

CHARITY REGISTRATION NUMBER: 1116946

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020



**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2020

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THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31ST DECEMBER 2020

The trustees present their report and the financial statements of the charity for the year ended 31st December 2020.

Reference and administrative information

Registered charity name The Regimental Charity of The Duke of Lancaster's Regiment
(King's, Lancashire And Border)

Charity registration number 1116946

Principal office Regimental Headquarters
The Regimental Charity of The Duke of Lancaster's
Regiment
Fulwood Barracks

The trustees Brig F M Lawrence OBE
Col A Dennis
Col A P Kennedy
Col M J Gorick DL
Col M Guzkowska
Lt Col R Carr (Appointed 1st December 2020)
Lt Col D Moore (Resigned 1st December 2020)
Lt Col N T Kennon
Lt Col T E Kelly
Lt Col N A Locke
Mr K Kothia DL

Company secretary Col (Retd) CW Owen

Auditor Whitehead & Aldrich
Chartered Accountants & Statutory Auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31ST DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Background

On 1st July 2006, The King's Own Royal Border Regiment, The King's Regiment and The Queen's Lancashire Regiment were amalgamated to form The Duke of Lancaster's Regiment (King's, Lancashire and Border). The Scheme of the Charity Commissioners dated 26th September 2006 sets out the terms on which charities administered by the predecessor regiments are to be administered in connection with The Duke of Lancaster's Regiment (King's, Lancashire and Border) by The Regimental Charity of the Duke of Lancaster's Regiment (King's, Lancashire and Border)

Status and Administration

The charity is a registered charity with the Charities Commission under the number 1116946. The charity is governed by a Scheme of the Charity Commissioners dated 26th September 2006 and is operated by the Administrative trustees incorporated as a body.

Trustees Recruitment and Appointment

The Trustees consist of five ex-officio trustees (the Colonel of the Regiment, Honorary Colonel, and the Commanding Officers of the Regiment's three battalions) and up to 8 co-opted trustees who serve for a four-year term. Co-opted members are recommended to the trustees, usually by existing trustees, by virtue of their skills, experience and willingness to serve against set of knowledge, skills and experience criteria and with the desire to diversify and broaden Board composition. They are chosen by the existing trustees at a routine meeting.

Branches and organisational structure

The charity is operated through four branches:

The Regimental Charity of the Duke of Lancaster's Regiment (The Charity Branch) The Regimental Association of The Duke of Lancaster's Regiment (The Association Branch) The Benevolence Fund of The Duke of Lancaster's Regiment (The Benevolence Branch) The Queen's Lancashire Regiment Cottage Homes Charity (The Homes Branch)

The Charity's property is held on its behalf by the Trustees, subject to covenants set out in a conveyance dated 26th September 2006. The Trustees also meet as the Council of the Charity as defined in the said conveyance.

The Trustees meet every six months in spring and autumn. The autumn meeting focuses on performance with the autumn board setting the budget for the following year.

New trustees are given: the Regimental Scheme of the Charity Commissioners dated 26th September 2006; Charity's latest reports and statement of accounts; Regimental Council Instruction (RCI) 0, detailing regimental governance and the Board's role (including its Conflict of Interest policy); RCI 2 explaining the purpose and organisation of The Charity and the management of funds ; and 'The Essential Trustee'(CC3), a guidance note produced by the Charity Commission.

Key management personnel remuneration

No member of key management personnel received any remuneration in the year.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31ST DECEMBER 2020

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of each branch are:

The Charity Branch

To promote the efficiency of the Regiment in such charitable ways as the trustees may decide, including the maintenance and preservation of the chapels, memorials, colours and chattels of the Regiment and the former regiments.

The Association Branch

To promote the efficiency of The Duke of Lancaster's Regiment by:

Fostering esprit de corps, amongst the serving and former members of the Regiment and its former regiments, by enabling them to keep in touch with regimental affairs and one another.

Preserving the traditions and perpetuating the deeds of the Regiment and its former regiments.

Encouraging recruitment for the Regiment.

Assist serving and former members of the Regiment and its former regiments to obtain suitable employment.

The Benevolence Branch

To provide relief to serving or former members of the Regiment or former regiments and their dependents who are in conditions of need, through financial hardship, sickness or old age.

The Homes Branch

To provide or assist in the provision of accommodation for former members of the Regiment or its former regiments and their dependents who are in need through financial hardship, sickness or old age.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general information on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

Grant making policy

The charity has established its grant making policy to achieve its objects for the public benefit. The charity's aim is to continue to support members of the Regiment (serving, veterans and their dependents) with benevolence and welfare grants, details of which are shown in the Notes to the Accounts.

A REVIEW OF OUR ACHIEVEMENTS AND PERFORMANCE

The year has been dominated by the effects of COVID-19. Despite some notable fluctuations in the worth of the charity at the start of the year due to the pandemic, the position quickly stabilised. The tangible impact was a reduction in investment income of around £27K, but this was offset by an increase in grants and other charitable activities. There was also a small decrease in expenditure.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31ST DECEMBER 2020

The year saw the move of 2 LANCS from Weeton to Pirbright, which was greatly facilitated by the judicious use of their regimental grant. Work also continued on a new regimental website and this will be launched in 2021.

Overall, the charity has effectively weathered the COVID-19 storm and continued to significantly support its people and contribute to the Regiment's esprit de corps and wellbeing. Notably, the size of regimental funds has increased.

FINANCIAL REVIEW

Investment policy and performance

Over the year, the Regiment's investments have risen in value from £4.14M to £4.20M. Investment income, however, fell from £132K to £105K, a reflection of the effect of COVID-19 on market performance. It must also be remembered that these figures are a snapshot and a review today would produce a different result in the value of our investments.

The Charity's financial position is healthy, and it has continued to operate within its budget.

Risk management

The trustees have and continue to assess the major risks that the Charity could potentially be exposed to, particularly in relation to operations and the financial management of the Charity. The trustees are satisfied that systems are in place to mitigate the associated risks.

Reserves policy

On 26th September 2006 the Trustees set out the Charity's reserves policy as follows:

An appropriate capital reserve is required by the Charity both as an essential source of investment income and to deal with those unpredictable exigencies and emergencies that will, from time to time confront demand-led service charities. The Trustees of the Regimental Charity will accordingly seek to increase the value of its investment portfolio, and the rate of return by at least the annual rate of United Kingdom inflation so as to maintain the real value of invested capital over the longer term.

The total reserves held by the Charity at 31st December 2020 was £4.49M.

Grant Making

The Charity gives grants to fulfil its charitable objectives. Grants are given using the guidelines set down in the Charity Scheme and by the Regimental Board. The Charity cooperates with and supports the Army Benevolent Fund.

Benevolence and Welfare grants remains our largest area of spending at £41.9K. Out of this, we made grants to 90 individuals at a cost of £31.9K: a drop of 36 and £6K respectively. A grant of £10K was also made to the ABF.

Significant grants also continue to be made to our three battalions. Outside benevolence, the largest external grant was again for £8K to the Lancashire Infantry Museum.

Plans for the future

Major expenditure planned for 2021 includes final payments for the regimental website and funding the rededication of the Regimental Memorial at the NMA.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31ST DECEMBER 2020

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the trustees are aware, there is no relevant audit information of which the charity's auditor is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as Trustees in order to make themselves aware of all relevant audit information and to establish that the charity's auditor is aware of that information.

Auditors

Having expressed a willingness to continue in office, a resolution for the re-appointment of Whitehead & Aldrich will be proposed at the forthcoming Annual General Meeting.

The trustees' annual report was approved on 13th May 2021 and signed on behalf of the board of trustees by:



Col (Retd) C W Owen
Regimental secretary

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

YEAR ENDED 31ST DECEMBER 2020

Opinion

We have audited the financial statements of The Regimental Charity of The Duke of Lancaster's Regiment (King's, Lancashire And Border) (the 'charity') for the year ended 31st December 2020 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 25 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) (continued)

YEAR ENDED 31ST DECEMBER 2020

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) (continued)

YEAR ENDED 31ST DECEMBER 2020

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) (continued)

YEAR ENDED 31ST DECEMBER 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Hughes-Deane

Mr Jonathan Hughes-Deane (Senior Statutory Auditor)

For and on behalf of
Whitehead & Aldrich
Chartered Accountants & Statutory Auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

13th May 2021

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST DECEMBER 2020

		Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
	Note				
Income and endowments					
Donations and legacies	4	122,463	–	122,463	111,226
Charitable activities	5	73,005	–	73,005	57,343
Investment income	6	105,181	–	105,181	132,271
Grant Income	7	5,133	28,428	33,561	32,191
Total income		<u>305,782</u>	<u>28,428</u>	<u>334,210</u>	<u>333,031</u>
Expenditure					
Expenditure on raising funds:					
Investment management costs	8	22,845	–	22,844	23,572
Expenditure on charitable activities	9,10	273,730	658	274,388	280,073
Total expenditure		<u>296,575</u>	<u>658</u>	<u>297,232</u>	<u>303,645</u>
Net (losses)/gains on investments	13	(15,719)	–	(15,719)	473,346
Net income and net movement in funds		<u>(6,512)</u>	<u>27,770</u>	<u>21,259</u>	<u>502,732</u>
Reconciliation of funds					
Total funds brought forward		4,293,882	178,549	4,472,431	3,969,699
Total funds carried forward		<u>4,287,370</u>	<u>206,319</u>	<u>4,493,689</u>	<u>4,472,431</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 13 to 25 form part of these financial statements.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2020

		2 0 2 0		2 0 1 9	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	17		94,306		93,281
Heritage assets	18		18,995		18,995
Investments	19		4,198,600		4,142,970
			<u>4,311,901</u>		<u>4,255,246</u>
Current assets					
Stocks		44,733		45,771	
Debtors	20	62,871		60,988	
Cash at bank and in hand		<u>99,226</u>		<u>134,079</u>	
		206,830		240,838	
Creditors: amounts falling due within one year	21	<u>25,041</u>		<u>23,653</u>	
Net current assets			<u>181,789</u>		<u>217,185</u>
Total assets less current liabilities			<u>4,493,690</u>		<u>4,472,431</u>
Net assets			<u>4,493,690</u>		<u>4,472,431</u>
Funds of the charity					
Restricted funds			206,319		178,549
Unrestricted funds			<u>4,287,370</u>		<u>4,293,882</u>
Total charity funds	22		<u>4,493,689</u>		<u>4,472,431</u>

These financial statements were approved by the board of trustees and authorised for issue on 13th May 2021, and are signed on behalf of the board by:

Frazer Lawrence

Brig F M Lawrence OBE
Colonel of the Regiment

The notes on pages 13 to 25 form part of these financial statements.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST DECEMBER 2020

	2 0 2 0	2 0 1 9
	£	£
Cash flows from operating activities		
Net income	21,259	502,732
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	2,355	1,782
Net losses/(gains) on investments	15,719	(473,346)
Dividends, interest and rents from investments	(105,062)	(132,015)
Other interest receivable and similar income	(119)	(256)
Accrued expenses	582	723
<i>Changes in:</i>		
Stocks	1,038	(1,476)
Trade and other debtors	(1,883)	(4,437)
Trade and other creditors	806	884
Cash generated from operations	(65,305)	(105,409)
Net cash used in operating activities	(65,305)	(105,409)
Cash flows from investing activities		
Dividends, interest and rents from investments	105,062	132,015
Purchase of tangible assets	(3,380)	(1,766)
Purchase of heritage assets	–	(3,500)
Purchases of other investments	(899,604)	(468,505)
Proceeds from sale of other investments	828,708	476,208
Movement in listed investments	(453)	21,256
Interest income	119	256
Net cash from investing activities	30,452	155,964
Net (decrease)/increase in cash and cash equivalents	(34,853)	50,555
Cash and cash equivalents at beginning of year	134,079	83,524
Cash and cash equivalents at end of year	99,226	134,079

The notes on pages 13 to 25 form part of these financial statements.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2020

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is Regimental Headquarters, The Regimental Charity of The Duke of Lancaster's, Regiment, Fulwood Barracks.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The Charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements and estimations that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- The estimated useful life of the tangible fixed assets and the depreciation rates used thereon
- The net realisable value of slow moving stock.
- The recoverability of the debtors.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

3. Accounting policies (continued)

Fund structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in the furtherance of charitable objects. Unrestricted funds included designated funds where the trustees, at their discretion have created a fund for a specific purpose.

Further details of each fund are disclosed in note 22.

Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations and Grant Income are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation or any grant income is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends and other investment income is recognised once dividends and investment income has been declared and notification has been received of the dividend and investment income date. This is normally upon notification by our investment advisor of the dividend yield of the investment policies.

Incoming resources from charitable activities comprises of income from subscriptions, events and rents receivable and is accounted for on becoming receivable.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

3. Accounting policies (continued)

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure. It is probable that settlement will be required and the amount of the obligation can be measure reliably.

All expenditure is accounted for on an accruals basis. All expenses including raising funds and charitable activities costs are allocated or apportioned to the applicable expenditure headings. The apportioned costs are based on fixed percentages.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Costs of raising funds

The costs of generating funds consist of investment management costs and certain legal fees.

Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in notes 9 to 12.

Tangible assets

All fixed assets are initially recorded at cost with the exception of the investment property which is included in the balance sheet at valuation.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Investment property	-	No depreciation charge
Furniture and equipment	-	25% on reducing balance

Investment property is included in the balance sheet at its open market value. Depreciation has not been provided for as the leasehold is more than 20 years.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

3. Accounting policies (continued)

Heritage assets and depreciation

Heritage assets are tangible fixed assets held by the charity which have historical and artistic significance. They are valued at their cost or valuation on acquisition. An assessment is made of the useful economic life and likely residual value of the assets in order to consider whether the assets should be depreciated. Where any potential depreciation charge is considered to be immaterial to the accounts, then an annual impairment review is carried out in accordance with the requirements of paragraph 259 of the Charities SORP. A depreciation rate of 10% had been applied historically on a reducing balance basis; however no depreciation is currently being charged, as it is considered that any further depreciation charge would be immaterial to the accounts.

The heritage assets currently held have been collected since formation of the Regiment in 1680. Assets are currently on display in a number of locations: the Regimental Headquarters; on loan to our battalions; regimental museums; or other units and intuitions. The remainder of the collection is held in secure storage. The Charity has maintained a register of all heritage assets albeit in paper form. The register identifies assets by a unique serial number and is currently being transferred to an electronic state. With the closure of locations storage space has reduced. Therefore, a prudent review of holdings has taken place. Items that cannot be displayed within the Regiment or its museums, and of no heritage significance have been disposed of.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Fixed asset investments are held primarily to produce an investment return for the charity

Stock

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

3. Accounting policies (continued)

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Donations				
Donations	122,463	122,463	111,226	111,226

5. Charitable activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Association events, subscriptions and journals	6,131	6,131	8,316	8,316
Shop Sales	65,674	65,674	47,827	47,827
Rent receivable	1,200	1,200	1,200	1,200
	<u>73,005</u>	<u>73,005</u>	<u>57,343</u>	<u>57,343</u>

6. Investment income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Income from listed investments	105,062	105,062	132,015	132,015
Bank/Building Society Interest	119	119	256	256
	<u>105,181</u>	<u>105,181</u>	<u>132,271</u>	<u>132,271</u>

7. Grant income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Grant income	<u>5,133</u>	<u>28,428</u>	<u>33,561</u>

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

7. Grant income (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Grant income	500	31,691	32,191

8. Investment management costs

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Investment Management fees	22,845	22,844	23,572	23,572

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Other charitable activities	148,344	—	148,344
Grant payable	125,386	658	126,044
	273,730	658	274,388

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Other charitable activities	158,488	—	158,488
Grant payable	120,255	1,330	121,585
	278,743	1,330	280,073

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Total funds 2020 £	Total fund 2019 £
Other charitable activities	148,344	—	148,344	158,488
Grant payable	—	126,044	126,044	121,585
	148,344	126,044	274,388	280,073

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

11. Analysis of other charitable activities - by branch

	Charity Branch £	Association Branch £	Benevolence Branch £	Homes Branch £	Total 2020 £	Total 2019 £
Staff costs	3,738	299	9,176	381	13,594	13,180
Premises	—	—	—	937	937	896
Regimental website	1,722	138	4,227	176	6,263	—
Association journal	—	12,348	—	—	12,348	12,530
Association and general events	—	1,306	—	—	1,306	6,546
Shop costs	—	62,511	—	—	62,511	51,593
Depreciation	648	52	1,589	66	2,355	1,782
Benevolence and funeral	—	—	1,450	—	1,450	1,584
Recruitment	14,671	—	—	—	14,671	34,017
Regimental memorial	—	450	—	—	450	450
Audit	2,632	210	6,460	268	9,570	9,180
Postage, printing and admin	10,958	362	11,108	461	22,889	26,730
	<u>34,369</u>	<u>77,676</u>	<u>34,010</u>	<u>2,289</u>	<u>148,344</u>	<u>158,488</u>

12. Analysis of grants

	2020 £	2019 £
Grants to institutions		
The Lancashire Infantry Museum Fund	8,000	15,000
Grant 1 LANCS	20,000	20,000
Grant 2 LANCS	20,000	20,000
Grant 4 LANCS	7,250	13,250
One-off Grant 1 LANCS	8,244	—
One-off Grant 2 LANCS	16,200	—
Miscellaneous Minor Grants	4,453	3,023
One-off Grant The Lancashire Infantry Museum Fund	—	450
	<u>84,147</u>	<u>71,723</u>
Grants to individuals		
Benevolence and Welfare	41,897	49,862
Total grants	<u>126,044</u>	<u>121,585</u>

13. Net (losses)/gains on investments

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Gains/(losses) on listed investments	<u>(15,719)</u>	<u>(15,719)</u>	<u>473,346</u>	<u>473,346</u>

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

14. Net income

Net income is stated after charging/(crediting):

	2 0 2 0	2 0 1 9
	£	£
Depreciation of tangible fixed assets	2,355	1,782
Auditors remuneration	9,540	9,180

15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2 0 2 0	2 0 1 9
	£	£
Wages and salaries	<u>13,594</u>	<u>13,180</u>

The staff costs figure does not include remuneration for members of staff employed by the Ministry of Defence as representatives of the RHQ and as part of their role are involved in the day to day management of the Charity.

The average head count of employees during the year was 1 (2019: 1).

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

16. Related party transactions and trustees' expenses and remuneration

The trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil).

No trustees received any remuneration during the year. During the year ended 31st December 2020, payments totalling £166 (2019: £1,096) were made to 1 trustee in reimbursement of expenses for attendance at Charity and Regimental events.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

17. Tangible fixed assets

	Investment property £	Fixtures and equipment £	Total £
Cost			
At 1st January 2020	88,000	25,879	113,879
Additions	—	3,380	3,380
Disposals	—	(4,069)	(4,069)
At 31st December 2020	88,000	25,190	113,190
Depreciation			
At 1st January 2020	—	20,598	20,598
Charge for the year	—	2,355	2,355
Disposals	—	(4,069)	(4,069)
At 31st December 2020	—	18,884	18,884
Carrying amount			
At 31st December 2020	88,000	6,306	94,306
At 31st December 2019	88,000	5,281	93,281

The investment property, which was donated to the charity and is owned by the charity and its predecessors, has a £nil cost. The property was valued by E.Surv Chartered Surveyors on 17th March 2014 for the year ended 31st December 2013. The trustees are not aware of any material changes since the last valuation. This property is let to a beneficiary of the charity.

18. Heritage assets

Heritage Assets consist of paintings owned by the charity which had previously been described as 'Long Life Assets'.

	Heritage asset £
Cost or valuation	
At 1st January 2020 and 31st December 2020	22,524
Accumulated depreciation	
At 1st January 2020 and 31st December 2020	(3,529)
Carrying amount	
At 31st December 2020	18,995
At 31st December 2019	18,995

Depreciation had been applied historically at a rate of 10% but given that the amount was immaterial, this ceased in 2013.

Heritage assets not recognised on the statement of financial position

The Charity also holds various heritage assets that have not been recognised in the statement of financial position. These assets consist of paintings, silver and medals which have been donated to the Charity since formation. The value of these assets is unquantifiable given their nature.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

19. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 1st January 2020	9,138	4,133,832	4,142,970
Additions	—	899,604	899,604
Disposals	—	(828,708)	(828,708)
Fair value movements	—	(15,719)	(15,719)
Other movements	453	—	453
At 31st December 2020	<u>9,591</u>	<u>4,189,009</u>	<u>4,198,600</u>
Carrying amount			
At 31st December 2020	<u>9,591</u>	<u>4,189,009</u>	<u>4,198,600</u>
At 31st December 2019	<u>9,138</u>	<u>4,133,832</u>	<u>4,142,970</u>

All investments shown above are held at valuation.

Financial assets held at fair value

Of these Investments £1,494,533 (2019: £1,078,777) are listed outside the UK.

20. Debtors

	2020 £	2019 £
Trade debtors	3,655	3,965
Prepayments and accrued income	37,488	37,253
Other debtors	21,728	19,770
	<u>62,871</u>	<u>60,988</u>

21. Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals and deferred income	14,779	14,197
Other creditors	10,262	9,456
	<u>25,041</u>	<u>23,653</u>

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

22. Analysis of charitable funds

Unrestricted funds

	At 1st January 2020 £	Income £	Expenditure £	Gains and losses £	At 31st December 2020 £
General funds	4,134,114	292,597	(290,588)	(15,719)	4,120,404
Leasehold property	88,000	–	–	–	88,000
NW festival of remembrance	990	–	–	–	990
Silver heritage	70,778	13,185	(5,987)	–	77,976
	<u>4,293,882</u>	<u>305,782</u>	<u>(296,575)</u>	<u>(15,719)</u>	<u>4,287,370</u>

	At 1st January 2019 £	Income £	Expenditure £	Gains and losses £	At 31st December 2019 £
General funds	3,663,689	299,050	(301,971)	473,346	4,134,114
Leasehold property	88,000	–	–	–	88,000
NW festival of remembrance	990	–	–	–	990
Silver heritage	68,832	2,290	(344)	–	70,778
	<u>3,821,511</u>	<u>301,340</u>	<u>(302,315)</u>	<u>473,346</u>	<u>4,293,882</u>

Unrestricted funds are available at the discretion of the trustees for any future activities consistent with the aims and objectives of the Charity.

Leasehold property – Designated funds represent the value of Leasehold Property owned by the Charity and its predecessors.

NW festival of remembrance – Designated funds for putting on a remembrance event in Preston in 2018.

Silver heritage - Designated funds representing amounts received from sale of silver to be used to help fund the purchase and making of silver commemorative pieces.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

22. Analysis of charitable funds (continued)

Restricted funds

	At 1st January 2020 £	Income £	Expenditure £	Gains and losses £	At 31st December 2020 £
George Walmsley Blundell Indenture	135,803	–	(200)	–	135,603
Museum of Manchester Firearm	11,055	–	–	–	11,055
Manchester Cathedral Chapel	31,691	13,278	–	–	44,969
Pat Ross Fund	–	15,150	(458)	–	14,692
	<u>178,549</u>	<u>28,428</u>	<u>(658)</u>	<u>–</u>	<u>206,319</u>

	At 1st January 2019 £	Income £	Expenditure £	Gains and losses £	At 31st December 2019 £
George Walmsley Blundell Indenture	137,133	–	(1,330)	–	135,803
Museum of Manchester Firearm	11,055	–	–	–	11,055
Manchester Cathedral Chapel	–	31,691	–	–	31,691
Pat Ross Fund	–	–	–	–	–
	<u>148,188</u>	<u>31,691</u>	<u>(1,330)</u>	<u>–</u>	<u>178,549</u>

George Walmsley Blundell Indenture – Funding that can only be used to assist welfare cases in the West Lancashire District.

Museum of Manchester Firearm – Funding held on behalf of the Museum of Manchester.

The Manchester Regimental Chapel - Funding held to be used exclusively for The Regimental Chapel in the Manchester Cathedral.

Pat Ross Fund - A sinking fund to be consumed for the purpose of adventurous training activities.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

23. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	113,301	—	113,301
Investments	4,062,997	135,603	4,198,600
Current assets	136,114	70,716	206,830
Creditors less than 1 year	(25,041)	—	(25,041)
Net assets	4,287,371	206,319	4,493,690

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	112,276	—	112,276
Investments	4,007,167	135,803	4,142,970
Current assets	198,092	42,746	240,838
Creditors less than 1 year	(23,653)	—	(23,653)
Net assets	4,293,882	178,549	4,472,431

24. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	134,079	(34,853)	99,226

25. APB ethical standards

In common with many other charities of our size we use our auditors to assist with the preparation of the financial statements.