loans were made to 11 (2018:8) new individuals and repayments were completed on 10 (2018: 9) loans. Of the remaining loanholders, 78 (2018: 79) made repayments to some degree or other during the year. It should be noted that, for 17 loans, (2018: 17) 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 £816. All loans are interest free.

The Society had 6 presentees at the school during the last academic year. For the next academic year, the Society expects to continue to have 6 presentees. The Directors are always glad to hear of potential candidates for presentation.

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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, 15 (2018: 9) individuals were given advice and in some cases redirected to other appropriate agencies. Of these, 11 (2018: 7) applicants were visited at home. A recurrent theme 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 8, is to be treated as part of this Report.

Subscriptions received were similar to 2018. Subscriptions appear to have leveled off at around 77% of the amounts received in the years up to 2014.

There were no legacies, this year, but there were also generous donations which were much appreciated, including some in memory of Old Blues as well as the collection from the CH Carol Concert in London in December 2018.

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 £47,633, against £53,299 in 2018, mainly reflecting a reduction of £10,576 in grants to adult beneficiaries, partially offset by an increase of £4,437 in support to pupils. During the last year, the Society has addressed a need for pupil support, including accommodation, during the school holidays. Interest free loans advanced during the year amounted to £23,698, against £26,427 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 £49,644 in 2019, against a surplus of £58,438 in 2018.

Funds not immediately required for charitable purposes are held in a spread of investments, currently managed through Charities Aid Foundation (CAF), and Transact, the investment platform owned and managed by Integrated Financial Arrangements 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 invested in the Jupiter Merlin Balanced Portfolio, a mixed fund 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 Transact 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).

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.

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The total return (representing both capital and income) on the Society's investments during the year ended 30 June 2019 has been calculated as 6.2%. This compares with a total return of 1.7% 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 FTSE All World index, which indicates a figure of 3.9%.

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 £3.59 million as at 30 June 2019. This compares with the actual total funds in the Balance Sheet at that date of £3.61 million. Hence the present level of Reserves is not excessive.

Fundraising

The Board has referred to the Code of Fundraising Practice ("the Code") which was developed by the fundraising community through the work of the Institute of Fundraising and Public Fundraising Association, and the Guidance on Charities and Fundraising issued by the Charity Commission ("CC20"). They confirm that the new Code and CC20 have no impact on the Charity as it does not engage in any public fundraising activities.

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.

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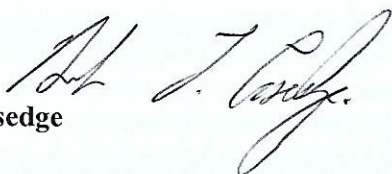
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Appreciation

The Society is most grateful to all who have served on the various committees of the Board during the year, including Sarah Adamson, Roger Eades, Georgina Martin, and Keith Mills. 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 Julie Wilson, who has flourished in her first full year as the Society's Secretary. We are also very pleased that Rowena Harris has stayed in a part time capacity during the year to look after the financial records and provide a fund of knowledge and experience. The smooth and successful functioning of the Society is heavily dependent upon the dedicated work of the secretariat, and with Julie and Rowena we are grateful to them both.

Andrew Cosedge
Chairman



5 October 2019

THE BENEVOLENT SOCIETY OF BLUES

TREASURER'S REPORT

The principal features of the Accounts for the year ended 30 June 2019 are as follows:

Subscriptions (including tax recovered as Gift Aid), amounted to £34,172 (2018: £33,843). The Society is grateful for support from all its members.

There were no legacies this year (2018: £38,771). Donations amounted to £25,998 (2018: £3,537). Our gratitude to those Old Blues and supporters who have thus demonstrated their generosity is extremely strong. Investment income received was 74,509 (2018: £72,317).

Total incoming resources were £134,679 (2018: £148,468).

The following comments on charitable expenditure should be read with reference to the five-year summary on page 21. In the formal statement of financial activities on page 10, support costs are spread across the heads of charitable expenditure in accordance with applicable accounting standards.

The assistance given to older beneficiaries, at £2,686 (2018: £2,820) is similar to last year, in several cases to the same ongoing beneficiaries. We receive few applications in this category, though we believe there is no lack of people in need. It is our aim to seek out more persons in this age group who are in need of help from the Society.

Grants paid to other beneficiaries were £20,428 (2018: £30,870). There were many applications from students seeking support for postgraduate studies, and there were also several older applicants. Grants were 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.

Grant support for needy pupils at the school to assist with travel and other needs amounted to £23,703 (2018: £19,266). The bulk of this was £15,000 (2018: £15,000) to Christ's Hospital for the Additional Costs Fund. The increase reflected additional support to pupils during the school holidays.

There was no payment to Christ's Hospital for Donation Governorships (2018: £nil). The Society aims to present one or two children each year to the school, but recently there have been very few applications.


Salaries and support costs, at £32,802 (2018: £31,931) were up 2.7% on 2018, reflecting a complete year of the secretariat at full strength. Governance costs principally comprise the audit fee.

Total resources expended amounted to £85,035 (2018: £90,030), the decrease mainly due to the lower total of grants to adult beneficiaries. There was a net surplus for the year amounting to £49,644 (2018: £58,438).

Loans advanced to individuals on an interest free basis, were £23,698, compared with £26,427 last year. As with grants, many successful applications were from people of student age. Loan repayments totaled £25,191 (2018: £29,648). 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 £816 is on a par with that for 2018 (£343) and much less than the large provisions made in preceding years. There was also a reduction of £1,329 for the conversion of a loan to a grant and some small loan overpayments to donations. The net value of the loan portfolio is now £146,631, which is considered to be realistic.

The investment portfolio increased in value from £3.25m to £3.38m, an increase of £128,168, £75,154 of which was new investment, and £53,014 due to rises in stock markets. Details of investments are 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

5 October 2019

THE BENEVOLENT SOCIETY OF BLUES

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Trustees' Annual 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 2015 (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 Accounting and Reporting by Charities: statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 as updated by Update Bulletin 1 published 2 February 2016, 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



Julie Wilson
Secretary

5 October 2019

THE BENEVOLENT SOCIETY OF BLUES

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 30 June 2019

	Note	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Income					
Incoming resources of a voluntary nature:					
Subscriptions including tax recovered		34,172	-	34,172	33,843
Donations including tax recovered		25,998	-	25,998	3,537
Legacies		0	-	0	38,771
		<u>60,170</u>	<u>-</u>	<u>60,170</u>	<u>76,151</u>
Investment Income:					
Distributions from investment managers		74,224	-	74,224	72,212
Deposit interest		285	-	285	105
		<u>74,509</u>	<u>-</u>	<u>74,509</u>	<u>72,317</u>
Total incoming resources		<u>134,679</u>	<u>-</u>	<u>134,679</u>	<u>148,468</u>
Expenditure					
Expenditure on charitable activities:					
Assistance for older beneficiaries		4,795	-	4,795	4,764
Grants to other beneficiaries		36,468	-	36,468	52,144
Support grants to pupils		42,315	-	42,315	32,543
Donations to Christ's Hospital		0	-	0	0
Loans unlikely to be recovered		<u>1,457</u>	<u>-</u>	<u>1,457</u>	<u>579</u>
Total resources expended	2, 3, 4, 6	<u>85,035</u>	<u>-</u>	<u>85,035</u>	<u>90,030</u>
Net incoming/(outgoing) resources	9	49,644	-	49,644	58,438
Net gains on investment assets	5, 9	27,911	25,103	53,014	118,108
		<u>77,555</u>	<u>25,103</u>	<u>102,658</u>	<u>176,546</u>
Net movement in funds		<u>77,555</u>	<u>25,103</u>	<u>102,658</u>	<u>176,546</u>
Fund balances brought forward at 1 July 2018		1,973,010	1,537,914	3,510,924	3,334,378
		<u>1,973,010</u>	<u>1,537,914</u>	<u>3,510,924</u>	<u>3,334,378</u>
Fund balances carried forward at 30 June 2019	9	<u>2,050,565</u>	<u>1,563,017</u>	<u>3,613,582</u>	<u>3,510,924</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.

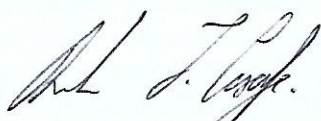
The notes on pages 12 to 17 form part of these accounts.

THE BENEVOLENT SOCIETY OF BLUES


BALANCE SHEET at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	5	3,376,071	3,247,903
		<hr/>	<hr/>
Current assets			
Loans	6	146,631	150,269
Cash balances	7	77,139	102,139
Debtors	8	<u>21,717</u>	<u>19,823</u>
		245,487	272,231
Less: Creditors falling due within one year			
Sundry creditors		(7,976)	(9,210)
		<hr/>	<hr/>
Net current assets		237,511	263,021
		<hr/>	<hr/>
Net assets		3,613,582	3,510,924
		<hr/> <hr/>	<hr/> <hr/>
Funds			
Unrestricted	9	2,050,565	1,973,010
Restricted	9	1,563,017	1,537,914
		<hr/>	<hr/>
Total funds	9	3,613,582	3,510,924
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Directors on 5 October 2019 and signed on its behalf by:



AJ Cosedge, Chairman



PDCN Kitchen, Treasurer

The notes on pages 12 to 17 form part of these accounts.

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS for the year ended 30 June 2019

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.

(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.

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2019

(continued)

(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 incurred.

(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 £146,631 at the year end, £62,000 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 £62,000 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 2019 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 £26,144 (2018: £23,790) in respect of the total emoluments of the Society's employees during the year. Pension costs of £1,998 (2018: £1,654) are included. The average number of the Society's employees was 2 (2018:2). This is apportioned to the various categories of the charitable activities.

3. Governance costs

Governance costs included £4,600 (2018: £4,500) 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 2019

(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 £	2019 total £	2018 total £
Grants to older beneficiaries (age 60+)	2,686	2,109	4,795	4,764
Grants to other beneficiaries	20,428	16,040	36,468	52,144
Grants to current pupils	23,703	18,612	42,315	32,543
Donations to Christ's Hospital	0	0	0	0
Loans unlikely to be recovered	816	641	1,457	579
	<u>47,633</u>	<u>37,402</u>	<u>85,035</u>	<u>90,030</u>

5. Investments

	01.07.18 £	Additions £	Disposals £	Net gains/ (losses) £	30.06.19 £
CAF					
Fixed Interest Fund B	112,155	-	-	3,934	116,089
UK Equitrack Fund	160,385	-	(102,000)	(7,727)	50,658
UK Equity Fund B	47,104	-	-	(3,445)	43,659
	<u>319,644</u>	<u>-</u>	<u>(102,000)</u>	<u>(7,238)</u>	<u>210,406</u>
VANGUARD					
FTSE Developed World Ex UK	261,682	75,325	(2,001)	25,047	360,053
Emerging Markets Stock Index	111,774	32,055	(17,000)	3,893	130,722
FTSE UK All Share Unit Trust R	17,786	-	-	(626)	17,160
	<u>391,242</u>	<u>107,380</u>	<u>(19,001)</u>	<u>28,314</u>	<u>507,935</u>
CAZENOVE					
Cash	3,080	-	(3,080)	-	-
Multi-Asset Fund	579,894	-	(565,329)	(14,565)	-
	<u>582,974</u>	<u>-</u>	<u>(568,409)</u>	<u>(14,565)</u>	<u>-</u>
JUPITER					
Merlin Balanced Portfolio	<u>840,087</u>	<u>568,562</u>	<u>-</u>	<u>53,408</u>	<u>1,462,057</u>
Sub-total carried forward	<u>2,133,947</u>	<u>675,942</u>	<u>(689,410)</u>	<u>59,919</u>	<u>2,180,398</u>

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2019

(continued)

5. Investments (continued)

	01.07.18 £	Additions £	Disposals £	Net gains/ (losses) £	30.06.19 £
Sub-total brought forward	2,133,947	675,942	(689,410)	59,919	2,180,398
DIMENSIONAL					
UK Value	150,890	-	(68,012)	(9,811)	73,067
UK Small Companies	153,159	-	(72,161)	(8,121)	72,877
International Value	260,326	87,325	-	3,192	350,843
Global Small Companies	210,860	68,416	-	(1,282)	277,994
Short Dated Bond Fund	281,758	52,000	(31,000)	6,079	308,837
Emerging Markets Targeted Value	56,963	52,054	-	3,038	112,055
	<u>1,113,956</u>	<u>259,795</u>	<u>(171,173)</u>	<u>(6,905)</u>	<u>1,195,673</u>
TOTAL	<u>3,247,903</u>	<u>935,737</u>	<u>(860,583)</u>	<u>53,014</u>	<u>3,376,071</u>

Summary by sector

	01.07.18 £	Additions £	Disposals £	Net gains/ (losses) £	30.06.19 £
UK All Share	225,275	-	(102,000)	(11,798)	111,477
UK Smaller Companies	153,159	-	(72,161)	(8,121)	72,877
UK Value	150,890	-	(68,012)	(9,811)	73,067
MSCI Global Index ex UK	261,682	75,325	(2,001)	25,047	360,053
Global Value	260,326	87,325	-	3,192	350,843
Global Smaller Companies	210,860	68,416	-	(1,282)	277,994
Emerging Markets	168,737	84,109	(17,000)	6,931	242,777
Global Short-Dated Bonds	393,913	52,000	(31,000)	10,013	424,926
Multi-Asset Funds	1,419,981	568,562	(565,329)	38,843	1,462,057
Cash	3,080	-	(3,080)	-	-
	<u>3,247,903</u>	<u>935,737</u>	<u>(860,583)</u>	<u>53,014</u>	<u>3,376,071</u>
TOTAL	<u>3,247,903</u>	<u>935,737</u>	<u>(860,583)</u>	<u>53,014</u>	<u>3,376,071</u>

The original cost of the investments was £2,564,361 (2018: £2,494,361).

6. Loans

2019
£

2018
£

The movement in loans was as follows:

Balance at 1 July	150,269	153,833
Loans advanced	23,698	26,427
Loans repaid	(25,191)	(29,648)
Loans unlikely to be recovered	(816)	(343)
Loan converted to grant, & overpayments converted to donations	(1,329)	-
Balance at 30 June	<u>146,631</u>	<u>150,269</u>

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS

for the year ended 30 June 2019

(continued)

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 £62,000 (2018:£64,000). All loans are interest free.

7. Cash balances	2019 £	2018 £
Bank balances	27,260	24,982
Charities Fund Deposit Account	30,651	30,486
Transact (2018 Ascentric) Cash Account	19,228	46,671
	<u>77,139</u>	<u>102,139</u>

8. Debtors

Debtors of £21,717 (2018: £19,823) 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 2018	1,973,010	1,537,914	3,510,924
Net surplus before other gains	49,644	-	49,644
Other gains	27,911	25,103	53,014
Balance at 30 June 2019	<u>2,050,565</u>	<u>1,563,017</u>	<u>3,613,582</u>
The funds comprised:			
Investments	1,813,054	1,563,017	3,376,071
Net current assets	<u>237,511</u>	<u>-</u>	<u>237,511</u>
Total	<u>2,050,565</u>	<u>1,563,017</u>	<u>3,613,582</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 2019 (2018: £0).

THE BENEVOLENT SOCIETY OF BLUES

NOTES TO THE ACCOUNTS for the year ended 30 June 2019 (continued)

11. Financial Instruments

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

Financial Assets

Measured at fair value through SOFA:

	2019 £	2018 £
Fixed asset quoted investments	3,376,071	3,247,903
Cash under management	49,879	77,157
Cash at bank	27,260	24,982

Measured at amortised cost:

Accrued income	21,717	19,823
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Financial Liabilities

Measured at amortised cost:

Creditors & Accruals due within one year	7,976	9,210
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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	2019 £	2018 £
Measured at fair value through SOFA:		
Net gains	53,014	118,108

THE BENEVOLENT SOCIETY OF BLUES

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

Opinion

We have audited the financial statements of The Benevolent Society of Blues ("the Charity") for the year ended 30 June 2019 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30 June 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE BENEVOLENT SOCIETY OF BLUES

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

THE BENEVOLENT SOCIETY OF BLUES

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "Rawlinson & Hunter Audit LLP". The signature is stylized and cursive.

Rawlinson & Hunter Audit LLP
Statutory Auditor
Chartered Accountants

Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Date: 5 October 2019

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 2019

	2019	2018	2017	2016	2015
	£	£	£	£	£
INCOME					
Subscriptions	34,172	33,843	35,808	36,132	44,787
Donations and legacies	25,998	42,308	248,356	4,801	42,748
Dividends and interest	74,509	72,317	66,641	64,419	55,084
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources	134,679	148,468	350,805	105,352	142,619
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE					
Assistance for older beneficiaries	2,686	2,820	5,979	1,859	2,857
Grants to other beneficiaries	20,428	30,870	30,096	22,338	27,171
Support grants to pupils	23,703	19,266	12,954	13,027	11,601
Loans unlikely to be recovered	816	343	507	4,860	13,469
Donations to Christ's Hospital	-	-	30,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	47,633	53,299	79,536	42,084	55,098
Salaries and support costs	32,802	31,931	31,298	38,645	38,399
Governance costs	4,600	4,800	4,400	4,000	3,900
Investment management (rebates)	-	-	-	-	(111)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	85,035	90,030	115,234	84,729	97,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming/(outgoing) resources	49,644	58,438	235,571	20,623	45,333
Net gains/(losses) on investments	53,014	118,108	363,108	32,989	90,451
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	102,658	176,546	598,679	53,612	135,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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