

LEISURE & AMENITIES FUND

HMS NELSON

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 January 2021 to 31 December 2021

Registered Charity No. 1128785

Trustees' Annual Report and Comments

Leisure & Amenities Fund
HMS NELSON

Charity Registered No:	1128785
Covering the Accounting Year:	1 January 2021 to 31 December 2021
Address:	Neptune Block HMS NELSON HMNB Portsmouth Portsmouth PO1 3HH
Governing Document:	Constitution
Objects:	To promote the military efficiency and well being of Naval and other Service personnel serving in HMS Nelson and the Naval Base, including Lodger Units and members of the Portsmouth Flotilla ashore.
Trustee:	Commodore J J Bailey ADC Royal Navy
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers	RBS Holts
Independent Examiner:	Peter Nicholls MBE MAAT 5 Nursery Road Havant Hants PO9 3BG
Activities and Achievements	The provision of leisure and domestic amenities and support of social and sporting life within the resources available. Individual and departmental activities were supported through the sports budget.
Financial Review:	The activities of the fund have, once again, been curtailed by the Covid 19 restrictions. Nevertheless, the value of the fund had increased by £19.7K. The operating activities of the LAF had lost £9.7K, albeit this included depreciation costs of nearly £19K, but these were more than offset by the increase in the market value of investments of £29.4K. The value of the fund was £1.06M. Whilst the current account held just £5.3K to cover liabilities of £49.1K, the deposit and NSI accounts held £113.3K which can be utilised to cover any cash flow problems. However, once the major debts (Note 8 to the accounts) are paid the cash flow situation will be relieved.

Investment Selection Policy. The investments are held by Quilter Cheviot Asset Management for active management. Objective is to grow the capital value of the portfolio as well as generating some degree of income. The attitude to risk will be medium tolerance but can accept moderate variation or disruption to capital value or current income in order to meet the longer term objectives.

Financial Reserves Policy: The Trustee has considered the level of reserves to retain, appropriate to the charity's needs. These are held in the investments with a value of £800K to £875K. This will cover the fund if there is no income in 12 months and will also pay for capital projects. The Trustee aims to ensure that the charity will be able to fulfil its charitable objectives even if there is a temporary shortfall in income and unexpected expenditure. The Trustee will endeavour not to set aside funds unnecessarily.

Grant Policy: Makes grants to individuals and ships alongside in Portsmouth.

Risk Assessment: The Trustee reviews the major risks to which the charity is exposed, and systems have been established to manage those risks and believes that by maintaining the free reserves stated it will provide sufficient resources in the event of adverse conditions.

Public Benefit Statement This fund provides public benefit by assisting Service personnel to more effectively perform their roles within the Armed Forces of the Crown. It does this by providing and supporting additional leisure and social activities beyond that supplied by the Crown. This assistance enables Service personnel to face the challenges and danger associated with military service by developing and maintaining teamwork, spirit and attitude, and morale. As a result, the fund promotes the efficiency of the Armed Forces of the Crown by enhancing the Royal Navy's and Royal Marines' capability to undertake the roles demanded of it including the defence of the United Kingdom and its interests.

I confirm that I have paid due regard to the Charity Commission of England and Wales's guidance on public benefit when deciding what activities the charity should undertake.

Declaration:

I declare, in my capacity of Charity Trustee, that I have approved the above report.

Signature *Signed on Original*

Name Commodore J J Bailey ADC Royal Navy.

Appointment Naval Base Commander and sole Managing Trustee

Date 11 February 2022.

Independent Examiner's Report to the Trustee of the HMS Nelson Leisure and Amenities Fund.

I report on the accounts of the Charity for the year ended 31 December 2021 which are set out in pages 1 to 7 and accompanying notes.

Respective responsibilities of trustees and examiner

The charity's trustee is responsible for the preparation of the accounts. The charity's trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (The Charities Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustee for any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no material matters have come to my attention which gives me cause to believe that in any material respect:

- The accounting records were not kept in accordance with section 130 of the Charities Act; or
- The accounts did not accord with the accounting records; or
- The accounts did not comply with the applicable requirements concerning the form and content of the accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than in any requirement that the accounts give a "true and fair" view which is not a matter considered as part of an independent examination.

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed on Original

P A Nicholls MBE MAAT
5 Nursery Road
Havant
Hants PO9 3BG

11 February 2022

HMS NELSON LEISURE & AMENITIES FUND

Registered Charity No 1128785

BALANCE SHEET

31 December 2021

ASSETS

Fixed Assets

Note

31-Dec-20

Tangible Assets

Property	7	£ 100,581.55	£ 119,554.94
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Investments

Quilter Cheviot Investments	2	£ 715,241.00	£ 677,473.00
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CCLA COIF Fixed Interest Account		£ 127,299.11	£ 135,640.95
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National Savings Investment Bonds		<u>£ 35,000.00</u>	<u>£ 35,000.00</u>
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	£	978,121.66	£ 967,668.89
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Current Assets

Miscellaneous Debtors	8	£ 39,627.00	£ 6,145.50
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Prepayments	8A	£ 4,104.00	£ 9,299.00
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Cash & Floats		£ 2,434.58	£ 777.74
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Current Accounts		£ 5,280.43	£ 21,231.99
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Charities Deposit Account		<u>£ 78,370.65</u>	<u>£ 75,580.07</u>
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Total Current Assets		<u>£ 129,816.66</u>	<u>£ 113,034.30</u>
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LIABILITIES

Miscellaneous Creditors	9	£ 18,565.96	£ 5,575.73
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Holding Funds	9A	£ 30,596.29	£ 37,876.39
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VAT		<u>£ (1,080.78)</u>	<u>£ (2,881.07)</u>
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Total Current Liabilities		<u>£ 48,081.47</u>	<u>£ 40,571.05</u>
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Net Current Assets		<u>£ 81,735.19</u>	<u>£ 72,463.25</u>
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Net Assets		<u>£ 1,059,856.85</u>	<u>£ 1,040,132.14</u>
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Represented by:

General Purpose Fund		£ 776,993.85	£ 780,041.14
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Designated Funds:

Refurbishment/Replacement Funds:

Narrowboat EMMA V		£ 120,143.00	£ 111,837.00
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Narrowboat ANDREW II		£ 80,020.00	£ 74,354.00
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Narrowboat TRAFALGAR		£ 79,200.00	£ 70,400.00
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Office Equipment		<u>£ 3,500.00</u>	<u>£ 3,500.00</u>
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	£	282,863.00	£ 260,091.00
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	<u>£ 1,059,856.85</u>	<u>£ 1,040,132.14</u>
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Approved on 11 February 2022

Signed on Original

Commodore J J Bailey ADC Royal Navy
Sole Managing Trustee

HMS NELSON LEISURE & AMENITIES FUND

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

	Notes	<u>2021</u>	<u>2020</u>
Income from:			
Donations & Grants			£ 24,537.50
Charitable Activities		£ 47,423.04	£ 39,990.93
Other Trading Activities		£ 12,361.70	£ 5,475.52
Investment Income		£ 24,337.73	£ 22,435.68
Total Income	3	<u>£ 108,072.47</u>	<u>£ 92,439.63</u>
Expenditure on:			
Raising Funds		£ 702.89	£ 747.49
Charitable Activities		£ 117,071.03	£ 119,169.69
Total expenditure	4	<u>£ 117,773.92</u>	<u>£ 119,917.18</u>
Net Income/(Expenditure)		£ (9,701.45)	£ (27,477.55)
Increase/(Decrease) in Value - Investments		<u>£ 29,426.16</u>	<u>£ (4,048.32)</u>
Net Movement in Funds		<u>£ 19,724.71</u>	<u>£ (31,525.87)</u>
Total Funds brought forward		£ 1,040,132.14	£ 1,071,658.01
Net Movement of funds		£ 19,724.71	£ (31,525.87)
Net Assets		<u><u>£ 1,059,856.85</u></u>	<u><u>£ 1,040,132.14</u></u>

HMS NELSON LEISURE & AMENITIES FUND

Notes to the Financial Statements dated 31 Dec 21

Note 1 - Accounting policies

a. The financial statements are prepared under the historic cost convention (as modified by the revaluation of fixed asset investments) and in accordance with applicable accounting standards: Charities Statement of Recommended Practice 2019 and the provisions of the Charities Act 2011. Significant policies adopted are:

Incoming resources

- a. Donations are included in the Statement of Financial Activities (SOFA) when the LAF becomes entitled to the donation or grant and it is reasonably certain that it will be received.
- b. Incoming resources from fund raising are reported gross in the SOFA
- c. Intangible income is not included in the accounts.
- d. The LAF receives no unpaid volunteer help.
- e. Investment income is included in the accounts when receivable.

Expenditure and liabilities

- a. Liabilities are recognised as soon as there is a legal or constructive obligation committing the LAF to the expenditure.
- b. Administration costs are not apportioned as the tasks are wide ranging in support of leisure and amenities and include the maintenance of the Central Fund and Trophy Fund.

Assets

- a. Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £500. They are valued at cost or a reasonable value on receipt. The LAF does not have a policy of revaluation. Depreciation is monthly, straight line and over the estimated life of the item.
- b. Property acquired through the Accumulated Welfare Fund is held at zero value.
- c. Investments on a recognised stock exchange are valued at market value at the date of the Balance Sheet or at best estimate of market value.

Note 2 - Investments

	Quilter Cheviott Managed	Fixed Interest	Totals
Market Value at beginning of year	£ 677,473.00	£ 135,640.95	£ 813,113.95
Gains/(loss) on Revaluation	<u>£ 37,768.00</u>	<u>£ (8,341.84)</u>	<u>£ 29,426.16</u>
Market value at end of year	<u>£ 715,241.00</u>	<u>£ 127,299.11</u>	<u>£ 842,540.11</u>

(Purchase price 1997 - Equities & Bonds) £ 424,844.71
(Purchase price 2011 - Fixed Interest) £ 120,000.00

HMS NELSON LEISURE & AMENITIES FUND

Note 3 - Income

	<u>2021</u>	<u>2020</u>
<i>Donations & Grants</i>		
Mess Sports Contributions	£ 6,600.00	£ 6,600.00
Gainshare	<u>£ 17,350.00</u>	<u>£ 17,937.50</u>
	£ 23,950.00	£ 24,537.50
<i>Charitable Activities</i>		
Narrowboats	£ 27,427.13	£ 24,292.42
Laundry	£ 2,254.44	£ 3,093.68
Jetwash	£ 2,949.47	£ 3,103.08
Lodge	£ 9,165.70	£ 6,194.80
Family Flats	£ 5,626.30	£ 2,629.41
AT Equipment	£ -	£ 209.52
Cleaning Machines	£ -	£ 283.25
Misc Income	<u>£ -</u>	<u>£ 184.77</u>
	£ 47,423.04	£ 39,990.93
<i>Other Trading Activities</i>		
Gaming & Amusement Machines	£ 8,711.70	£ 1,423.02
Sports User Passes	<u>£ 3,650.00</u>	<u>£ 4,052.50</u>
	£ 12,361.70	£ 5,475.52
<i>Investment Income:</i>		
Fixed Interest Deposit	£ 3,844.80	£ 4,247.44
Equity & Bond Income	£ 20,479.85	£ 17,643.86
NSIB Income	£ 4.00	£ 391.61
Charities Deposit A/C	<u>£ 9.08</u>	<u>£ 152.77</u>
	£ 24,337.73	£ 22,435.68
Total Income	<u>£ 108,072.47</u>	<u>£ 92,439.63</u>

Note 4 - Expenditure20212020Raising Funds

Sports User Pass Insurance	£	702.89	£	747.49
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Charitable Activities

Operating Costs

Narrowboats	£	41,801.59	£	18,880.15
Narrowboat Depreciation	£	10,238.28	£	10,238.28
Lodge	£	8,565.32	£	8,170.05
Lodge Depreciation	£	8,000.00	£	8,000.00
Family Flats	£	96.65	£	491.42
Jetwash Nelson	£	2,338.96	£	1,496.21
LAF Van	£	1,206.15	£	2,625.38
TV Hire, Repairs etc	£	3,864.27	£	3,527.43
Sports	£	144.68	£	5,638.75
Christmas Extras	£	1,753.41	£	2,439.10
Families Day/Halloween	£	-	£	976.07
Covid Food	£	-	£	1,424.85
JR Mess Refurbishment	£	-	£	1,397.51
Loan Bike Scheme - Maintenance	£	-	£	3,916.80
Minor Grants Paid	£	2,927.93	£	2,452.32
Insurance & Trophy Hire	£	702.89	£	688.10

Governance Costs

Examination of Accounts	£	1,997.00	£	1,927.00
HR Advice	£	-	£	610.00

Support Costs

Salaries & NI & Pensions	£	30,368.98	£	38,330.26
Office Expenses	£	2,197.21	£	4,051.70
Travel Expenses	£	84.60	£	-
Misc Expenses	£	48.00	£	602.77
Minor Depreciation	£	735.11	£	1,285.54

£ 117,071.03

£ 119,169.69

Total Expenditure£ 117,773.92£ 119,917.18

Note 5 - Paid Employees

			Previous Year
a.	Gross Wages and salaries:	£ 29,192	£ 34,683
	Employers National Insurance:	£ -	£ 727
	Pension (Money purchase scheme) Contributions:	£ 1,177	£ 2,920
b.	The LAF had one full time employee who managed and administered the fund.		
c.	No employee earns more than £60,000 per annum		

Note 6 - Trustees and Other Related Parties

- b. There are no amounts due to or from the sole Managing Trustee
- c. The sole Managing Trustee is also the sole Managing Trustee of the Wardroom HMS Nelson and the WO & SR Mess HMS Nelson. These funds pay sums to the LAF as sport contributions. In addition the messes occasionally bid for grants from the LAF.

Note 7 - Tangible Fixed Assets - Property Account

	<u>Narrowboats</u>	<u>Lodge</u>	<u>Sports/Other</u>	<u>Total</u>
Total value at 1 Jan 21	£ 74,619.85	£ 44,199.98	£ 735.11	£ 119,554.94
Depreciation	£ (10,238.28)	£ (8,000.00)	£ (735.11)	£ (18,973.39)
Property Value at 31 Dec 21	£ 64,381.57	£ 36,199.98	£ -	£ 100,581.55

Note 8 - Miscellaneous Debtors (all falling due within one year)

Gainshare Bae Jan - Sep	£ 14,350.00
Gainshare - Oct - Dec (Minimum Estimate)	£ 3,000.00
NSI & CDA Interest	£ 6.00
Fixed Interest Investment Dividend	£ 1,061.00
Quliter Investment Dividends	£ 19,410.00
Gaming Machines Dec	£ 600.00
AirServe Refund	£ 1,200.00
	<u>£ 39,627.00</u>

Note 8A - Prepayments

Road Tax	£ 221.00
Narrowboat Licences	£ 954.00
Lodge Maintenance AgreementSite Fees	£ 122.00
Sage Cover	£ 1,152.00
Insurances	£ 1,655.00
	<u>£ 4,104.00</u>

Note 9 - Miscellaneous Creditors (All falling due within one year)

Narrowboat Deposits & Prepaid	£ 500.00
HMRC	£ 472.96
Calcutt Boatyard	£ 11,762.00
Public Funds (Sale of Equipment)	£ 4,500.00
Lodge Site Fees & Rates	£ 697.00
NOW TV	£ 34.00
PNIE	£ 600.00
	<u>£ 18,565.96</u>

Note 9A - Temporary Holding Funds

Boxing Event	£ 216.94
Christmas Cards	£ 292.33
Covid RBL	£ 225.55
Twickenham	£ 9.05
Engineers Golf	£ 2.12
F&G Officers Dinner	£ 1,640.84
SM Dinner Fund	£ 1,204.51
Naval Servicewomen's Network	£ 113.96
Medical Centre	£ 969.20
Kings Camp	£ 82.60
Holding Fund (Non LAF Grants)	<u>£ 25,839.19</u>
	<u>£ 30,596.29</u>

Note 10 - Endowment or Restricted Income Funds

None held

Note 11 - Other Information

- a. The LAF does not have any material commitments not provided for in the accounts
- b. The LAF has not given any guarantees to any third party that could be called on at the year end.
- d. The LAF did not make any ex gratia payments during the year.

Declarations

- a. The Trustee has not changed the year end date nor the length of the financial year
- b. The LAF has 4 designated funds. These are:

Refurbishment/Replacement Funds:

Narrowboat EMMA V	£ 120,143.00
Narrowboat ANDREW II	£ 80,020.00
Narrowboat TRAFALGAR	£ 79,200.00
Office Equipment	<u>£ 3,500.00</u>
	<u>£ 282,863.00</u>

- c. All the LAF's operations are continuing operations.
- d. The LAF has no intangible assets (other than use of MOD office and club space)
- e. There were no interfund loans outstanding at the balance sheet date.
- f. None of the LAF's functional assets have been revalued during the year and the LAF does not have a policy of revaluation of these assets.
- g. The LAF has no material fixed assets which have not been capitalised and included in the Balance Sheet.