

WARRANT OFFICERS' and SENIOR RATES' MESS

HMS DRAKE

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 August 2020 to 31 July 2021

Registered Charity No. 1129026

Trustees' Annual Report and Comments

Warrant Officers' and Senior Rates' Mess HMS DRAKE

Charity Registered No:	1129026
Covering the Accounting Year:	1 August 2020 to 31 July 2021
Address:	HMS DRAKE Devonport Plymouth PL2 2BG
Governing Document:	Constitution (Mess Rules)
Object:	Promotion of the Military Efficiency and Operational Effectiveness of the Armed Forces by the provision of mess facilities to Warrant Officers, Senior Ratings and Senior Non Commissioned Officers serving in 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	To have resources available for expenditure on improvements to the quality of life, and the engenderment of esprit de corps. The mess would have put on a full social programme for its members but was prevented by the Covid-19 restrictions. Profits from the bar and other activities would have provided subsidies for social functions.
Financial Review:	<p>The fund had increased by £7.4K over the year. In broad terms this was because of:</p> <ul style="list-style-type: none">• investment gains of £11K.• an operating loss of £3.6K (in effect the write off of part of the Valiant debt). <p>The fund ended the year worth £190.1K. Of this £51.6K was represented by property and stock. The bank account held £81.7K which easily covered liabilities of £51.7K. In addition, £74.1K was held in investments and on deposit.</p>

Investment Selection Policy. Investments were originally split 30% income funds and 70% capital growth funds but this proportion has changed as the latter has grown.

Financial Reserves Policy: The Trustee has considered the level of reserves required, appropriate to the charity's needs. These are held in investments currently worth £68.7K. 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: None are paid to individuals but grants are occasionally paid to the Associate Members' Fund.

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 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.

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 P Coulson ADC Royal Navy.

Appointment Naval Base Commander and sole Managing Trustee

Date 14 September 2021.

Independent Examiner's Report to the Trustee of HMS Drake Warrant Officers', and Senior Rates' Mess.

I report on the accounts of the Charity for the year ended 31 July 2021, which are set out in pages 1 to 6 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

14 September 2021

HMS DRAKE WARRANT OFFICERS' AND SENIOR RATES' MESS

Charity Registration No 1129026

BALANCE SHEET

31-Jul-21

31-Jul-20

	Notes			
Fixed Assets				
Mess Property	7	£ 35,164.00	£ 41,989.13	
Investments	2	£ 68,728.77	£ 57,730.66	
Deposit Account	2	£ 5,381.70	£ 4,920.74	
		£ 109,274.47		£ 104,640.53
Current Assets				
Stocks	7A	£ 16,464.28	£ 20,601.32	
Mess Bills		£ 2,457.00	£ 2,950.00	
Misc Debtors & Prepayments	8, 8A	£ 25,540.65	£ 24,448.53	
Bank Accounts		£ 81,662.09	£ 49,645.91	
Cash		£ 6,487.33	£ 7,709.94	
		£ 132,611.35	£ 105,355.70	
Current Liabilities				
Sundry Creditors	9	£ 31,850.00	£ 11,540.64	
47 Cdo Fund		£ 17,686.84	£ 12,946.77	
Veteran Members' Fund		£ 1,947.12	£ 1,402.12	
Charity Chest		£ 261.83	£ 1,374.29	
		£ 51,745.79	£ 27,263.82	
Net Current Assets		£ 80,865.56		£ 78,091.88
Net Assets		£ 190,140.03		£ 182,732.41

Signed on Original

Approved on 14 September 2021

Commodore P Coulson ADC Royal Navy
Sole Managing Trustee

HMS DRAKE WARRANT OFFICERS' AND SENIOR RATES' MESS

STATEMENT OF FINANCIAL ACTIVITIES

For year ended 31 July 2021

	Notes		<u>Year to Jul 20</u>
Income			
Donations & Grants		£ 3,500.00	£ -
Charitable Activities		£ 88,540.87	£ 281,826.91
Other Trading Activities		£ 2,162.12	£ 19,228.21
Investment Income		£ 462.16	£ 474.81
Total Incoming Resources	3	<u>£ 94,665.15</u>	<u>£ 301,529.93</u>
Expenditure			
Raising Funds		£ 2,224.01	£ 20,242.71
Charitable Activities		£ 92,314.42	£ 277,484.11
Other Costs		£ 3,717.21	£ -
Total Expenditure	4	<u>£ 98,255.64</u>	<u>£ 297,726.82</u>
Net income (expenditure)		£ (3,590.49)	£ 3,803.11
Plus gains on revalued investments		£ 10,998.11	£ 1,458.10
Previous Year - Bar Wages - Late ESS Invoices		£ -	£ (4,806.07)
Total funds brought forward		£ 182,732.41	£ 182,277.27
Total funds carried forward		<u>£ 190,140.03</u>	<u>£ 182,732.41</u>

Notes to the Accounts dated 31 July 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 October 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 Mess 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 Mess receives no unpaid volunteer help.

Expenditure and liabilities

- a. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Mess to the expenditure.

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. Depreciation is straight line over the estimated life. In view of the diverse nature and multi use, non bar depreciation is not allocated to any of the other activity costs.
- b. Stocks are valued at the lower of cost or market value.

Note 2 - Investments	<u>CCLA Income</u>	<u>CCLA Accum</u>	<u>CCLA COIF</u>
Market Valuation at 1 Aug 20	£ 14,766.38	£ 42,964.28	£ 4,920.74
Dividends			£ 460.96
Revaluation to market value	£ 2,438.19	£ 8,559.92	
Market Valuation at 31 Jul 21	<u>£ 17,204.57</u>	<u>£ 51,524.20</u>	<u>£ 5,381.70</u>
Cost of Investments	£ 10,500.00	£ 24,500.00	

Note 3 - Income

	<u>Year to Jul 21</u>	<u>Year to Jul 20</u>
<i>Voluntary Income</i>		
Grants	£ 3,500.00	£ -
<i>Charitable Activities</i>		
Mess Subscriptions	£ 52,418.33	£ 56,558.66
Associate Mess Subs	£ 5,438.43	£ 5,337.42
Mess functions	£ 7,459.87	£ 64,144.61
Members Functions	£ -	£ 44,102.73
Bar Sales	£ 23,163.57	£ 104,735.67
Family Rooms	£ -	£ 259.67
Christmas Draw	£ -	£ 6,022.00
Coffee & Tea	<u>£ 60.67</u>	<u>£ 666.15</u>
	£ 88,540.87	£ 281,826.91
<i>Other Trading Activities</i>		
Gaming Machines	£ -	£ 41.62
Presentation Port	£ 1,135.53	£ 1,145.84
Private Functions	£ -	£ 16,970.82
Ties & Pins	£ 210.40	£ 372.41
Bad Debts Recovered	<u>£ 816.19</u>	<u>£ 697.52</u>
	£ 2,162.12	£ 19,228.21
<i>Investment Income</i>		
Dividends & Interest	£ 462.16	£ 474.81
Total Income	<u>£ 94,665.15</u>	<u>£ 301,529.93</u>

Note 4 - Expenditure

	<u>Year to Jul 21</u>	<u>Year to Jul 20</u>
<i>Raising Funds</i>		
Gaming Machines	£ -	£ 448.33
Cost of Ties & Pins	£ 335.25	£ 534.19
Presentation Port	£ 1,888.76	£ 2,420.97
Private Functions	£ -	£ 16,839.22
	£ 2,224.01	£ 20,242.71
<i>Charitable Activities</i>		
Operating Costs		
Cost of Bar Sales	£ 20,590.41	£ 86,680.48
Function Expenses	£ 7,459.87	£ 64,144.58
Function Expenses from Subsidy	£ 20,280.04	£ 32,905.45
Members & Service Functions	£ -	£ 44,102.73
Christmas Draw	£ -	£ 6,022.00
Staff Taxis	£ 1,104.62	£ 1,134.00
Mess Guests	£ 26.85	£ 1,272.85
Family Rooms	£ 357.99	£ 648.49
Internet/Telephone	£ 597.20	£ 1,782.56
Newspapers	£ 4,374.14	£ 2,288.14
Coffee & tea	£ 4,001.06	£ 4,413.26
TV, Video & Audio	£ 11,185.57	£ 8,662.35
Repairs, Renewals & Improvements	£ 2,049.90	£ 2,130.95
Grants	£ -	£ 100.00
Insurance	£ 1,365.97	£ 1,358.13
Trophy Hire	£ 163.55	£ 63.66
Presentations	£ 975.03	£ 186.75
Central Amenities Fund	£ 3,000.00	£ 3,000.00
Flowers and Decs	£ 25.00	£ -
Misc Expenditure	£ 744.40	£ 91.16
Governance Costs		
Examination	£ 995.00	£ 985.00
Debt Collection Fees	£ -	£ 1,300.00
Support Costs		
Bank Charges	£ 2,219.95	£ 2,540.06
Print, Post, Stationery	£ 1,167.48	£ 880.04
Depreciation (Non bar)	£ 9,630.39	£ 10,791.47
	£ 92,314.42	£ 277,484.11
<i>Other Costs</i>		
Bad Debts write off	£ 3,717.21	£ -
Total Expenditure	<u>£ 98,255.64</u>	<u>£ 297,726.82</u>

Note 5 - Paid Employees

- a. The mess pays no employees.. Additional bar wages are billed by the contractor.

Note 6 - Trustees and Other Related Parties

- a. No expenses or emoluments have been paid to the sole Managing Trustee
- b. The Mess makes a contribution to HMS Drake Central Amenities Fund (CAF) to secure benefits for its members. This charity and the CAF Charity have the same sole managing trustee.
- c. There are no amounts due to or from the sole Managing Trustee

Note 7 - Tangible Fixed Assets

	Furniture and Fittings	Bar Equipment	Totals
Property Valuation as at 1 Aug 20	£ 38,712.53	£ 3,276.60	£ 41,989.13
Additions	£ 3,467.00	£ -	£ 3,467.00
Depreciation/Disposals	£ (9,629.78)	£ (662.35)	£ (10,292.13)
Property Valuation at 31 Jul 21	<u>£ 32,549.75</u>	<u>£ 2,614.25</u>	<u>£ 35,164.00</u>

Note 7A - Stocks

Bar	£ 9,736.98
Private Functions Catering Stock	£ 2,743.81
Tea & Coffee	£ 312.96
Tie Pins & Ties	£ 857.13
Presentation Port	£ 2,813.40
	<u>£ 16,464.28</u>

Note 8 - Miscellaneous Debtors

Valiant 16 Reunion	£ 10,028.72
ESS/InterServe	£ 1,929.94
Maritime Forum (Function May 19)	£ 373.12
HMRC VAT Refund Apr-Jun qtr	£ 1,028.57
HMRC VAT Refund July	£ 681.33
	<u>£ 14,041.68</u>

Note 8A - Prepayments

Insurance	£ 782.89
Comedy Night	£ 600.00
Messtival Deposits	£ 6,672.00
Oktoberfest 21	£ 650.00
PRS/PPL	£ 1,380.65
Trophy Hire	£ 109.03
Sky TV rental	£ 404.40
WCR Till Maintenance	£ 900.00
	<u>£ 11,498.97</u>

Note 9 - Creditors (all due within one year)

Mess subscriptions paid in advance	£ 1,810.00
Coffee cards	£ 2,850.00
Meat Raffle	£ 2,530.00
Christmas Draw 2021 paid in advance	£ 1,043.85
Comedy Night Tickets Sep 21	£ 208.33
Private Functions Prepaid	£ 7,215.00
HMS Vanguard	£ 297.51
SW Logs Dinner Refunds	£ 72.00
Crown Accommodation charges	£ 1,946.28
Grant - Bar Refurb - Prepaid	£ 8,158.61
BOC	£ 275.70
Booker	£ 1,920.45
Coors	£ 684.26
Friary Mill	£ 197.75
Johnson Stalbridge Linen	£ 857.14
Newspapers July	£ 389.00
Taxi	£ 249.12
Bank charges	£ 150.00
Accounts Examination	£ 995.00
	<u>£ 31,850.00</u>

Note 10 - Endowment or Restricted Income Funds

There are only unrestricted funds

Note 11 - Other Information

- a. The fund does not have any material commitments not provided for in the accounts
- b. The fund has not given any guarantees to any third party that could be called on at the year end.
- c. The fund has not granted any loans.
- d. The fund 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 fund's financial year
- b. The fund has one designated fund - Family Cabins
- c. All the fund's operations are continuing operations and there were no discontinued operations.
- d. No funds are in deficit.
- e. The fund has no marketable intangible assets
- f. There were no interfund loans outstanding at the balance sheet date.
- g. 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.
- h. The fund has no material fixed assets which have not been capitalised and included in the Balance Sheet.

Bar Trading for year ended 31 Jul 21

			<i>Previous Year</i>
Sales	£ 23,163.57		£ 104,735.67
Cost of sales	<u>£ 15,994.83</u>		<u>£ 65,961.98</u>
Gross Profit	£ 7,168.74		£ 38,773.69
Gross Profit/Sales =%	30.9%		37.0%
Gross Profit/Cost of Sales = % (i.e average mark up)	44.8%		58.8%
Less expenses:			
Bar Wages	£ - 0%	£ 16,289.51	16%
Till Repairs and Servicing	£ 1,350.00	£ 1,350.00	
Bar, Gas, Cleaning and Sundries	£ 467.03	£ 1,800.48	
COVID Out Of Date w/o	£ 377.44	£ 1,110.00	
Staff Taxes	£ 1,159.12	£ 1,134.00	
Depreciation	<u>£ 662.35</u>	<u>£ 493.51</u>	
	<u>£ 4,015.94</u>		<u>£ 22,177.50</u>
Net profit	13.6% <u>£ 3,152.80</u>	15.8% <u>£ 16,596.19</u>	

PN INDEPENDENT EXAMINATIONS

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Hants
PO9 3BG

☎ 07801
064450

The Naval Base Commander
HM Naval Base Devonport
21

25 Aug

THE WARRANT OFFICERS' AND SENIOR RATINGS' MESS - EXAMINATION AND ACCOUNTS FOR THE YEAR ENDING 31 JUL 21

1. The examination of the WO & SR Mess fund for the year ending 31 Jul 21 has been completed satisfactorily. Two copies of the accounts are enclosed, one for the pack and one to be returned to the Treasurer after approval by the Trustee.
2. Draft versions of the Trustee's Annual Report (TAR) and accounts are provided in hard and PDF versions. Once they are approved, PDF versions of both the TAR and accounts should be uploaded onto the Charity Commission website at the same time as the annual return is completed.

Accounts

3. As Mr McGinnis was leaving for another post, he made a point of bringing all the end of year accounting processes up to date before his departure. His accounts were accurate and fully supported by a comprehensive set of documentation. Although the recruiting process has started, no replacement has been appointed and therefore the housekeeper will step up to provide temporary cover.
4. Stocks and property had been mustered and the cash had been counted. However, there had been no surprise counts of cash.

Third Party Accounts

5. The accounts contained many transactions covering items that were purchased for ESS, which complicated the audit process. This practice had grown up because of inefficiencies in ESS systems, meaning that if prompt delivery was required by mess ESS staff, the mess fund paid for

the item seeking reimbursement from the contractor, which was often achieved by ESS off-setting its next food bill for a function.

6. This occasional 'workaround' became more frequent in the last year as the Covid-19 lockdowns produced a large increase in demand for items for the Hall Porter's ESS shop ("The Pod"). Unfortunately, there were no functions taking place to offset the cost. Although a remedy was eventually found and the mess was reimbursed, the mess fund, as a charity, should not be supporting the business activities of a commercial company and therefore this practice should cease.

Investments

7. The CCLA COIF investments had gained in value over the year.

- ☐ The accumulation fund gained £8.6K (20%) and had a market value of £51.5K.
- ☐ The income generating investment had gained £2.4K (16%) and had a market value of £17.2K. It generated £461 (3.1%) in dividends.
- ☐ The deposit account, like all instant access accounts, provided next to zero interest but had increased in value to £5.4K as it had received the dividend income.

Debts

8. The debtors' figure included a sum of £13.4K which had proved difficult to recover. This money was owed by the individual who organised the HMS Valiant Reunion 2016 and presumably received the ticket income. In Jun 20 the mess engaged a debt recovery firm to recover the money. A set-up fee of £1.3K was paid to "Are You Owed Money Ltd" which it will add to the amount it will attempt to recover. Sadly, the firm has yet to have any success. As recovery is uncertain, the mess will write off 25% annually starting in this year.

Subsidies

9. The policy in this mess is that it subsidises functions in a year from the previous year's taxed profits (mainly bar and associates fees). In 2020 the profits were £41K and this easily covered the £20K subsidies in this year. In 2021 the taxed profits were £10.8K which will not cover the £35K budget for mess subsidy and will lead to an additional VAT bill.

10. It might be thought strange that the accounts contain a figure for subsidies when there were no significant functions. The following is a list of the major items within the subsidy figure, some of which could be reviewed for cost effectiveness:

- ☐ Tablecloths and linen £6.2K
- ☐ Napkins £2K
- ☐ Juke Box £1.8K (now removed)
- ☐ AGM £2.2K
- ☐ PRS/PPL £0.9K

11. It is suggested that items such as tablecloths and napkins should have their own line in Sage accounts so that expenditure can be monitored.

Trophies

12. The mess has 28 trophies on loan from the RN Trophy Centre and these have a total value of £88.4K. The most expensive item was worth £24.4K. The hire charge is a mere £163 but this does not include insurance as this is a mess responsibility. However, a previous mess committee had decided as policy not to insure these items but to accept the risk.

Port

13. Port was held for sale and presentation. Bottles presented would be reported to the Treasurer so that he can take the accounting action namely to add to bar sales but at the same time charge them as a mess gift. As the port trading account shows a £200 loss, it is assumed that not all presentations had been communicated to the Treasurer.

Bar

14. Various Covid-19 restrictions meant that the bar was closed for long periods and there were no major mess functions or private functions. Unsurprisingly, the bar sold just £23K which was less than a quarter of the sales seen in the previous year (also affected by Covid in the latter part of that year). This led to £3.2K net profit compared to £16.6K in the previous year.

15. A recent change of personnel has led to some improvements in record keeping but attention should be paid to filling in the correct boxes on the daily cashing up sheets. In addition, the bar float should always remain at the same figure and not vary from day to day.

Other Expenditure

16. Other items of note in the accounts:

- ☐ Military subscription income fell by £4.2K (7%) to £52.4K. There were no reductions to the subscription rate but then this mess charges less than half that seen elsewhere.
- ☐ Newspaper costs doubled to £4.4K.
- ☐ TV costs increased to £11.1K, almost back to pre-Covid level.
- ☐ Coffee costs fell a little to £4K.

Summary

17. The fund had increased by £7.4K over the year. In broad terms this was because:

- there were investment gains of £11K
but offset by
- an operating loss of £3.6K (in effect the write off of part of the Valiant debt).

18. The fund ended the year worth £190.1K. Of this figure £51.6K was represented by property and stock. The bank account held £81.7K which easily covered liabilities of £51.7K. In addition, £74.1K was held in investments and on deposit.

P A Nicholls
PN Independent Examinations

Information:

Mess President
Mess Financial Administrator