

Statement of Financial Activities

Year ended 31 March 2007

	Notes	2007 £000	2006 £000
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	365	338
Investment income	3	822	793
Interest charged on secured loans	11	30	33
Total incoming resources		1,217	1,164
Resources expended			
Costs of generating funds			
Costs of generating voluntary income	4	54	87
Investment management costs	5	28	38
Charitable activities	6	1,032	1,052
Governance costs	7	48	65
Total resources expended	8	1,162	1,242
Net incoming resources		55	(78)
Other recognised gains and losses			
Gains on investment assets	10	1,019	2,934
Net movement in funds		1,074	2,856
Reconciliation of funds			
Total funds brought forward		24,913	22,057
Total funds carried forward		25,987	24,913

There were no recognised gains or losses other than those included in the statement of financial activities.

Balance Sheet

as at 31 March 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	9	4	9
Investments:			
Investments	10	22,692	21,919
Loans to beneficiaries	11	3,674	3,438
		<u>26,370</u>	<u>25,366</u>
Current assets			
Debtors	12	200	150
Cash at bank and in hand		795	623
		<u>995</u>	<u>773</u>
Less: Creditors			
Amounts due within one year	13	(1,378)	(1,226)
Net current assets		<u>(383)</u>	<u>(453)</u>
Net assets		<u>25,987</u>	<u>24,913</u>
		2007 £000	2006 £000
The funds of the charity:			
Endowment funds	14	-	21
Unrestricted income funds	15	25,987	24,892
Total charity funds		<u>25,987</u>	<u>24,913</u>

The financial statements on pages 10 to 19 were approved by the Board of Directors and authorised for issue on 13 June 2007 and signed on its behalf by

R A Parkin
President

Professor D E Bland
Honorary Treasurer

Notes to the Financial Statements

Year ended 31 March 2007

1 Accounting policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment value and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). The financial statements are prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005 and the Companies Act 1985.

The precise format of the Companies Act 1985 has not been followed as no separate income and expenditure account has been provided because it does not provide any additional information to the Statement of Financial Activities on page 10.

All activities of the Charity are classified as continuing.

Status of Company

The Company is incorporated pursuant to section 19(1) of the Companies Act 1985 and is limited by guarantee and does not have a share capital. The maximum liability of each member is £10.

Incoming Resources

Donations, subscriptions, interest and dividends on listed investments and interest due on deposits are all accounted for on a cash basis, at the earlier of notification or receipt.

Income from legacies is recognised when it is received.

Compound interest, if charged, on loans secured by mortgages on private property owned by beneficiaries or made against shares is accrued from the date of the advance, unless exceptionally deferred, and credited annually to the Statement of Financial Activities.

Resources expended

Costs are allocated specifically between Direct Charitable Expenditure, Fundraising and Governance where appropriate, and shared between the three areas to use, based on staff time, where resources are shared. The proportions used are Direct Charitable Expenditure 75%, Fundraising 15% and Governance 10%.

Grants payable

Grants payable are accrued when approved by the Grants Committee.

Governance costs

Governance costs include audit, legal advice to trustees and costs associated with constitutional and statutory requirements. Governance costs also include a fair proportion of costs not attributable to a specific activity.

The Paul Golmick Fund

The Paul Golmick Fund is a charity whose objects fall within those of The Insurance Charities.

It is of mutual benefit to both charities for The Insurance Charities to administer the grants of The Paul Golmick Fund. The Insurance Charities can direct some of its applicants to The Paul Golmick Fund leaving more funds available for other applicants. A proportion of the costs can be shared.

Grants payable are shown before and after contributions from The Paul Golmick Fund. The contribution of The Paul Golmick Fund to the Insurance Charities is also shown separately.

Foreign Currencies

Statement of Financial Activities transactions in foreign currencies are translated into sterling at the exchange rates ruling at the date of such transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

Notes to the Financial Statements

Year ended 31 March 2007

1 Accounting policies continued

Tangible fixed assets and depreciation

All equipment costing more than £500 has been capitalised and written off on a straight-line basis over its estimated useful life. All equipment costing £500 or less is written off in the year of acquisition.

Investments

Investments are stated at market value, if listed, or at directors' valuation, if unlisted. The market value is based on the current market price. All movements in value are shown in note 10.

Pension Costs

The Charity participates in a multi-employer defined benefit pension scheme and a stakeholder pension scheme.

The defined benefit pension scheme is administered by trustees and is separate from the Charity. An independent actuary completes a valuation triennially and, in accordance with his recommendations, annual contributions are paid to the scheme to secure the benefits set out in the rules and the periodic augmentation of current pensions. The present position in relation to the scheme is described in note 16.

The stakeholder pension scheme costs are charged on the accruals basis.

Reserves Policy

The Reserves Policy of the Charity has been set after careful consideration of: -

- (a) The Charity's ongoing commitments to existing beneficiaries and expected future trends in applications for assistance;
- (b) The sources and reliability of income.

The long-term strategy of the Charity is to maintain reserves represented by assets deployed to provide an investment portfolio that enable the Charity to meet its obligations to existing and new beneficiaries on an ongoing basis.

In principle, reserves are managed by investing for real growth in capital and income, subject to an over-riding requirement to ensure that income will be fully disbursed, windfall additions to the General Reserve help to respond to sudden upward movements in beneficiary payments.

2	Voluntary income	2007 £000
	Insurance Charities Day	55
	Fundraising by local and associated institutes	108
	Membership subscriptions	16
	Insurance employers' donations - see Schedule 1	107
	Legacies - see Schedule 2	1
	Other donations and income - see Schedule 3	78
		365
		365
3	Investment income	2007 £000
	Listed investments	
	Equity	554
	Fixed interest	176
	Deposit and bank interest	57
	Other fixed interest	35
		822
		822

Notes to the Financial Statements

Year ended 31 March 2007

4	Costs of generating voluntary income	2007 £000
	Staff costs	33
	Pension deficit accrual	-
	Other costs	21
		<u>54</u>
5	Investment management costs	2007 £000
	Stockbrokers fees and commission	<u>28</u>
6	Charitable activities	2007 £000
	Grantmaking	
	Total grants payable	965
	The Paul Golmick Fund (PGF) contribution to grants	<u>(148)</u>
	Net grants payable to individuals	817
	Staff costs	165
	Pension deficit accrual	-
	Other costs	78
	The Paul Golmick Fund contribution to expenses	<u>(28)</u>
		<u>1,032</u>
	Net grants payable in support of 335 (2006: 371) 'hardship' cases.	
7	Governance costs	2007 £000
	Staff costs	22
	Pension deficit accrual	-
	Other costs	26
		<u>48</u>

Notes to the Financial Statements

Year ended 31 March 2007

8 Total Resources Expended

	2007 £000
Stockbrokers fees and commission	28
Net grants payable to individuals	817
Staff costs	220
Other costs	97
	<u>1,162</u>

Staff costs:	2007 £000
Staff remuneration	159
Social Security costs	16
Staff pension costs	45
Pension deficit contribution	-
	<u>220</u>

No employee received gross emoluments of £60,000 or more.
The average number of full-time employees during the financial year was four (2006: - five).

Other costs:	2007 £000
Audit fee	12
Bad debt provision write back	-
Charity Day costs	6
Committee subsistence and expenses	3
Computer costs	13
Contractor - archiving	1
Custodian fees	2
Depreciation	10
Foreign exchange	3
Fundraising and publicity materials	-
Insurance	6
Legal fees	15
Miscellaneous costs	11
Printing, stationery, postage and telephone	11
Recruitment costs	9
Rent and rates	7
Report & Financial Statements - print costs	4
Strategic Planning day	-
Professional Fees	12
Website upgrade	-
	<u>125</u>
The Paul Golmick Fund contribution to expenses	<u>(28)</u>
	<u>97</u>

None of the trustees received any remuneration during the year.
Travel and subsistence expenses reimbursed to trustees amounted to £3,045 (2006 - £3,410).

Audit fees comprise:	2007 £000
Baker Tilly UK Audit LLP	
Audit Services	
- Statutory Audit	12
Baker Tilly	
Audit Services	
- Statutory Audit	-
Other services	
- Other services	5
	<u>17</u>

Notes to the Financial Statements

Year ended 31 March 2007

9 Tangible fixed assets

Information Technology - Software and equipment

£000

Cost

Opening balance - 1 April 2006	67
Additions	5
Disposals	-
Closing balance - 31 March 2007	<u>72</u>

Depreciation

Opening balance - 1 April 2006	58
Charge for the year	10
Disposals	-
Closing balance - 31 March 2007	<u>68</u>

Net book value

As at 31 March 2007 4

As at 31 March 2006 9

10 Investments

£000

Market value at 1 April 2006	21,919
Acquisitions at cost	3,041
Disposals - Gross sale proceeds	(2,250)
Net movement in cash	(1,037)
Net gains	1,019
Market value at 31 March 2007	<u>22,692</u>

Historical cost at 31 March 2007 17,311

	Market value 2007 £000	Historical cost 2007 £000	Market value 2006 £000
UK listed - Equity	17,630	12,524	16,047
UK listed - Fixed interest	3,140	2,871	3,319
Property	406	400	-
Cash deposits	341	341	1,378
UK Loan stock (unlisted)	1,175	1,175	1,175
	<u>22,692</u>	<u>17,311</u>	<u>21,919</u>

Unlisted loans of £2,424,871 were made in previous years to three housing associations. These loans carry nomination rights for housing accommodation in furtherance of the aims of the Charity.

One loan for £1,250,000 was repaid in the previous year leaving £1,174,871 of unlisted loans to two housing associations on commercial terms and are included in the Financial Statements at cost.

Notes to the Financial Statements

Year ended 31 March 2007

11 Loans to beneficiaries

	Secured loans £000	Unsecured loans £000	Total 2007 £000
Loans before provisions			
Balance at 1 April	3,408	83	3,491
Advances	487	-	487
Write offs	-	-	-
Interest	30	-	30
Repaid	(275)	(6)	(281)
Balance at 31 March	<u>3,650</u>	<u>77</u>	<u>3,727</u>
Less: Provision for doubtful loans			
Balance at 1 April	17	36	53
Movement	-	-	-
Balance at 31 March	<u>17</u>	<u>36</u>	<u>53</u>
Loans after provisions at 31 March	<u><u>3,633</u></u>	<u><u>41</u></u>	<u><u>3,674</u></u>

	Interest rate	Secured loans £000	Unsecured loans £000	Total 2007 £000
Capital	0%	2,530	72	2,602
Capital	3%	728	3	731
Accumulated interest	3%	392	2	394
		<u>3,650</u>	<u>77</u>	<u>3,727</u>

	Secured loans £000	Unsecured loans £000	Total 2007 £000
Sterling based loans	3,560	72	3,632
Euro based loans	90	5	95
	<u>3,650</u>	<u>77</u>	<u>3,727</u>

Loans to beneficiaries are mainly secured by first mortgage charges with a few secured by second or subsequent remainder by promissory notes. They are repayable at death or on disposal of the property.

12 Debtors

	2007 £000
Amounts due within one year	
Other debtors	109
Accrued income	91
	<u><u>200</u></u>

Notes to the Financial Statements

Year ended 31 March 2007

13 Creditors: Amounts falling due within one year

	2007 £000
Beneficiary year end commitments	689
Other creditors	653
Taxation and Social Security	3
Pension Contributions	1
Accruals	30
Deferred income	2
	<u>1,378</u>

Other creditors comprise amounts due to the creditors of Fremont Insurance Company (UK) Limited and The Cha Company Limited.

Following the liquidation of the companies above, the remaining creditors and matching cash assets were transferred to funds, less any amounts paid to claimants that come forward in the period, will become the property of the Charity after receipt, being February 2009 and December 2010 respectively.

14 Endowment funds

	Balance 1 April 2006 £000	Investment income £000	Expenditure / Transfer £000
<u>Capital</u>			
The Jones and McRobert Fund	11	-	(11)
John Henry Keene Philanthropic Fund	10	-	(10)
<u>Accumulated Income</u>			
The Jones and McRobert Fund	-	-	-
John Henry Keene Philanthropic Fund	-	-	-
Total restricted funds	<u>21</u>	<u>-</u>	<u>(21)</u>

On 14 December 2005, the objects of The Jones & McRobert Fund and the John Henry Keene Philanthropic Fund were section 74 of the Charities Act 1993.

The purposes of both Endowment Funds are now "To assist past and present employees of the insurance industry and relatives". The changes enabled the Charity to transfer and spend the accumulated income of the funds.

As the purposes of the funds are now aligned and the investment income is now less than £1,000 the balances have been transferred to the General Reserve.

Assets	2007 £000
Investments	<u>-</u>

15 Unrestricted income funds

	Balance 1 April 2006 £000	Net incoming resources £000	Investment gains £000	Transfers £000
General Reserve				
Total unrestricted funds	<u>24,892</u>	<u>55</u>	<u>1,019</u>	<u>21</u>

For the reserves policy see page 13

Notes to the Financial Statements

Year ended 31 March 2007

16 Pension scheme - FRS 17

Defined benefit scheme

The Charity participates in the Chartered Insurance Institute Pension Scheme 1993, a multi-employer defined benefit scheme. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's underlying assets and liabilities of the Scheme and hence contributions to the Scheme are accounted for as if it were a defined benefit scheme. The scheme was closed to future service accrual on 30 June 2006.

A full actuarial valuation of the Chartered Insurance Institute Pension Scheme 1993 was carried out at 30 June 2005 and 31 December 2006 by a qualified independent actuary for the main employer's Financial Statements. The main assumptions

	At year end 31.12.2006	At year end 31.12.2005	At year end 31.12.2004	At year end 31.12.2003
Rate of increase in salaries	n/a	2.75%	5.25%	5.25%
Rate of increase to pensions in payment	3.00%	2.75%	2.75%	2.75%
Discount rate	5.00%	4.80%	5.30%	5.40%
Inflation assumption	3.00%	2.75%	2.75%	2.75%

At 31 December 2006, the market value of the assets of the Scheme was £26,615,000 and the value of past service was £27,233,000 leaving a shortfall of assets of £618,000. The assets therefore were sufficient to cover 98% of the benefits that are payable to members.

Employer's contributions of £6,976 were payable in respect of employees of The Insurance Charities for the period ended 31 December 2006. An additional payment of £26,500 was made into the scheme to purchase future service for two employees.

Stakeholder pension scheme

New employees joining the Charity, as well as existing employees not accounted for above, can join the defined contribution scheme provided by the Legal and General Assurance Association. The scheme provides benefits directly determined by the value of the contributions made in respect of each member.

Employer's contributions during the year amounted to £11,323.

THE INSURANCE CHARITIES

Schedule 1 – Insurance Employers’ Donations

Year ended 31 March

	2007	2006	2005	2004
	£	£	£	£
Abbey National Charitable Trust Limited	600	600	600	600
AIG Europe (UK) Limited	750	750	750	750
Allianz Cornhill plc	1,000	1,000	1,000	1,000
AON Limited	13,000	31,154	3,000	16,477
Association of British Insurers	-	-	-	-
Aviva	25,000	25,000	25,000	25,000
AXA UK plc	20,000	20,000	20,000	-
Benfield Group plc	2,000	2,000	2,000	1,750
Britannic Assurance plc	-	1,282	1,282	1,282
Co-operative Insurance Society Limited	5,000	-	-	10,000
Direct Line Insurance plc	-	500	-	-
Ecclesiastical Insurance plc	2,500	3,000	2,000	3,000
Fortis Insurance Limited	600	5,000	5,000	-
Friends’ Provident Life Office	1,000	1,000	-	2,000
Griffiths & Armour	500	500	-	500
HHG Services Limited	-	-	1,500	3,000
Institute of Insurance Brokers	500	500	641	641
Jardine Lloyd Thompson Group plc	500	500	-	1,000
Legal & General Group plc	5,500	5,000	4,000	4,000
Liverpool Victoria Friendly Society Limited	-	-	-	-
Marsh Charities Fund & Marsh Corporate	2,500	2,500	-	5,000
MGM Charities Trust	-	-	-	-
Miller Insurance Group Limited	500	500	500	-
Prudential Corporation plc	1,500	3,000	-	1,500
Resolution Life	500	-	-	-
Riverstone Management Limited	-	-	-	-
RJ Hurst & Partners	500	500	500	500
Royal & Sun Alliance Insurance Group	10,000	10,000	10,000	20,000
Royal London Mutual Insurance Society Limited	2,000	-	1,000	2,000
Scottish Equitable plc	3,000	3,000	3,000	3,000
Standard Life	1,200	1,200	1,200	1,200
UNUM plc	250	500	500	500
Wesleyan Charitable Trust	2,500	-	1,000	1,000
Willis Group plc	1,000	-	1,000	1,000
Zurich Financial Services	-	-	-	1,500
Other donations under £ 500 threshold	2,730	3,989	3,488	5,191
Total	106,630	122,975	88,961	113,391

the insurance charities

THE INSURANCE CHARITIES

Schedule 2 – Legacies	2007	2006	2005	2004
Year ended 31 March	£	£	£	£
L Starks	500	-	-	-
O Lawson-Brown	-	11,106	-	-
D Walker	226	2,727	-	-
C Baxter	-	-	18,142	-
M Palmer	-	-	2,094	-
F S Gylls	-	-	-	3,399
H Ingram	-	-	36,215	325,000
D Morgans	-	-	-	4,448
T Jenkins	-	-	-	15,000
O Rutherford	-	-	-	590
N Fuller	-	-	-	-
Other legacies under £500 threshold	-	-	42	-
Total	726	13,833	56,493	348,437

Schedule 3 – Amounts included within Other donations and income	2007	2006	2005	2004
Year ended 31 March	£	£	£	£
BIBA Anglia Region	-	-	1,211	-
BIBA Annual Dinner	-	710	-	-
BIBA East Midlands Dinner	-	722	-	-
Charles Ledsam Retirement Auction	5,805	-	-	-
Holyrood Publications Limited	-	-	1,724	-
Chartered Insurance Institute's Platinum Card	6,305	14,333	14,163	15,987
Chartered Insurance Institute's Conference Dinner	4,694	4,436	3,642	-
Chartered Insurance Institute's Christmas Raffle	423	500	-	-
Crusader Benevolent Fund - Balance of Funds	36,383	-	-	-
Fire Loss Association - Balance of Funds	3,158	-	-	-
Friends Provident Line Managers Association	-	2,757	-	-
Impact Plus Skydive	1,478	-	-	-
John Henry Keene Philanthropic Fund	-	-	-	-
Midland Life & Pensions Society - Balance of Funds	2,249	-	-	-
Post Magazine - Football competition	1,000	750	7,085	9,349
K Sills	-	-	-	-
Towergate Partnership	6,000	-	-	-
Norwich Union - 1976 Emergency Fund	-	-	-	-
P Whitmore	-	500	-	-
Mrs W Cooper	600	-	-	-
Other donations under £500 threshold	68,095	24,708	27,825	25,336
Other income	2,000	6,674	15,202	16,785
Total	78,231	33,382	54,381	49,121

THE INSURANCE CHARITIES

FIVE YEAR FINANCIAL SUMMARY

Year ended 31 March

	2007 £000	2006 £000	2005 £000	2004 £000
STATEMENT OF FINANCIAL ACTIVITIES				
Fundraising by local and associated institutes	108	140	121	132
Donations from insurance employers	107	123	89	113
Legacies and other income	150	75	137	419
Investment income and interest income	852	826	809	774
Total Incoming Resources	1,217	1,164	1,156	1,438
Investment management costs	28	38	39	52
Charitable activities				
Grants	817	749	629	638
Other grant making activities	215	303	193	174
Costs of generating voluntary income	54	87	49	52
Governance costs	48	65	43	134
Total Resources Expended	1,162	1,242	953	1,050
Net Income / (Expenditure)	55	(78)	203	388
Other recognised Gains and Losses				
Gains/(Losses) on investments	1,019	2,934	1,549	2,049
Net Movement in Funds	1,074	2,856	1,752	2,437

BALANCE SHEET

as at 31 March

	2007 £000	2006 £000	2005 £000	2004 £000
Fixed Assets				
Tangible Assets	4	9	15	-
Investments	22,692	21,919	18,460	16,953
Loans to beneficiaries	3,674	3,438	3,503	3,564
	26,370	25,366	21,978	20,517
Current Assets				
Debtors	200	150	201	242
Cash at bank and in hand	795	623	573	345
	995	773	774	587
Creditors:				
Amounts due within one year	(1,378)	(1,226)	(695)	(799)
Amounts due after more than one year	-	-	-	-
	(1,378)	(1,226)	(695)	(799)
Net assets	25,987	24,913	22,057	20,305
The funds of the charity:				
Endowment funds	-	21	60	58
Unrestricted income funds	25,987	24,892	21,997	20,247
Total charity funds	25,987	24,913	22,057	20,305

Some of the 2005 figures have been restated with the adoption of SORP 2005. The 2005 figures restated are:-

Other grant making activities
Costs of generating voluntary income
Governance costs

due to reallocation of costs between the three expenditure headings.

The figures for 2004 and earlier years have not been restated.

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**Total
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**Total
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**Total
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2003
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(917)

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