

***WARDROOM MESS***

***HMS DRAKE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For Period**

**1 September 2020 to 31 August 2021**

**Registered Charity No. 1129025**

## Trustees' Annual Report and Comments

Wardroom Mess  
HMS DRAKE

Charity Registered No:	1129025
Covering the Accounting Year:	1 September 2020 to 31 August 2021
Address:	HMS DRAKE Devonport Plymouth PL2 2BG
Governing Document:	Constitution (Mess Rules)
Objects:	Promotion of the Military Efficiency and Operational Effectiveness of the Armed Forces by the provision of mess facilities to Commissioned Officers serving in the Her Majesty's Naval Base Devonport.
Trustee:	Commodore P Coulson ADC Royal Navy
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers	Lloyds Banking Group Royal Parade Plymouth
Independent Examiner:	Peter Nicholls MBE MAAT 5 Nursery Road Havant Hants PO9 3BG
Activities and achievements	<p>To have resources available for expenditure on improvements to the quality of life, and the engenderment of esprit de corps. But for Covid 19, the mess would have put on a full social programme for its members providing very generous subsidies for social functions with profits from the bar and associate member subscriptions supplemented by the excess from uniformed subscription income.</p>
Financial Review:	<p>The net assets of the fund had increased by £27K over the year. There were three main reasons:</p> <ul style="list-style-type: none"><li>• Grant income added £10.4K to the property assets.</li><li>• Civilian members' subscriptions totalling £9.1K contribute to function subsidies but were not required this year as there were no mess functions.</li><li>• Bar profits of £5.7K were not required for function subsidies.</li></ul> <p>The Wardroom has a worth of £750K. However, this figure is deceptive as the bulk of the fund was represented by its large holding of artefacts and paintings valued at £567.6K. The fund had bank assets of £90.9K to cover current liabilities of £28.5K.</p>

Investment Selection Policy.	None are held.
Financial Reserves Policy:	The Trustee has considered the level of reserves to retain, appropriate to the charity's needs. This set at £50K in a one year savings bond plus an available bank balance of £62K. 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:	Small sports grants are paid to mess members.
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 mess facilities and social activities. 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

Name	Commodore P Coulson ADC Royal Navy
Appointment	Naval Base Commander and sole Managing Trustee
Date	8 October 2021.

## **Independent Examiner's Report to the Trustee of the Wardroom Mess HMS Drake**

I report on the accounts of the Charity for the year ended 31 August 2021, which are set out in pages 1 to 5 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.

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

8 October 2021

# HMS DRAKE WARDROOM MESS FUND

Charity Registration Number 1129025

## BALANCE SHEET

31-Aug-21

		Note			31 Aug 20
<u>ASSETS</u>					
<u>Fixed Assets</u>					
Mess Property	7		£ 567,640.00		£ 560,039.37
Investment Bond			£ 50,000.00		£ 50,000.00
			<u>£ 617,640.00</u>		<u>£ 610,039.37</u>
<u>Current Assets</u>					
Messbills		£ 15,453.58		£ 23,985.41	
Misc Debtors & Prepayments	8	£ 47,638.17		£ 40,578.67	
Bank Accounts		£ 90,903.41		£ 68,612.43	
Cash & Floats		£ 7,367.51		£ 10,233.55	
Total Current Assets		<u>£ 161,362.67</u>		<u>£ 143,410.06</u>	
<u>LIABILITIES</u>					
Creditors	9	£ 25,142.62		£ 28,446.31	
47 Cdo RM HQ Fund		£ 1,491.08		£ 697.62	
VAT		£ 1,843.50		£ 871.42	
Current Liabilities		<u>£ 28,477.20</u>		<u>£ 30,015.35</u>	
Net Current Assets			£ 132,885.47		£ 113,394.71
Net Assets			<u>£ 750,525.47</u>		<u>£ 723,434.08</u>

Approved on 8 October 2021

*Signed On Original*

Commodore P Coulson ADC Royal Navy  
Sole Managing Trustee

**HMS DRAKE WARDROOM MESS FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**

**For year to 31 Aug 21**

	<i>Note</i>	<i>Previous Year</i>
<b>Income</b>		
Donations	£ 12,000.00	£ -
Charitable Activities	£ 72,100.43	£ 129,926.11
Investment Income	<u>£ 197.53</u>	<u>£ 546.99</u>
Total Income	3 <u>£ 84,297.96</u>	<u>£ 130,473.10</u>
<b>Expenditure</b>		
Charitable Activities	<u>£ 57,231.57</u>	<u>£ 87,742.08</u>
Total Expenditure	4 <u>£ 57,231.57</u>	<u>£ 87,742.08</u>
Net Income/Expenditure	£ 27,066.39	£ 42,731.02
Total Funds Brought Forward	£ 723,459.08	£ 680,703.06
Total Funds Carried Forward	<u>£ 750,525.47</u>	<u>£ 723,434.08</u>

## HMS DRAKE WARDROOM MESS FUND

### Notes to the Accounts dated 31 August 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 (FRS 102) effective 1 January 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 fund 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 fund receives no unpaid volunteer help.
- e. Interest 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 fund to the expenditure.

##### Assets

- a. Paintings, furniture, works of art, silver and books were valued by Bearnes, Hampton & Littlewood in June 2017.
- b. Depreciating fixed assets are capitalised if they can be used for more than one year and cost at least £100. They are valued at cost or a reasonable value on receipt. Depreciation is straight line over the estimated life of the item. Depreciation is not allocated to activity costs as the use is varied.
- c. Stocks are valued at the lower of cost or market value.

#### Note 2 - Investments

There are none

#### Note 3 - Income

		<u>Previous Year</u>
<i>Donations</i>		
RNRMC/RBL Grants	£ 12,000.00	£ -
<i>Charitable Activities</i>		
Mess Subs	£ 57,240.00	£ 80,997.52
Associate Subscriptions	£ 9,139.52	£ 16,020.50
Function Income	£ -	£ 18,739.73
Facilities Charges	£ -	£ 262.50
Bar Profits	£ 5,682.43	£ 10,244.65
Coffee	£ -	£ 1,743.18
Stamp Sales	£ 38.48	£ 85.14
Xmas Raffle	£ -	£ 1,483.00
Napkin & Candle sales	£ -	£ 349.89
	<hr/> £ 72,100.43	<hr/> £ 129,926.11
<i>Investment Income</i>		
Bank & Bond Interest	£ 197.53	£ 546.99
<b>Total Income</b>	<hr/> <b>£ 84,297.96</b> <hr/>	<hr/> <b>£ 130,473.10</b> <hr/>

## Note 4 - Expenditure

		<u>Previous Year</u>
<i>Charitable Activities</i>		
Operating Costs		
Function expenses from tickets	£ -	£ 18,739.73
Minor Function Expenditure	£ -	£ 160.31
Xmas Raffle	£ -	£ 7,003.83
Performing Rights/Motion Picture Licences	£ 1,247.70	£ 2,673.97
Fruit Baskets	£ -	£ 765.28
Bar chips/Ctee refreshments	£ -	£ 361.84
Insurances	£ 2,352.16	£ 2,306.15
Habitability	£ 4,960.76	£ 483.00
Art Fund	£ 312.00	£ 26.29
Newspapers & Periodicals	£ -	£ 3,943.08
Internet	£ 28,800.00	£ 28,800.00
TV and Video	£ 7,316.21	£ 6,230.17
BACS	£ 3,125.15	£ 2,178.43
Gifts/Flowers	£ 470.00	£ 91.00
Trophy Hire	£ 305.66	£ 305.33
Napkins	£ -	£ 343.17
Coffee	£ 2,427.31	£ 2,981.83
Grants & Donations	£ -	£ 200.00
Mess Guests	£ 29.78	£ 471.26
Xmas Decs	£ 1,844.50	£ 8,192.10
Governance Costs		
Examination of Accounts	£ 1,020.00	£ 1,010.00
Support Costs		
Office Costs	£ 22.83	£ -
Card Charges	£ 179.45	£ 75.73
Depreciation & Write Off	£ 2,818.06	£ 399.58
	<u>£ 57,231.57</u>	<u>£ 87,742.08</u>
Total Expenditure	<u>£ 57,231.57</u>	<u>£ 87,742.08</u>

## Note 5 - Paid Employees

- a. The charity has no paid employees.

## Note 6 - Trustees and Other Related Parties

- a. No expenses or emoluments have been paid to the sole Managing Trustee  
b. There are no amounts due to or from the sole Managing Trustee



**Note 7 - Tangible Fixed Assets - Property Account -**

	Non-depreciating Property (over £1000)	Non-depreciating Property (under £1000 )	Depreciating Property	Total
As at 31 Aug 20	£ 524,850	£ 34,530	£ 659	£ 560,039
Additions	£ -	£ -	£ 10,419	£ 10,419
Depreciation	£ -	£ -	£ (2,818)	£ (2,818)
As at 31 Aug 21	<u>£ 524,850</u>	<u>£ 34,530</u>	<u>£ 8,260</u>	<u>£ 567,640</u>

**Note 8 - Miscellaneous Debts and Prepayments**

Accrued Bond Interest	£ 35.00
ESS Taxis	£ 18.00
Prepayments	
Summer Ball 22	£ 44,487.17
Insurance	£ 1,207.00
TV Licences	£ 265.00
Trophy Hire	£ 178.00
MPLC	£ 100.00
PRS/PPL	£ 1,348.00
	<u>£ 47,638.17</u>

**Note 9 - Creditors**

PNIE	£ 1,020.00
ESS Holding Account	£ 18.39
Drake Services	£ 78.91
ESS PAYD	£ 563.49
ESS Bar Sales (from Mess Bills)	£ 256.60
PRNOA Functions	£ 3,637.24
WO & SR Mess	£ 153.96
Crown Accommodation	£ 19,414.03
	<u>£ 25,142.62</u>

**Note 10 - Endowment of Retriected Income Funds**

There are none.

**Note 11 - Other Information**

- The fund does not have any material commitments not provided for in the accounts
- The fund has not given any guarantees to any third party that could be called on at the year end.

**Note 12 - Declarations**

- The Trustee has not changed the year end date nor the length of the financial year.
- All the fund's operations are continuing operations and there were no discontinued operations.
- The fund has no marketable intangible assets.
- None of the funds functional assets have been revalued during the year and the fund does not have a policy of revaluation of these assets other than periodic professional valuations of non depreciating assets.
- Items of non depreciating property which were not owned by the fund were previously removed from fixed assets, as were Trophy Centre loans and Drake's Sword which was on loan.
- The fund 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  
21

15 Sep

### **THE WARDROOM MESS FUND - EXAMINATION AND ACCOUNTS FOR THE YEAR ENDING 31 AUGUST 2021.**

1. The examination of the Wardroom fund for the year has been completed satisfactorily and the annual accounts are enclosed.
2. A draft version of the Trustee's Annual Report (TAR) is also provided. Once this is 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 annual return is completed.

#### Accounts

3. The Mess Accountant (WRMA) presented a comprehensive and accurate set of documentation. There was an independent count of cash at the end of the year and there had been surprise counts of cash.
4. Bar and food sales by ESS were collected by credit through the mess bill system or by cash. However, these sales have increasingly been collected by contactless payments via ESS card machines which use the Wardroom bank account. ESS has agreed that the 2.75% charge for each transaction can be offset against money owed to it. Nevertheless, the system to account for all this mixing of mess and ESS money is not straightforward and is creating difficulties. The WRMA is, rightly, extremely uncomfortable about ESS using the contactless system to run its sales through the Wardroom bank account, as is PNIE.

#### Property

5. The property owned by the Wardroom worth £567.6K, as well as items on loan from the RN Trophy Centre worth £119K, had been signed

off as having been mustered by staff. The recent arrival of grant funded furniture had added £10.4K to property assets, although there were depreciation costs of £2.8K.

6. Whilst there are various folders with photographs of non-depreciating property, there was no central register of non-depreciating property. In effect the last valuation report from Bearn's Auction House was the closest to a register but musters were not checked against it. As the last valuation was in 2017, the next valuation will be due in 2022 (BR 18 Art 0610). It is recommended that a register is created by using the PNIE supplied register for depreciating items as a template.

### Debtors

7. The accounts contained a running account for amounts owed by ESS for items bought through the Wardroom Amazon account. Items such as an Apple iPad, an iPad writing stick and a telephone. However, ESS, as policy, takes 90 days to pay these bills. It is inappropriate for ESS to borrow money from Wardroom funds to buy items it needs. This effectively gives an interest free loan to a commercial organisation from charitable funds. PNIE still finds it surprising that a large organisation such as Compass/ESS has to use the mess funds in HMS Drake as its bank. This is not seen in other establishments where ESS is present.

8. Outstanding mess bills were closely monitored by the WRMA. Debts over three months old totalled £4.4K but this included nearly £4K from IDT with the rest from five members. The WRMA is confident she can collect all these debts.

### Subscriptions

9. Subscriptions were not levied in the three months Jun 21 to Aug 21 to recognise that members had not been able to access the usual range of facilities during the various Covid-19 lockdowns.

10. Military subscriptions totalled £57.2K (£81K in the previous year) and this income matched the £57.2K cost of running the mess. Retired officer and other civilian members' subscriptions totalled £9.1K (previous year £16.K).

### Bar

11. The Wardroom does not own the stock in its bars, which is an arrangement unique amongst RN messes. The ESS bars made a profit of £5.7K compared to £10.2K in the previous year but, as this was also a year impacted by Covid-19 closures, a better comparison would be with 2019 when the profit was £13.4K. The contractor provided its own

figures for the costs of sales which were used to calculate bar profit. These figures were not available for audit.

### Functions

12. There were no mess or private functions in this year. The accounts show a total of £44.5K as prepayments for the Summer Ball 22. These were actually payments for the Summer Balls in 20 and 21 but these were cancelled and the deposits carried forward to the Summer Ball 22. However, it cannot be completely certain that all the deposits will be honoured in this way.

### Expenditure

13. The following items were of note:

- ☐ The annual cost of the Media Force system connecting all cabins to the Internet was £28.8K (£2.4K monthly). An expense of this magnitude is not seen elsewhere but then other messes can receive DBI (including the WO&SR Mess in HMS Drake).
- ☐ There were no newspaper costs.
- ☐ TV costs increased to £7.3K compared to £6.2K in the previous year.
- ☐ Coffee costs fell from £3K to £2.4K.
- ☐ Christmas decorations expenses were modest at £1.8K compared to £8.2K in the previous year.

### Finances

14. The net assets of the fund had increased by £27K over the year. There were three main reasons:

- ☐ Grant income added £10.4K to the property assets.
- ☐ Civilian members' subscriptions totalling £9.1K contribute to function subsidies but were not required this year as there were no mess functions.
- ☐ Bar profits of £5.7K were not required for function subsidies.

15. The Wardroom has a worth of £750.5K. However, this figure is deceptive as the bulk of the fund was represented by its large holding of artefacts and paintings valued at £567.6K. As a better guide to the committee, the fund had bank assets of £90.9K to cover current liabilities of £28.5K.

16. The Wardroom held its reserves of £50K in a one year investment bond but with an interest rate which had fallen this year to just 0.10%.

## Summary

17. The Wardroom was in a good position financially, as it had available bank assets of £62.4K . Its overall financial position had increased by £27.1K to £750.5K.

P A Nicholls  
PN Independent Examinations

Information:

Mess President  
Mess Treasurer