

# **The Insurance Charities**

**Report & Financial Statements**

**Year ended: 31 March 2007**

**Company Registration Number 74461**

**Charity No: 206860**

# **The Insurance Charities**

## **Report & Financial Statements**

**Year Ended: 31 March 2007**

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## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

The Board of Directors of The Insurance Charities ("the Charity") present their annual report for the year ended 31 March 2007 under the Companies Act 1985, the Charities Act 1993 and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), together with the audited financial statements for that year. The accounts comply with the Companies Act 1985, the Charity's governing document and the relevant Statement of Recommended Practice (the Charities SORP 2005).

#### Reference and Administrative Details

The Insurance Charities is a registered charity (no. 206860) and a company (no. 74461) limited by membership guarantees up to a maximum of £10 each. Its registered office is as shown on page 8.

#### Structure, Governance and Management

The Charity is governed by its Memorandum and Articles of Association adopted on 21 July 1902. The latest revision of the Memorandum and Articles of Association was approved on 23 September 2004.

The Board of Directors is responsible for the overall governance of the Charity. Directors are either elected by members or appointed by the Directors mid-term. Those appointed mid-term by the Directors must stand down at the following Annual General Meeting and may submit themselves for election by the members. The total number of Directors may not exceed 24. Elected Directors may remain in office for three years and can then offer themselves for re-election by the members.

Effective partnership between Directors and staff continues to contribute significantly to the Charity's success. To ensure that Directors' roles and responsibilities are carried out effectively, each serves on one of the Charity's committees, requiring them to have an understanding of and responsibility for specific aspects of the Charity's work. Directors are required to hold at least five meetings a year including four quarterly Board meetings, where Directors review strategy and operational and investment performance and set operating plans and budgets, and the Annual General Meeting. New Directors receive an information pack about the Charity, including a copy of its governing document and all that is needed in addition to work for effective and informed decision-making. Since 1 December 2005 Director training sessions, on at least an annual basis, have formed part of the regular Board meetings.

The Board reviews its composition, at least on an annual basis, to highlight any needs in terms of skills, knowledge and corporate and geographical representation. New Directors are then recruited, ensuring that such needs are most closely met.

The Board delegates the exercise of certain powers in conjunction with the management and administration of the Charity as set out below. This is controlled by regular reporting back to the Board, so that all decisions made under delegated powers are ratified by the Board in due course. The Charity paid £1,582 for Directors & Officers Liability insurance during the period.

#### Grants Committee

The Grants Committee is responsible for the allocation of charitable funds to eligible individuals and meets quarterly. The Committee advises the Board on any changes needed to grant making policy and on noticeable trends in charitable payments.

#### Finance and Investment Committee

The Finance and Investment Committee is responsible for overseeing the management of the Charity's financial and investment activities and meets quarterly. The Committee is also responsible for the periodic review of the Charity's financial and investment strategies and the investment process. The Committee advises the Board on recommended changes to these strategies and the adequacy of the Charity's reserves.

## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

#### Marketing and Fundraising Committee

The Marketing and Fundraising Committee is responsible for the promotion of the Charity to its supporters and beneficiaries and for securing financial support. The Committee advises the Board on recommended changes to Marketing and Fundraising strategy.

#### Chief Executive Officer and Company Secretary

The Chief Executive Officer and Company Secretary (CEO) is responsible for the day-to-day management of the Charity's affairs and for implementing policies agreed by the Board. The CEO is assisted by a team of dedicated individuals.

#### Statement of Directors' Responsibilities and Corporate Governance

The Directors are responsible for their annual report and for the preparation of financial statements for each financial year, which give a true and fair view of the incoming resources and application of the resources of the Charity during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Directors are required to:

- ensure that suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the Charity will continue in operation.

The Directors have overall responsibility for ensuring that the Charity has appropriate systems and controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and for their proper application, as required by charity law, and hence for taking reasonable steps for prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Charity is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use or disposition and are properly applied;
- proper records are maintained and financial information used within the Charity, or for publication, is reliable;
- the Charity complies with relevant laws and regulations.

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board. A programme of monitoring is in place, derived from a comprehensive risk management review.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- regular consideration by the Directors of financial results;
- delegation of day-to-day management authority and segregation of duties; and
- identification and management of risks.

In accordance with company law, as the Charity's Directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

#### Risk Management

The Directors have an active risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process, the Directors review the adequacy of the Charity's current internal controls. To strengthen such controls one of the Directors is specifically charged with monitoring responsibilities. Such responsibilities are discharged by regular and irregular visits to the Charity's office to undertake checks on receipts and payments and their internal recording. The monitoring Director then reports back, at least on a bi-annual basis and more frequently if required, to the Board.

#### Objects, Objectives and Principal Activities of the Charity

The Charity's objects are to provide financial assistance towards the education and training and relief of need, hardship, sickness, disability, old age or distress of persons who are now or have been engaged in any aspect of the Insurance Industry and of children, spouses, partners, former spouses or partners and other relatives or dependants of such persons. The principal activities to achieve these objects are the provision of charitable payments and money advice and nomination of applications for sheltered housing. The objectives of the activities for the year and the Charity's achievements against them are discussed under the heading of Achievements and Performance.

Our vision is to achieve the situation where all past and present insurance employees and their dependent relatives can readily access the financial support available to them from the Charity in times of need.

Our mission to realise this vision is to

- provide appropriate financial assistance and money advice to eligible applicants to improve their lives;
- work in partnership with individuals and corporate bodies to create and maintain effective communication channels with those eligible for help;
- work in partnership with individuals, appropriate organisations and corporate bodies to generate and sustain adequate income streams.

Our strategic aim is to achieve all this through an ongoing programme of grant making and advice to individuals and various publicity and fundraising campaigns.

The Charity's current grant making policy is to assist individuals whose service to the UK or Irish insurance industry covers at least five years where those years are a significant part of the individual's working life. Help is also provided to those who are financially dependent upon such people.

We rely heavily on a team of volunteers in order to operate effectively and efficiently. Each local and associated institute of the Chartered Insurance Institute nominates one or more of its members to act as our local representative(s) visiting current and prospective beneficiaries as well as fundraising locally. In addition, a number of insurance employers provide services through their own Human Resources and Welfare departments. The expenses of such volunteers are often financed by the local institutes and insurance employers themselves. The amount of time and resources donated in this way varies from institute to institute and from company to company. The total amount is significant and substantially reduces the Charity's operating costs. The Charity is, therefore, very grateful to those who provide such tangible support.

#### What we do

As a grant making organisation, we provide financial assistance and advice to individuals to ease financial pressure and improve quality of life.

#### Achievements and Performance

The key objectives for the year ended 31 March 2007 and the impact of our achievements are summarised as follows:

## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

#### Provision of financial assistance and money advice

We aimed to increase the number of people in receipt of financial assistance and those to whom we gave money advice. During the year we provided financial assistance to 335 cases out of 537 active cases. Some of these cases were reviewed on more than one occasion during the year and additional financial support awarded. 89 cases received help for the first time. The total amount of financial assistance increased by 16% although the total number of cases in which assistance was provided reduced. The reduction in the number of cases could well be a direct result of past increases to the levels of state benefits paid to certain individuals. 99 people received support solely by way of advice, a slight reduction on the previous year's total.

#### Creation and maintenance of effective communication channels

During the year we gave special attention to this area following the creation of a Marketing and Fundraising Committee two years ago. We held a forum for our local representatives towards the end of the year to provide an opportunity for information gathering as well as training. Feedback from the session will be considered over the first half of next year with a view to making appropriate improvements to practice before the year end. We have continued our efforts to improve communication channels by encouraging links to our website and circulating regular newsletters to insurance employers, insurance institutes and interested individuals. The Charity's website has been regularly updated and we have received encouraging responses from those accessing it. We have monitored those using the site and believe it to be a useful tool in reaching out to those in need of support as well as existing and potential donors.

#### Generation and sustenance of adequate income streams

Our investment advisers report on a monthly basis and the Finance and Investment Committee monitors performance against previously agreed investment objectives.

Donations from local and associated institutes of The Chartered Insurance Institute fell by 23% during the year. The amount raised on Insurance Charities Day showed an increase of 400%, much of which was initiated by local institutes but which included a generous donation of £15,000 from Towergate. We therefore conclude that our initiative to increase donations from local institutes continues to bear fruit.

Corporate donations were down by 13% on the previous year's figure. Other donations were up by 136%, mainly due to the receipt of the proceeds of the Crusader Benevolent Fund, upon its winding up.

#### Financial Review and Results for the year

The Statement of Financial Activities (SoFA), set out on page 10, is designed to reflect all incoming resources receivable in the year irrespective of when income is spent. Total incoming resources rose by £53,000 to £1,217,000 and expenditure on charitable activities fell by £20,000 to £1,032,000. Total resources expended of £1,162,000 (2006 £1,242,000) resulted in a net inflow for the year of £55,000 (2006 outflow £78,000). The result for the year takes into account a one-off payment of £26,500 into the Chartered Insurance Pension Scheme 1993, a multi-employer defined benefit scheme, in respect of an augmentation granted to two employees.

After taking into account realised and unrealised gains on investments, total fund balances increased by £1,074,000 (2006 £2,856,000) to £25,987,000 (2006 £24,913,000).

Financially:

- grants payable totalled £965,000 (2006 £830,000)
- governance costs totalled £48,000 (2006 £65,000)
- charitable loan advances totalled £487,000, including amounts committed (2006 £294,000)
- charitable loan repayments totalled £281,000 (2006 £393,000)
- investment income totalled £822,000 (2006 £793,000)

## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

#### Financial Review and Results for the year continued

- legacy income totalled £1,000 (2006 £14,000)
- fundraising by local and associated institutes of the Chartered Insurance Institute totalled £108,000 (2006 £140,000)
- donations from insurance employers totalled £107,000 (2006 £123,000)

#### General Reserve

The General Reserve for use by the Charity are those funds which are readily realisable, less funds whose uses are restricted or designated for particular purposes. The calculation thus excludes fixed assets that will continue to be used in the day-to-day running of the Charity. The Directors keep in review the value of the reserves required to be held in investments and cash not restricted to any particular purpose. The Board considers the Charity's exposure to the risk of significant loss of income and to the risk of unforeseen expenditure, which cannot be mitigated by executive action. The degree of risk ascribed to each such event is assessed. With income, the major risk is that of a decline in voluntary income, particularly due to any economic downturn or other factors leading to reductions in donations and legacies.

Budgetary and financial control continues to be exercised in order to reduce the risk of over-expenditure and to mitigate the effect of a significant reduction in income in any one financial year. The Directors consider that the level of reserves is adequate, given the current economic climate and stock market activity.

#### Investment policy and Performance

The present investment policy is subject to the risks normally associated with a balanced approach to portfolio management – subject to taking an ethical stance that excludes any investment in loan providers who charge unacceptably high rates of interest and exert unreasonable pressure on borrowers for repayment. The performance of the funds is measured against the FTSE All Share Index and other relevant indices. United Kingdom equities comprise 78% of investments. The equity return for the year ended 31 March 2007 was 6.9% compared to the FTSE All Share Index of 7.7%. The fixed interest return for the year was down 3.2% compared to the FTSE Government All Stock Index of 4.5%. Our slight underperformance in the year stemmed largely from a conservative attitude to risk. Thus we did not participate fully in the significant gains made in mining shares.

#### Employees

The Charity aims to remain an organisation that employees enjoy working for and where they feel supported and motivated. Employees are kept fully informed about its strategy and objectives as well as day-to-day news and events. The Charity supports equal opportunity. A policy of recruitment and promotion on the basis of aptitude and ability without discrimination is followed.

The Charity is committed to the training, career development and promotion of all employees, within the constraints of a small company. Training is provided to meet ongoing needs, with the aim of developing individuals for both their current and any future role within the Charity.

#### Connected Charities

The Charity administered income from the Paul Golmick Fund (PGF), thus facilitating support for an increased number of children of insurance people in need. The Trustees for the PGF are two from The Insurance Charities, two from the PGF and one independent trustee.

#### Acknowledgements

The Charity's directors and officers are indebted to the many companies, individuals and local and associated institutes of The Chartered Insurance Institute who have again given generous financial support. In addition, they wish to record their sincere thanks to the voluntary representatives who give of their time to visit beneficiaries and promote the work of the Charity throughout the UK and the Republic of Ireland. Without their hard work and dedication the Charity would be unable to bring prompt and efficient financial relief to those in need.

## THE INSURANCE CHARITIES

### Directors' Report

for the year ended 31 March 2007

#### Future plans

The Charity has a robust planning mechanism including training sessions for Directors. We continue to strengthen the Charity's grant making and money advice provision services and to consider other ways in which insurance people can more readily access support in times of need. Our future plans are summarised below:

##### **- Provision of financial assistance and money advice**

Towards the end of March 2005, we embarked on an analysis of expenditure of current beneficiaries who have at least one family member with special needs. We had hoped to have finished our analysis during the year ended March 2007 but there still remains work to be done if we are to reach accurate conclusions. We will, therefore, over the coming year finalise our conclusions and agree how best to use the results to make any appropriate fundamental change to the financial support we provide to this beneficiary class. For the coming year, we aim to increase overall the numbers of people receiving support and advice and total payments made, as we believe that there are still many more people in need of our support who are currently unaware of our existence or their eligibility to apply to us.

##### **- Creation and maintenance of effective communication channels**

Using the feedback from our local representatives' forum we will be looking to strengthen communication channels between the charity and its representatives across the UK and Republic of Ireland. We will also be looking to improve methods of working where this is in the best interest of applicants and visitors. We will continue to promote amongst larger employers use of our communication strategy blueprint.

##### **- Generation and sustenance of adequate income streams**

For the coming year, we aim to secure regular donations from an increased number of major insurance employers and build on the improved relationships with local and associated insurance institutes.

#### Auditors

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

These financial statements are prepared in accordance with the special provisions of the Companies Act 1985 relating to smaller entities.

The Directors' Report was approved by the Directors on 13 June 2007 and signed on their behalf by:

R A Parkin  
**President**

## THE INSURANCE CHARITIES

### Directors (the Board)

The following were Directors during the year and served throughout the year except as stated:

#### President

Mr R A Parkin

#### Deputy President

Mr K Davidson (appointed 06.09.06)

#### Honorary Treasurer & Chairman of the Finance and Investment Committee

Professor D E Bland

#### Chairman of the Grants Committee

Mr J McInerney

#### Chairman of the Marketing and Fundraising Committee

Mr D H Worsfold

#### Other Directors:

Mr A G Alderman

Mr R D G Bradshaw

Mr R Carr

Mr B V Day (resigned 06.09.06)

Mrs M Faulkner (resigned 06.09.06)

Mrs J Graham

Mr R Iles

Mr K S H Lugton

Mr A J Miller

Ms A Y O'Sullivan

Mr A E Prior

Dr A W Scott (resigned 06.09.06)

Mr F H Smith

Mr N Starling (appointed 13.12.06)

Mrs K J Watson

#### Vice-Presidents

The following were Vice-Presidents during the year and served throughout the year: -

Mr M K Bewes

Mr L Hulme

Mr P G Knight

Mr B Kellett

Mr P McGovern

## THE INSURANCE CHARITIES

### Officers

Chief Executive Officer  
and Company Secretary

Mrs Annali-Joy Thornicroft

### Advisers

Auditors

Baker Tilly UK Audit LLP  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex RH10 6AD

Bankers

National Westminster Bank plc  
1 Princes Street  
London EC2R 8PA

Ulster Bank Limited  
33 College Green  
Dublin 2  
Republic of Ireland

Solicitors

Maples Teesdale  
21 Lincoln's Inn Fields  
London WC2A 3DU

Stockbrokers

Rensburg Sheppards Limited  
2 Gresham Street  
London EC2V 7QN

Custodian Trustees

Capita Trust Company Limited  
7<sup>th</sup> Floor Phoenix House  
18 King William Street  
London EC4N 7HE

### Administration

Address and Registered Office

20 Aldermanbury  
London EC2V 7HY

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Facsimile

020 7600 1170

Email

[info@theinsurancecharities.org.uk](mailto:info@theinsurancecharities.org.uk)

Website

[www.theinsurancecharities.org.uk](http://www.theinsurancecharities.org.uk)

Company Registration Number

74461

Registered Charity Number

206860

## **Independent Auditor's Report to the members of The Insurance Charities**

We have audited the financial statements on pages 10 to 19.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The responsibilities of the directors (who are also the trustees of The Insurance Charities for the purposes of charity law) 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) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the charitable company's affairs as at 31 March 2007 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 the Companies Act 1985.
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP  
Chartered Accountants  
Registered Auditors  
13 June 2007

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