

**UNITED ST SAVIOUR'S CHARITY**  
**(Company limited by guarantee no. 5092710**  
**registered charity no. 1103731 )**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2011**

**UNITED ST SAVIOUR'S CHARITY**

(Company limited by guarantee no. 5092710, registered charity no. 1103731)

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**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2011

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## UNITED ST SAVIOUR'S CHARITY

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### REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2011

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#### Trustees

Warden of the Great Account	Philip Sturrock (from June 2010) (chair) Lady Shireen Chantler (from June 2004 - retired June 2010)
Renter Warden	Philip Sturrock (from November 2008 - June 2010)
Winchester Warden	Anthony Parker (from November 2004 - retired June 2010) Richard Heaton CB (from June 2011)
Thomas Cure Warden	Ann Clayton (from January 2007)
Newcomen Warden	Tim McNally (from November 2008)
College Warden	Colin Jones (from January 2009)
Bell Warden	Camilla McGibbon (from February 2010)
Edward Alleyne Warden	Julia Tybura (from February 2010)

**Director and Secretary** Jim Wintour

**Operations Manager** Michael Juffs

**Senior House Manager** Elizabeth Caccamo

**House Manager** Maggie Hilton

**Company reg. no.** 5092710

**Charity reg. no.** 1103731

**Registered office** St Saviour's House  
39-41 Union Street  
London, SE1 1SD

**Statutory Auditor** MacIntyre Hudson LLP  
Friendly House  
52 - 58 Tabernacle Street  
London, EC2A 4NJ

**Bankers** HSBC  
1 South Place  
London, EC2M 2UP

**Solicitors** Devonshires  
30 Finsbury Circus  
London, EC2M 7DT

**Investment managers** Investec Wealth & Investment  
2 Gresham Street  
London  
EC2V 7QP

## **UNITED ST SAVIOUR'S CHARITY**

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### **TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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#### **FOREWORD**

The United St Saviour's Charity is a good organization with a mission to move from "good" to "great".

Founded in 1540, the Charity has an almshouse in Purley with 52 modern flats where Collegians are treated with respect and offered the opportunity of an active social life. The Charity gave grants of £340,000 in 2010/11 to help children and young people in North Southwark and Bermondsey. And it has assets of over £25 million, including property in the Borough Market area of London.

We want to be more democratic, involving the Collegians in the running of the almshouse.

We want to be more generous increasing the total grants budget to £500,000 in 2011/12, in order to help people in need in the area of benefit and to provide a lifeboat to help voluntary organizations in Southwark navigate the choppy waters of the age of austerity. We want to be more proactive in seeking and creating the best projects to fund. We want to include people who have been excluded and forgotten by main stream society.

We want to increase our investment income and broaden the base of our assets by diversifying more into emerging markets. We want to increase our property income by focusing our property in the Borough Market area, believing that we will generate the best returns by preserving and enhancing the character of this special area and letting our shops to retailers who offer unique and special products.

We want to move St Saviour's from good to great and the Trustees are confident that they will do that.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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The Trustees, who are also directors of the Charity for the purposes of company law, submit their annual report and the financial statements of United St Saviour's Charity (the Charity) for the year ended 31 March 2011. The Trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing document (the Memorandum and Articles of Association) and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The United St Saviour's Charity is both a registered charity (number 1103731) and a company limited by guarantee (5092710). The Trustees of the Charity are therefore also directors for the purposes of the Companies Act.

The Board consists of a minimum of three and a maximum of eight trustees. Only those who live or work in the Charity's area of benefit (roughly the Parliamentary constituency of Bermondsey and Old Southwark) are eligible for election as Trustees. Each Trustee may serve a maximum of two terms, each of three years, subject to a review and re-election after the first three year period. The Board meets five or six times a year. In addition there are four committees of the Board:

- Finance and Investments Committee
- Grants Committee
- College Committee
- Personnel, Training and Remuneration Committee

Day to day management of the Charity is delegated to the Director.

New Trustees are recruited through agencies, word of mouth and public advertisement, and participate in an induction programme organised by the Director. Trustees are not remunerated although authorised expenses are reimbursed. Care is taken to declare and avoid conflicts of interest.

Company and charity law applicable to charities in England requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity for that period. The Trustees have endeavoured to discharge this responsibility.

***Change of permanent staff***

The director from 2002 to September 2010 was Cristina O'Halloran. The Trustees are particularly grateful for the leading role she occupied in the successful move of St Saviour's College from West Norwood in 2006 and the establishment of the new College in Purley. Following her resignation the Trustees conducted an open search for a new Director and were delighted to appoint Jim Wintour in October 2010.

***Trustees***

Lady Shireen Chantler retired as Chair of Trustees in June 2010 having been a Trustee since June 2004 and Chair of Trustees since November 2005. The Board is indebted to her for her energetic and compassionate commitment to the Charity. She was succeeded by Philip Sturrock who had been a Trustee since November 2008 and Honorary Treasurer since January 2009.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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***Risk mitigation***

The Trustees consider that the Charity faces three major risks: governance risks, operational risks and financial risks. Governance risks have been mitigated by a review of the Composition of the Board. In relation to operational risks we have a delegated authority document. In the financial area we have tried to reduce risks by increasing the percentage of our assets in emerging markets.

***Grant giving***

Details of individual awards are given in note 7 to the Financial Statements. The Charity operates two schemes. Firstly, there is a Large (over £5,000) Grants Programme involving projects that have a tangible positive benefit on children and young people. Applications are considered annually in May. Secondly, the Charity operates a Small Grants Programme with individual grants under £5,000. These benefit young people, the elderly, those with disabilities and projects dealing with social inclusion. Application details are given on the Charity's website and are considered by the Grants Committee of the Board of Trustees.

**PUBLIC BENEFIT**

The Charity's object is the relief in need of persons resident in the area of benefit in particular by the provision of accommodation and by such other means as the trustees think fit. It achieves this in two ways.

Firstly, we provide 52 modern flats in our sheltered housing scheme at St Saviour's Court in Purley. Secondly, we approved grants of £340,000 to voluntary organizations in 2010/11, and agreed a further £397,000 for payment in 2011/12.

To achieve these two objectives on 31 March 2011 we had investment properties of about £6.8 million and investments on the stock exchange of about £11.9 million.

**ACHIEVEMENTS LAST YEAR (2010/11))**

We set seven priorities for 2010/11 and in addition the office relocation was carried over from the previous year, giving a total of eight priorities.

**1. The College**

**What we planned**

- Advertise the vacancies at the College within our Area of Benefit and avoid empty units

**What we did**

We advertised the vacancies at the College by attending community councils, advertisements in the press and holding a College Open Day. We recruited several applicants, all from the Area of Benefit, and by March 2011 the number of vacancies was down to three and by June 2011 to zero.

**2. Grant applications**

**What we planned**

- Increase the quantity, quality and range of grant applications

**What we did**

The amount of grant applications increased from about £2 million in 2009/10 to £2.6 million in 2010/11. Our view is that the quality and range of applications has also increased and is now of a high standard.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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**3. Grants given**

**What we planned**

- Increase the total amount of grants given during the year

**What we did**

In 2009/10 we spent £260,000 on grants (excluding support costs), by 2010/11 this had increased to £338,000 (excluding £397,000 agreed in the year for payment in 2011/12), and by 2011/12 we expect to spend £500,000. We made a conscious decision to help organizations that were being forced to make staff redundant as a result of reductions in income, and sent out our offers of 2011/12 grants earlier than normal in February 2011.

**4. Our investments**

**What we planned**

- Increase the efficiency of our investments

**What we did**

In 2009/10 the yield from our investments was £304,000. At year end the value of our investments was £7,572,000 reflecting the recovery from the previous stock exchange fall. In 2010/11 the return on our investments was £375,000 (3.6%) and the value of our investments including new monies rose to £10,542,000.

**5. Property strategy**

**What we planned**

- Review the property strategy

**What we did**

We reviewed our property strategy in July 2010 and decided to retain our property in the Borough Market area. We continued our review of the property strategy in January 2011. We decided to sell our properties in Barnet and Dartford provided we could obtain market value, to focus our properties in the Borough Market area, preserving and enhancing the character of the area and to attract high end retail, offering unique and special products.

**6. Professional advisors**

**What we planned**

- Ensure we receive best value for money from our professional advisors

**What we did**

We started to review our professional advisors, evaluating them 60% on quality, 40% on cost. In January 2011 we appointed Devonshires as our legal advisors and in March 2011 we appointed bptw as our architects.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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**7. Our profile**

**What we planned**

- Raise our profile

**What we did**

We held an Open Day and an Office Opening. We spoke at community councils and met councillors, council officers and the MP for Bermondsey and old Southwark. We succeeded in raising our profile.

**8. Office Location**

**What we planned**

- Relocate the head office from Purley to Southwark

**What we did**

We moved head office from Purley to St Saviour's House, 39-41 Union Street, Southwark in December 2010.

**FINANCIAL REVIEW**

**Income and Expenditure**

To help organizations that were facing significant drops in their income and a real risk of having to make staff redundant, the Board took a conscious decision to make preliminary allocations of the 2011/12 grants on 22 February 2011 with final allocations on 16 March 2011. The Board considers that to give a true and fair statement of the Charity's expenditure the 2011/12 grant expenditure should be allocated to 2011/12. This would result in 2010/11 in income of £1,281,000, expenditure of £903,000 and a net surplus of £378,000.

At the same time, the Board recognizes that to comply with the present SORP requirement, the full value of these 2011/12 grants should be allocated to 2010/11. On that basis expenditure is increased by £397,000 and the surplus of £378,000 became a deficit of £19,000.

**Reserves policy**

Our policy is to retain reserves equal to six months of annual expenditure so as to allow an orderly winding down of the Charity in the unlikely event that this is necessary. Our total expenditure in 2010/11 was £1.3 million, suggesting a need for a reserve of £0.65 million. In fact our unrestricted funds were £6.3 million and in addition we had a permanent endowment of £20.6 million

With regard to the sinking fund, the building cost of St Saviour's Court was £5.5 million, which after inflation is put at £6.0 million. Assuming that St Saviour's Court has to be rebuilt after 70 years, this will be a sinking fund of £86,000 a year.

With regard to extraordinary repairs, the cost of new roof will be about £250,000 and a new lift about £50,000, giving a total cost of about £300,000. Assuming that these need to be renewed every 30 years this will cost about £10,000 a year.

With regard to cyclical repairs, the cost of internal and external decoration will be about £70,000. Assuming that this has to be done every seven years, this will cost about £10,000 a year.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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**Investment policy**

The overall objectives are to create sufficient income and capital growth to enable the Charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained. Standard criteria are:

Objective: 'Balanced' return between income and capital

Risk: Medium

Mandate: Discretionary

The Charity's aim is to maximize its total return (capital growth plus income), subject to an annual income requirement from the investment portfolio of £350,000 in 2010/11 and approximately £400,000 in 2011/12. Some of the capital and the income may be used at any time for the furtherance of the Charity's aims.

These objectives are to be achieved within the framework of an ethical investment policy which is set out in more detail in the Charity's detailed "Investment Policy". For example, the Trustees do not wish the Investment Managers to invest in any company that manufactures hand guns or has more than a 15% interest in such a company. Similarly, given links between gambling and poverty the Trustees would wish to ensure that no investment is made in a company whose activities comprise more than 25% of gambling.

**AIMS FOR 2011/12**

We have set ourselves a number of key aims for 2011/12 of which the principal ones are outlined below.

**The College**

- We will increase satisfaction among the Collegians.
- We will aim to provide another sheltered housing scheme within the Area of Benefit giving Southwark residents a choice of location.

**Grants**

- Staff and trustees will be more proactive and creative in developing projects.
- We will increase the total grants budget from £340,000 in 2010/11 to £500,000 in 2011/12 to £600,000 in 2014/15.

**Investments**

- We will rebalance our portfolio to increase our exposure to emerging markets.
- We will continue our review of advisors focusing on our investment managers.

**Property**

- We will seek to acquire appropriate properties in the Borough Market area.
- We will obtain planning permission to enhance and extend 1-13 Park Street.

**Cross Cutting Issues**

- We will recruit one or two more Trustees.
- We will co-opt a Collegian onto the College Committee.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are the directors of United St Saviour's Charity for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

In so far as the Trustees are aware:

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

**AUDITORS**

The Charity's auditors, Gotham Erskine LLP, have, since the year-end, become the Not for Profit Team at MacIntyre Hudson LLP. MacIntyre Hudson LLP have indicated their willingness to continue in office and offer themselves for re-appointment as such, under Section 485 of the Companies Act 2006.

**TRUSTEES' REPORT**

**For the year ended 31 March 2011**

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**PREPARATION OF THE REPORT**

This report has been prepared taking advantage of the small companies exception of section 415A of the Companies Act 2006. It was approved and authorised for issue by the Trustees on 7 September 2011 and signed on its behalf by:



**PHILIP STURROCK**

Chair of the Board of Trustees

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED ST SAVIOUR'S CHARITY (REGISTERED COMPANY NO. 05092710)**

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We have audited the financial statements of United St Saviour's Charity for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Responsibilities Statement of the Trustees, the Trustees (who are also the directors of United St Saviour's Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly prepared in accordance with the Companies Act 2006;

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED ST SAVIOUR'S CHARITY

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(Continued)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.

Simon Erskine (Senior Statutory Auditor)

For and on behalf of:

**MacIntyre Hudson LLP**

Chartered Accountants & Statutory Auditor

Friendly House

52 - 58 Tabernacle Street

London

EC2A 4NJ

Date:

**UNITED ST SAVIOUR'S CHARITY**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)**  
**For the year ended 31 March 2011**

	Notes	Unrestricted Funds 2011 £	Endowment Fund 2011 £	Total Funds 2011 £	Total Funds 2010 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	220	-	220	2,275
Rents receivable					
from investment properties	3	612,627	-	612,627	416,784
Other investment income	4	374,504	-	374,504	304,052
Incoming resources from charitable activities:					
St Saviour's Court	6	293,980	-	293,980	258,534
<b>TOTAL INCOMING RESOURCES</b>		<b>1,281,331</b>	<b>-</b>	<b>1,281,331</b>	<b>981,645</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds -					
Investment management costs	5	147,056	22,403	169,459	135,868
Charitable activities:					
St Saviours Court	6	205,344	78,789	284,133	292,593
Grant-giving	7	759,709	-	759,709	281,438
Governance costs		87,021	-	87,021	82,628
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>1,199,130</b>	<b>101,192</b>	<b>1,300,322</b>	<b>792,527</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>82,201</b>	<b>(101,192)</b>	<b>(18,991)</b>	<b>189,118</b>
Gains on investment property	12	-	269,500	269,500	-
Gains on other investments	13	432,926	371,770	804,696	2,447,929
<b>NET MOVEMENT IN FUNDS</b>		<b>515,127</b>	<b>540,078</b>	<b>1,055,205</b>	<b>2,637,047</b>
TOTAL FUNDS AT 1 APRIL 2010		5,752,025	20,051,375	25,803,400	23,166,353
<b>TOTAL FUNDS AT 31 MARCH 2011</b>		<b>£ 6,267,152</b>	<b>£ 20,591,453</b>	<b>£ 26,858,605</b>	<b>£ 25,803,400</b>

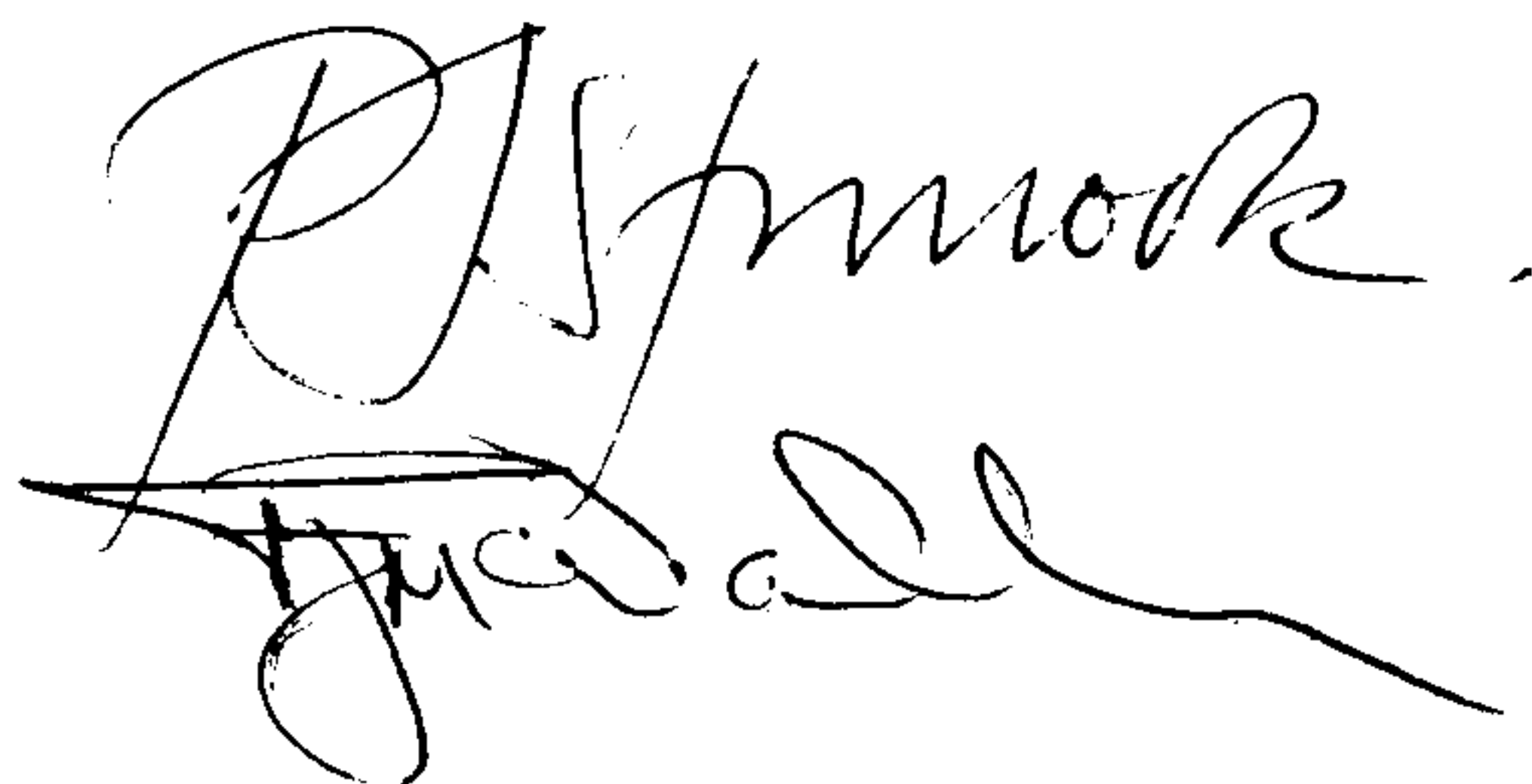
The annexed notes form part of these financial statements

UNITED ST SAVIOUR'S CHARITY (company limited by guarantee)

**BALANCE SHEET**  
As at 31 March 2011

	Notes	2011	Restated
		£	2010
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	8,648,032	8,735,792
Investment properties	12	6,849,500	6,580,000
Other investments	13	11,893,747	10,542,352
		<u>27,391,279</u>	<u>25,858,144</u>
<b>CURRENT ASSETS</b>			
Debtors	14	180,411	196,219
Cash at bank and in hand		78,895	203,996
		<u>259,306</u>	<u>400,215</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(791,980)	(454,959)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(532,674)</u>	<u>(54,744)</u>
<b>NET ASSETS/TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>£ 26,858,605</u></u>	<u><u>£ 25,803,400</u></u>
<b>FUNDS</b>			
Permanent endowment fund	16	20,591,453	20,051,375
Unrestricted funds:			
Designated funds	16	631,576	493,389
General fund	16	5,635,576	5,258,636
		<u>6,267,152</u>	<u>5,752,025</u>
		<u><u>£ 26,858,605</u></u>	<u><u>£ 25,803,400</u></u>

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). They were approved, and authorised for issue, by the Trustees on 7 September 2011 and signed on their behalf by:-



PHILIP STURROCK, Chair

TIM MCNALLY, Chair of the Finance and Investments Committee

The annexed notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2011

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**1. ACCOUNTING POLICIES**

***Basis of preparation of financial statements***

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005, applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The effects of events relating to the year ended 31 March 2011 which occurred before the date of approval of the financial statements by the Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 2011 and the results for the year ended on that date.

As explained in Note 15, investment properties and creditors as at 31 March 2010 have been re-stated so as to increase investment properties by £66,894 and increase creditors by the same amount; this has had no overall effect on the net assets of the Charity.

***Company status***

United St Saviour's Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

***Fund accounting***

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

The Endowment fund represents those assets which must be held permanently by the Charity, principally investments. Income arising on the Endowment fund can be used in accordance with the objects of the Charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and any other professional charges relating to the fund are charged against the fund.

***Incoming resources***

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

***Resources expended***

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately to the direct staff costs allocated to the activities. Governance costs include the costs of servicing Trustees' meetings, audit and strategic planning.

Grants payable are accounted for when approved by the Trustees and the approval has been communicated to the recipient.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

**Investments**

Stock market investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year. As investments are revalued continuously to market value, no realised gains or losses arise.

The investment properties are held at open market value, with a professional valuation carried out every 5 years.

Dilapidations income is applied initially against the cost of works to rectify the dilapidations identified. Any surplus income is recognised in the Statement of Financial Activities as received.

**Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	70 years
Freehold land	-	not depreciated
St Saviour's Court furniture and equipment	-	10 years
Office equipment	-	5 years

During the year the Trustees adjusted the expected useful life of the freehold building from 50 to 70 years. The effect of this change is to reduce the depreciation charge by £34,096 compared to the year to 31 March 2010.

**Pensions**

The Charity operates a money purchase scheme which is described in more detail in Note 20. Although contributions are variable, as described in the Note, the Charity is unable to identify its share of the underlying assets and liabilities of the scheme and it is therefore accounted for as if it were a defined contribution scheme.

**2. VOLUNTARY INCOME**

	2011	2010
	£	£
Annuities receivable	220	1,675
Donations	-	600
	<u>£ 220</u>	<u>£ 2,275</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

<b>3. INVESTMENT PROPERTIES INCOME AND EXPENDITURE</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Rent income - residential	46,029	40,220
Rent income - commercial	399,917	360,213
Net dilapidations income (see below)	153,094	-
Insurance recharges	13,587	9,235
Staff costs recharged to Network Rail (see Note 14)	-	7,116
	<u>612,627</u>	<u>416,784</u>
<b>Expenditure</b>		
Direct costs:		
Buildings repairs & maintenance	4,017	3,075
Utility bills	1,835	1,346
Insurance	17,261	14,042
Surveyor's fees	16,233	3,918
Legal and other professional fees	46,866	42,354
Provision for bad debts	10,613	10,000
	<u>96,825</u>	<u>74,735</u>
Staff costs	16,785	17,769
Allocation of Support costs (see Note 5)	9,298	4,314
	<u>122,908</u>	<u>96,818</u>
<b>Net income</b>	<u><u>£ 489,719</u></u>	<u><u>£ 319,966</u></u>

During the two years ending 31 March 2011 the Charity received income from dilapidations on one of its properties - £310,000 in 2009/10 followed by a further £140,000 negotiated from the outgoing tenant in the current year. Against this income has been charged the cost of remedial works totalling £296,906.

<b>4. OTHER INVESTMENT INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Dividends receivable from listed investments	373,998	303,523
Interest receivable	506	529
	<u>£ 374,504</u>	<u>£ 304,052</u>

<b>5. RESOURCES EXPENDED</b>	<b>Staff costs</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>2011</b>
				<b>£</b>
Costs of generating funds	16,785	143,376	9,298	169,459
St Saviour's Court costs	67,141	179,805	37,187	284,133
Grants	14,746	736,793	8,170	759,709
Governance costs	38,168	27,724	21,129	87,021
Support costs	25,024	50,760	(75,784)	-
	<u>£ 161,864</u>	<u>£ 1,138,458</u>	<u>£ Nil</u>	<u>£ 1,300,322</u>

## UNITED ST SAVIOUR'S CHARITY

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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	2011	2010
	£	£
Costs of generating funds comprise:		
Investment properties - costs as detailed in Note 3	122,908	96,818
Other investments - investment managers' fees	46,551	39,050
	<u>£ 169,459</u>	<u>£ 135,868</u>

Details of the St Saviour's Court costs are given in Note 6, Grants in Note 7 and Support costs in Note 8. Governance costs include trustee recruitment and professional fees including the audit and advice fees shown below. Staff costs are detailed in Note 9.

Resources expended include:

	2011	2010
	£	£
Auditors' remuneration:		
Audit fee	10,550	9,825
Management accounts	1,405	4,800
Assistance with VAT matters	900	2,590
Advice and other services	2,118	2,396
Depreciation	<u>90,586</u>	<u>124,749</u>

**UNITED ST SAVIOUR'S CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

<b>6. ST SAVIOURS' COURT INCOME AND EXPENDITURE</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Residents' contributions and housing benefits	<b>293,980</b>	<b>258,534</b>
<b>Expenditure</b>		
Staff costs	<b>67,141</b>	<b>75,249</b>
Training and recruitment	<b>1,311</b>	<b>213</b>
Council tax on empty properties	<b>5,280</b>	<b>9,985</b>
Water rates	<b>3,708</b>	<b>1,065</b>
Telephone	<b>595</b>	<b>677</b>
Insurance	<b>3,836</b>	<b>3,967</b>
General expenses	<b>4,012</b>	<b>4,151</b>
Publicity	<b>4,504</b>	<b>1,460</b>
Computer expenses	<b>1,327</b>	<b>1,673</b>
Welfare	<b>1,372</b>	<b>702</b>
Electricity	<b>9,888</b>	<b>11,038</b>
Fire safety	<b>4,348</b>	<b>2,730</b>
Repairs and maintenance	<b>23,257</b>	<b>10,631</b>
Legal and professional fees	<b>1,253</b>	<b>2,885</b>
Window cleaning	<b>1,518</b>	<b>1,052</b>
Bin cleaning	<b>342</b>	<b>382</b>
General cleaning	<b>8,096</b>	<b>8,364</b>
Lift maintenance	<b>1,527</b>	<b>1,437</b>
Health and safety	<b>6,004</b>	<b>5,348</b>
Garden maintenance	<b>6,994</b>	<b>6,243</b>
Travel	<b>221</b>	<b>320</b>
Depreciation	<b>89,843</b>	<b>124,749</b>
Loss on disposal of fixed assets	<b>569</b>	<b>-</b>
Allocation of Support costs (see Note 5)	<b>37,187</b>	<b>18,272</b>
	<b>284,133</b>	<b>292,593</b>
<b>Net income/(expenditure)</b>	<b>£ 9,847</b>	<b>£ (34,059)</b>

**UNITED ST SAVIOUR'S CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

<b>7. GRANTS</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
ARK Schools	-	9,053
Bede House Association	35,543	28,985
Beatbullying	16,347	-
Better Bankside Events Academy	-	5,000
Blackfriars Settlement	62,720	-
Bloomfield Learning Centre for Children	9,735	6,000
Borough Music School	18,250	25,712
Bermondsey Community Nursery	4,037	-
Cambridge House	46,225	-
Capital Conflict Management	7,785	-
Charles Dickens Primary School	-	5,000
Eclectic Productions	42,366	-
Farming and Countryside Education	4,000	-
Farms for City Children	4,000	-
Friars Primary School	3,000	-
Hankey Hall Youth Theatre	-	3,500
London Bubble Theatre	96,894	-
London Youth Support Trust	30,000	-
London Wildlife Trust	33,811	-
Lucy Brown House	3,060	-
Millwall Community Scheme	29,441	-
Millwall for All	47,870	-
Pembroke House	3,336	-
People Care Association	3,000	-
Place2Be	34,820	-
Returning 2 Dignity	-	4,850
Rockingham Community	-	5,882
Rockingham Estate Play Association	-	41,864
Salmon Youth Centre	36,983	-
Setchell Estate Tenants and Residents Association	-	3,580
Shakespeare's Globe	15,000	-
Southwark Cyprus Turkish Association	3,740	-
Southwark Pensioners Centre	4,800	-
Southwark Playhouse	-	3,000
St Joseph's Catholic Primary School	-	3,000
Surrey Docks City Farm	35,000	63,300
Swanmead, Harold and Creasy Tenants and Residents Association	2,700	-
Tabard Gardens Tenants and Residents Association	16,133	-
Time & Talents Association	62,920	9,200
Training For Life	-	30,000
Unicorn Theatre	4,706	-
Waterloo Community Counselling	-	3,462
Other grants: 11 (2010 - 5)	17,376	9,546
	<b>735,598</b>	<b>260,934</b>
Publicity for grants programme	1,195	275
Allocation of Support costs (see Note 5)	8,170	3,954
Staff costs	14,746	16,275
	<b>£ 759,709</b>	<b>£ 281,438</b>

## UNITED ST SAVIOUR'S CHARITY

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

The figure for grants in 2010/11 includes the expenditure for both 2010/11 and 2011/12. This is because the Board took a conscious decision to make preliminary allocations of the 2011/12 grants in February 2011 with final allocations on 16 March 2011. This was to help organizations that were facing significant drops in their income and a real risk of having to make staff redundant, but under the present SORP means that the full amount of these grants should be allocated to 2010/11. This has increased overall expenditure by £397,000, which in turn has resulted in a net loss for the year of £19,000.

It could well be argued that, to give a true and fair statement of the Charity's expenditure in 2010/11, the 2011/12 grant expenditure should be allocated to 2011/12. In 2010/11 this would reduce the expenditure by £397,000 and result in a net surplus of £378,000. For further details of the nature of activities funded and how this relates to the objects of the Charity, see the Trustees' report.

#### 8. SUPPORT COSTS

	2011	2010
	£	£
Direct costs:		
Office rent	5,000	-
Council tax	516	718
Office general expenses	2,646	2,160
Telephone	2,153	2,110
Postage	670	1,079
Training and recruitment	20,797	350
Computer expenses	5,065	3,383
Office equipment hire and maintenance	109	91
Utilities	652	788
Legal and professional	30	830
Subscriptions and affiliations	835	445
Insurance	61	962
Bank charges	1,354	714
Travel	486	2,010
Office relocation expenses	10,911	-
Office refurbishment costs	46	-
Books	77	138
Office equipment depreciation	743	-
Adjustment to recoverable VAT	(1,391)	708
	<u>50,760</u>	<u>16,486</u>
Staff costs	<u>25,024</u>	<u>19,890</u>
	<u>£ 75,784</u>	<u>£ 36,376</u>

Support costs are apportioned to different activities in proportion to the staff costs attributable to those activities.

**UNITED ST SAVIOUR'S CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**9. STAFF NUMBERS AND COSTS**

	2011 £	2010 £
Wages and salaries	126,516	128,189
Social security costs	12,791	13,407
Pension contributions (see Note 20)	22,557	28,114
	<u>£ 161,864</u>	<u>£ 169,710</u>

The average weekly number of employees, calculated as full time equivalents, during the period was:

	Number	Number
Costs of generating funds	0.2	0.3
St Saviour's Court	2.1	2.3
Grants programme	0.2	0.2
Support	0.5	0.5
Governance	0.6	0.6
	<u>3.6</u>	<u>3.9</u>

The Director, Jim Wintour, received an annual salary of £60,000, and the Charity made pension contributions for him as indicated in Note 20.

**10. RELATED PARTY TRANSACTIONS**

During the year, no Trustees received any remuneration (2010 - £NIL). £801 was reimbursed during the year to two Trustees for travel and other expenses incurred on Charity business (2010 - £178 to 1 Trustee).

**11. TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	St Saviour's furniture & equipment £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2010	9,122,128	130,143	3,346	9,255,617
Additions	-	1,770	1,625	3,395
Disposals	-	(1,364)	-	(1,364)
At 31 March 2011	<u>9,122,128</u>	<u>130,549</u>	<u>4,971</u>	<u>9,257,648</u>
<b>Depreciation</b>				
At 1 April 2010	452,737	64,499	2,589	519,825
Charge for the year	78,789	11,054	743	90,586
Disposals	-	(795)	-	(795)
At 31 March 2011	<u>531,526</u>	<u>74,758</u>	<u>3,332</u>	<u>609,616</u>
<b>Net book value</b>				
At 31 March 2010	<u>£ 8,669,391</u>	<u>£ 65,644</u>	<u>£ 757</u>	<u>£ 8,735,792</u>
At 31 March 2011	<u>£ 8,590,602</u>	<u>£ 55,791</u>	<u>£ 1,639</u>	<u>£ 8,648,032</u>

Freehold land at cost included above not depreciated: £ 3,470,000

**UNITED ST SAVIOUR'S CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

Freehold property comprises St Saviour's Court (almshouses) in Purley.

**12. INVESTMENT PROPERTIES**

	2011 £	<i>Restated</i> 2010 £
Balance at 1 April 2010	6,580,000	6,580,000
Net gain on revaluation	269,500	-
Balance at 31 March 2011	<u>£ 6,849,500</u>	<u>£ 6,580,000</u>

As explained in Note 15 in the year ended 31 March 2010 an amount of £66,894 was wrongly credited against the value of the investment property shown above instead of being included as an accrual under creditors. The comparative figures have been adjusted accordingly, resulting in the 2010 balance being increased by that amount.

Investment properties were externally valued at 21 October 2008 at open market value as at 31 March 2008, by C B Richard Ellis Limited of Kingsley House, Wimpole Street, London W1G 0RE. At 31 March 2011 an informal assessment was made of their market value by the Trustees in discussion with its surveyors, and the change has been reflected above.

**13. OTHER INVESTMENTS**

	2011 £	2010 £
<b>Market value</b>		
At 1 April 2010	10,229,218	7,287,402
Additions at cost	3,882,224	2,515,481
Net gain on revaluation	804,696	2,447,929
Disposals at carrying value	<u>(3,176,975)</u>	<u>(2,021,594)</u>
	11,739,163	10,229,218
Cash awaiting investment	154,584	313,134
At 31 March 2011	<u>£ 11,893,747</u>	<u>£ 10,542,352</u>
<b>Historical cost</b>	<u>£ 9,273,283</u>	<u>£ 8,193,832</u>
	2011 £	2010 £
<b>Analysis of investments held</b>		
UK holdings - all quoted	8,476,899	7,721,380
Non UK holdings - all quoted	3,262,264	2,507,839
Cash held as part of portfolio	154,584	313,133
	<u>£ 11,893,747</u>	<u>£ 10,542,352</u>

There are no individual investments valued at more than 5% of the total quoted investments above.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

<b>14. DEBTORS</b>	<b>2011</b>	<b>2010</b>
<b>Due within one year</b>	<b>£</b>	<b>£</b>
Trade debtors - rents receivable	20,008	57,493
VAT repayment due	-	21,380
Network Rail compensation	-	1,428
Prepayments and accrued income	153,653	112,918
Deposits	6,750	3,000
	<b>£ 180,411</b>	<b>£ 196,219</b>

<b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2011</b>	<i>Restated</i> <b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	17,672	31,301
Grants payable from current year budget	211,974	164,993
Grants payable relating to 2011/2 budget	397,109	-
Pension contributions payable	2,616	-
Social security and other taxes	4,396	-
VAT creditor	1,573	-
Deposits held	24,500	22,250
Accrued dilapidations expenditure (see below)	-	66,894
Other accruals	28,219	50,800
Deferred income (see below)	103,921	118,721
	<b>£ 791,980</b>	<b>£ 454,959</b>

In the year ended 31 March 2010 one of the Charity's commercial tenants vacated its property at the end of a long lease. The Charity received £310,000 as compensation for dilapidations which broadly equated to the cost of remedial works needed, of which £243,106 was spent in the year to 31 March 2010 ; the remaining cost of the works, amounting to £66,894, was incurred in the following year. In the 2010 financial statements this balance of £66,894 was incorrectly credited against the carrying value of the investment property but should have been shown as an accrual for dilapidations expenditure. The comparative figures have been adjusted accordingly.

<b>Deferred income</b>		
Balance at 1 April 2010	118,721	80,921
Amount released to incoming resources	(118,721)	(80,921)
Insurance income from tenants deferred in the year	13,404	11,146
Rent income deferred in the year	90,517	107,575
Balance at 31 March 2011	<b>£ 103,921</b>	<b>£ 118,721</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**16. STATEMENT OF FUNDS**

	Brought forward £	Resources expended £	Transfers £	Investment gains/(losses) £	Carried forward £
<b>DESIGNATED FUNDS</b>					
Cyclical repairs	68,800	-	10,000	-	78,800
Extraordinary repairs	55,200	-	10,000	4,023	69,223
Sinking Fund	369,389	-	86,000	28,164	483,553
	<u>£ 493,389</u>	<u>£ Nil</u>	<u>£ 106,000</u>	<u>£ 32,187</u>	<u>£ 631,576</u>
<b>ENDOWMENT FUND</b>	<u>£ 20,051,375</u>	<u>£ (101,192)</u>	<u>£ Nil</u>	<u>£ 641,270</u>	<u>£ 20,591,453</u>

The Cyclical repairs fund has been established to pay for cyclical repairs at St Saviour's Court arising from the quinquennial review (including painting of the exterior and common parts) and the Extraordinary repairs fund for repairs other than day-to-day and cyclical repairs. The Sinking Fund has been established to provide for the rebuilding of St Saviour's Court at the end of its useful life. An annual transfer of £86,000 is made each year so that around £6,000,000 will have been transferred by the end of the expected 70-year useful life to provide for rebuilding. The fund is invested and it is therefore anticipated that inflationary increases in building costs will be offset by capital appreciation. The investment gain/(loss) arising on the fund in the year is shown above.

The Endowment Fund comprises donations made over the years given as capital. The Fund includes part of the Charity's investments (see Note 17) and Resources expended comprise the appropriate proportion of investment portfolio fees along with the depreciation charged on the freehold property, St Saviour's Court, which also forms part of the Endowment.

	Brought forward £	Incoming resources £	Resources expended £	Transfers and investment gains/(losses) £	Carried forward £
<b>SUMMARY OF FUNDS</b>					
Designated funds	493,389	-	-	138,187	631,576
General Fund	5,258,636	1,281,331	(1,199,130)	294,739	5,635,576
Unrestricted funds	5,752,025	1,281,331	(1,199,130)	432,926	6,267,152
Endowment Fund	20,051,375	-	(101,192)	641,270	20,591,453
	<u>£ 25,803,400</u>	<u>£ 1,281,331</u>	<u>£ (1,300,322)</u>	<u>£ 1,074,196</u>	<u>£ 26,858,605</u>

The transfers to/(from) the General Fund are as shown above in the table of Designated funds and Endowment Fund as transfers (from)/to those funds; the investment gain/(loss) attributable to the General Fund amounted to £400,739.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds			Total Funds £
	Designated Funds £	General Fund £	Permanent Endowment £	
	Freehold properties	-	-	
Other tangible fixed assets	-	57,430	-	57,430
Investment properties	-	-	6,849,500	6,849,500
Other investments	552,776	6,189,620	5,151,351	11,893,747
Net current assets	78,800	(611,474)	-	(532,674)
	<u>£ 631,576</u>	<u>£ 5,635,576</u>	<u>£ 20,591,453</u>	<u>£ 26,858,605</u>

The permanent endowment is comprised of all the freehold properties, both the investment properties and St Saviour's Court, together with a balance of non-property investments. The percentage of investments that are represented by the Endowment Fund is 44.6%. This percentage is applied to investment gains and losses and investment management costs in order to apportion these to the Endowment Fund.

18. LEASE COMMITMENTS

In December 2010 the Charity leased premises at St Saviours House, 39-41 Union Street on a 1 year lease. The committed rent at the year end was £10,000 (2010 - £Nil).

19. CONTINGENT ASSET- THAMESLINK PROJECT

Some of the Charity's investment properties are being affected by the development of the Thameslink Project by Network Rail, who have agreed to compensate the Charity for lost income. At the year end it is estimated that void losses resulting from the works totalled £27,387. When the Project is complete the Charity will agree a final settlement with Network Rail which will account for void losses and also changes (including potential betterment) to properties arising the works. A provision has not been included in the accounts on the basis that this final settlement cannot be estimated with sufficient certainty.

20. PENSION SCHEME

The Charity participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

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The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Charity paid contributions at the rate of between 6% and 31% during the accounting period.

As at the balance sheet date there were 4 active members of the Plan employed by the Charity. The Charity continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Rate of return pre retirement	7.6%
Rate of return post retirement:	
Active/Deferred	5.1%
Pensioners	5.6%
Bonuses on accrued benefits	0.0%
Rate of price inflation	3.2%

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

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In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2011**

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The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Charity has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2010. As of this date the estimated employer debt for the Charity was £242,208. As the Charity has no plans to withdraw from the scheme there is no immediate likelihood of this liability crystallising.