

THE CENTRAL AMENITIES FUND

HMS DRAKE

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 January 2021 to 31 December 2021

Registered Charity No. 1129024

Trustees' Annual Report and Comments

Central Amenities Fund
HMS DRAKE

Charity Registered No:	1129024
Covering the Accounting Year:	1 January 2021 to 31 December 2021
Address:	HMS DRAKE Devonport Plymouth PL2 2BG
Governing Document:	Constitution
Object:	Promotion of the Military Efficiency and Operational Effectiveness of the Armed Forces by the provision of amenities to Service personnel serving in the Naval Base Devonport.
Trustee:	Commodore P Coulson ADC RN
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers:	Lloyds Banking Group Royal Parade Plymouth
Independent Examiner:	P A Nicholls MBE MAAT 5 Nursery Road Havant Hants PO9 3BG
Activities and achievements:	To have resources available for expenditure on improvements to the quality of life and the engenderment of esprit de corps. The fund continued to support sporting and leisure activities and acted as a central bank for a variety of funds.
Financial Review:	The fund was worth £2.3M and, although liabilities to other funds and creditors totalled £128K, they were easily covered by the amounts in the deposit accounts which totalled £469K. The loss of two of its main income streams led to the CAF losing £9.7K on its activities. The loss would have been greater but for the dividend and interest income which covered support and governance costs with £17K to spare. However, the £199.4K gain in the market value of shares covered these losses twenty fold

Investment Selection Policy:	Investments are spread over 50 - 60 bonds and equities are actively managed by Rathbones.
Financial Reserves Policy:	The Trustee has considered the level of reserves to retain, appropriate to the charity's needs. These are set at £1.5M to £2M and are held in investments. These provide the income stream to cover salary and other overhead costs. 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:	Grants are paid for capital projects to enhance amenities and grants are paid to individuals and groups to support sporting activities.
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 would provide sufficient resources in the event of adverse conditions.
Public Benefit Statement:	<p>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 leisure and sporting amenities. 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.</p> <p>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.</p>

Declaration:

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

Signature *Signed on Original*

Name Commodore P Coulson ADC Royal Navy

Appointment Naval Base Commander and sole Managing Trustee

Date 18 February 2022

Independent Examiner's Report to the Trustee of the Central Amenities Fund HMS Drake

I report on the accounts of the Charity for the year ended 31 December 2021

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

18 February 2022

HMS DRAKE CENTRAL AMENITIES FUND

BALANCE SHEET

31-Dec-21

Fixed Assets	Note		31-Dec-20
Property	7	£ 28,198.32	£ 31,548.32
Investments	2	£ 1,928,921.93	£ 1,738,175.64
Total Fixed Assets		£ 1,957,120.25	£ 1,769,723.96
Current Assets			
Debtors & Prepayments	8	£ 6,457.85	£ 6,457.24
Deposit Accounts		£ 469,340.27	£ 450,120.68
Bank Accounts		£ 5,001.00	£ 5,001.00
Cash		£ 4,215.47	£ 3,037.52
		£ 485,014.59	£ 464,616.44
Current Liabilities			
Creditors	9	£ 30,846.51	£ 21,883.19
Approved Funds	10	£ 18,127.49	£ 16,215.18
Service Funds	11	£ 78,947.26	£ 71,751.77
Nuffield Trust	12	£ 700.00	£ 700.00
		£ 128,621.26	£ 110,550.14
Net Current Assets		£ 356,393.33	£ 308,292.58
Total Net Assets		£ 2,313,513.58	£ 2,078,016.54

Approved on 18 February 2022

Signed on Original

Commodore P Coulson ADC Royal Navy
Sole Managing Trustee

HMS DRAKE CENTRAL AMENITIES FUND

STATEMENT OF FINANCIAL ACTIVITIES

		<u>2021</u>	<u>2020</u>
Income	Note		
Donations & Grants		£ 3,000.00	£ 10,841.17
Charitable Activities		£ 15,852.47	£ 11,047.70
Activities for generating funds		£ 7,591.69	£ 12,389.38
Investment Income		£ 52,968.34	£ 47,883.85
Total Incoming Resources	3	<u>£ 79,412.50</u>	<u>£ 82,162.10</u>
Expenditure			
Raising Funds		£ 8,648.79	£ 9,105.69
Charitable Activities		£ 80,435.47	£ 75,308.88
Total Resources Expended	4	<u>£ 89,084.26</u>	<u>£ 84,414.57</u>
Net incoming/(outgoing) resources		£ (9,671.76)	£ (2,252.47)
Plus Investments revalued		£ 199,395.08	£ 8,892.57
Net movement in funds		<u>£ 189,723.32</u>	<u>£ 6,640.10</u>
Total Funds brought forward 1 Jan 21		£ 2,123,790.26	£ 2,117,150.16
Net Movement of Funds		£ 189,723.32	£ 6,640.10
Total Funds carried forward 31 Dec 21		<u>£ 2,313,513.58</u>	<u>£ 2,123,790.26</u>

HMS DRAKE CENTRAL AMENITIES FUND

Notes to the Accounts dated 31 Dec 2021

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 effective 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 CAF 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 CAF 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 CAF to the expenditure.
- b. Administration costs are incurred by the CAF Manager. These costs are not apportioned as his tasks are wide ranging in support of leisure and amenities and include the maintenance of the Central Bank facility for other funds.

Assets

- a. Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £50. They are valued at cost or a reasonable value on receipt. The CAF does not have a policy of revaluation. Depreciation is annual, straight line and over the estimated life of the item.
- b. 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.
- c. Stocks are valued at the lower of cost or market value.

Note 2 - Investments

Market value at beginning of year	£ 1,738,175.64
Gain on Revaluation at year end	£ 199,395.08
Management Fees & other charges	£ (8,648.79)
Market value at end of year	<u>£ 1,928,921.93</u>

Note 3 - Income

	<u>2021</u>	<u>2020</u>
<i>Voluntary Income</i>		
Bar Gainshare	£ -	£ 7,841.17
Mess Contributions	<u>£ 3,000.00</u>	<u>£ 3,000.00</u>
	£ 3,000.00	£ 10,841.17
<i>Charitable Activities</i>		
Caravan Hire	£ 10,667.96	£ 3,564.61
Yacht	£ 5,184.51	£ 7,152.43
Misc income	<u>£ -</u>	<u>£ 330.66</u>
	£ 15,852.47	£ 11,047.70
<i>Activities for Generating Funds</i>		
Gaming Machines	£ 26.67	£ 6,132.71
Health & Leisure Suite	<u>£ 7,565.02</u>	<u>£ 6,256.67</u>
	£ 7,591.69	£ 12,389.38
<i>Investment Income</i>		
Investment income	£ 51,031.99	£ 44,710.25
Deposit Interest	<u>£ 1,936.35</u>	<u>£ 3,173.60</u>
	<u>£ 52,968.34</u>	<u>£ 47,883.85</u>
Total Income	<u><u>£ 79,412.50</u></u>	<u><u>£ 82,162.10</u></u>

Note 4 - Expenditure

	<u>2021</u>	<u>2020</u>
<i>Fund Raising</i>		
Gaming Machines	£ -	£ 1,580.54
Investment Management Costs	<u>£ 8,648.79</u>	<u>£ 7,525.15</u>
	£ 8,648.79	£ 9,105.69
<i>Charitable Activities</i>		
Operating Costs		
Sports Fund	£ 8,857.26	£ 9,563.85
Grants	£ 9,778.63 4A	£ 13,658.17
Insurance	£ 414.91	£ 444.91
TV	£ 7,808.98	£ 5,875.08
Caravan	£ 10,513.44	£ 503.82
Caravan Depreciation	£ 3,000.00	£ 3,000.00
Yacht	£ 3,555.80	£ 7,147.69
Pool Table	£ 582.00	£ -
Repairs & Renewals	£ -	£ 1,255.93
Basketball, Rugby, Football Tickets	£ -	£ 90.00
Governance		
Examination and Accounts	£ 1,100.00	£ 900.00
Support		
Salaries	£ 29,217.23	£ 28,509.55
Pensions	£ 3,340.76	£ 3,266.85
Office Costs	£ 832.79	£ 688.03
Bank Charges	£ 153.67	£ 55.00
Misc Expenses	£ 930.00	£ -
Minor Depreciation	<u>£ 350.00</u>	<u>£ 350.00</u>
	<u>£ 80,435.47</u>	<u>£ 75,308.88</u>
Total Expenditure	<u><u>£ 89,084.26</u></u>	<u><u>£ 84,414.57</u></u>

Note 4A - Grants

Junior Ratings Monthly Grant	£ 2,800.00
WO&SR Mess	£ 1,000.00
RN Service Police Mess (W)	£ 400.00
Christmas	£ 2,705.00
Mountain Bike	£ 350.00
PSG	£ 192.00
47 Cdo	£ 630.00
RN SIB	£ 162.50
Individual Ski Grants	£ 450.00
Bumps Clubs	£ 339.13
SM Remembrance	£ 750.00
	<u>£ 9,778.63</u>

Note 5 - Paid Employees 2021

		<i>Previous Year</i>
a.	Wages/Salaries:	£ 29,217
	Employers National Insurance:	£ 27,530
	Pension	£ -
		£ 980
		£ 3,267
b.	There is one full time employee who manages and administers the fund.	
c.	The fund is a member of a defined contribution pension scheme which had an estimated valuation in March 2021 that withdrawal costs would be £12913. This in the event that the fund withdraws from the scheme or there are no active members in the scheme then any remaining deficit will fall due and be payable by the fund.	

Note 6 -Trustees and Other Related Parties

- No expenses or emoluments have been paid to the Sole Managing Trustee
- There are no amounts due to or from the Sole Managing Trustee
- The sole Managing Trustee is also the sole Managing Trustee of the Service Police Mess HMS Drake and the WO, SR & SNCO Mess HMS Drake. These funds pay contributions to the CAF. The Sole Managing Trustee is also the trustee of the charitable funds that use the CAF as their Central Bank (Note 9).

Note 7 - Fixed Assets - Fixtures, Fittings and Equipment

Caravan

Total value at 1 Jan 21	£ 30,000.00
Less Depreciation	£ (3,000.00)
Value at 31 Dec 21	<u>£ 27,000.00</u>

Pictures - CF Building

Total value at 1 Jan 21	£ 100.00	Residual Value
Value at 31 Dec 21	<u>£ 100.00</u>	

Office Computer PC

Total value at 1 Jan 21	£ 448.32
Less Depreciation	£ (350.00)
Value at 31 Dec 21	<u>£ 98.32</u>

Yacht - Ocean Dragon

Total value at 1 Jan 21	£ 1,000.00	
Value at 31 Dec 21	<u>£ 1,000.00</u>	Residual Value

Note 8 - Debtors and Prepayments

HMRC VAT	£ 306.90
Accrued Deposit Interest	£ 243.85
Caravan Ground Rent 21 Prepaid	£ 5,525.10
Yacht Insurance Prepaid	£ 382.00
	<u>£ 6,457.85</u>

Note 9 - Creditors (payable in less than one year)

PNIE - Accounts Examination	£ 1,100.00
Caravan Expense	£ 70.83
Wyvern Kitchen Refurb	£ 16.77
COVID19 Hardship Fund	£ 4,034.76
Chaplaincy	£ 2,376.53
Holding Fund - RNRMC	£ 5,210.00
Holding Fund - Other Donors	£ 18,037.62
	<u>£ 30,846.51</u>

Note 10 - Approved Funds

47 Cdo Boxing Fund	£ 2,130.93
47 Cdo HQ Fund	£ 177.78
47 Cdo Prize Fund	£ 2,846.71
47 Cdo Sports	£ 281.20
Field Gun	£ 407.99
SURFLOT Sports Grassroots	£ 6,111.95
Drake Sports Grassroots	£ 854.53
Junior Ratings' Fund	£ 2,602.02
QARNNS	£ 255.00
RN Aid Fund	£ 1,565.54
RNR Engineering	£ 268.20
Southern Diving Group	£ 357.87
Wyvern Sports Lounge	£ 267.77
	<u>£ 18,127.49</u>

Note 11 - Service Funds (using CAF as their bank)

47 Cdo General Purpose Fund	£ 1,370.76
47 Cdo Gig Club	£ 1,328.23
PSGWIS	£ 10,626.00
FOST	£ 138.68
South West Armed Forces Sea Angling Club	£ 1,247.60
Devonport Services Golf	£ 816.14
Drake Car Club	£ 1,269.78
Hasler Company	£ 3,353.29
Museum Manager's Fund	£ 13,856.56
RN Health Centre - Purple Fund	£ 1,762.76
NSFPS (W) Fund	£ 30,256.46
Volunteer Band	£ 5,482.06
Western Region Sports Fund	£ 7,438.94
	<u>£ 78,947.26</u>

Note 12 - Nuffield Trust

Nuffield Trust/Sailors Fund/Fleet Amenities Fund (interest in yacht)	<u>£ 700.00</u>
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Note 10 - Endowment or Restricted Income Funds - None held**Note 11 - Other Information**

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

Declarations

- The Trustee has not changed the year end date nor the length of the CAF's financial year.
- The CAF does not have any designated funds.
- All the CAF's operations are continuing operations and there were no operations discontinued or acquired during the year.
- The CAF has no intangible assets (other than office space provided by MOD)
- The CAF has no material fixed assets which have not been capitalised and included in the Balance Sheet.

PN INDEPENDENT EXAMINATIONS

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Road
Havant
Hants
PO9 3BG

☎ 07801
064450

The Naval Base Commander
HM Naval Base
Devonport

18 Jan 22

THE CENTRAL AMENITIES FUND - HMS DRAKE - EXAMINATION AND ACCOUNTS FOR THE YEAR ENDING 31 DEC 21

1. The examination of the CAF for the year ending 31 Dec 21 has been completed satisfactorily. The accounts are enclosed for signature by NBC as the sole Managing Trustee.
2. Draft copies of the Trustee's Annual Report (TAR) are also provided for approval and signature by NBC. Once approved, the PDF versions of both the TAR and accounts provided by PNIE should be uploaded onto the Charity Commission website at the same time as the on-line annual return is completed.
3. The accounts were well presented. Cash had been independently counted and there had been two surprise counts of cash.

Investments

4. The investments gained £199.4K (11.5%) in market value and were now worth £1.93M. Dividend income was £59.7K (a 3.4% yield), although £8.6K (15%) had been taken in management charges leaving a net dividend of £51K (2.9%). In contrast the various deposit accounts held £469K but provided interest of just £1.9K (0.04%).

Income

5. Most income streams had disappeared or reduced:
 - There was no gain share income from the JR bar. In the last "normal" year of 2019, the CAF received £34.8K.
 - The gaming machines were removed. In 2019 there was a profit of £16.9K.

- Gym user pass income was £7.6K. In 2019 this generated £18.4K
- The caravan was not seen as a profit generator and broke even (if depreciation is ignored).

6. The yacht – Ocean Dragon - made a profit of £1.5K compared to break even in 2020 and a profit of £2.7K in 2019. However, the yacht is over 10 years old and has a residual book value of just £1K. Moreover, it was badly damaged when on charter this year. The insurance assessment is awaited and, whilst the person who chartered the vessel will cover the excess, it is possible that the insurers will decide to write off the yacht. If this turns out to be the case, 70% of sums received from the charterer and insurance must be returned to the RNRMC/Nuffield Trust as it provided 70% of the purchase price.

Expenses

7. Covid restrictions led to reduced amounts of expenditure:

- Grant expenditure totalled £9.8K compared to £13.6K in 2020 and £12.5K in 2019.
- Sports costs were £8.9K compared to £9.6K in 2020 and £12.5K in 2019.
- TV Costs returned to £7.8K having fallen by nearly £2K in 2020.

Summary

8. The fund was worth £2.3M and, although liabilities to other funds and creditors totalled £128K, they were easily covered by the amounts in the deposit accounts which totalled £469K.

9. The loss of two of its main income streams led to the CAF losing £9.7K on its activities. The loss would have been greater but for the dividend and interest income which covered support and governance costs with £17K to spare. However, the £199.4K gain in the market value of shares covered these losses twenty fold

P A Nicholls
PN Independent Examinations

Information:

CAF Manager