

***THE WARRANT OFFICERS', SENIOR RATINGS'
AND SERGEANTS' MESS***

HMS HERON

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 May 2020 to 30 April 2021

Registered Charity No. 1133196

Trustees' Annual Report and Comments

Warrant Officers', Senior Ratings' and Sergeants' Mess HMS HERON

Charity Registered No:	1133196
Covering the Accounting Year:	1 May 2020 to 30 April 2021
Address:	RNAS Yeovilton Yeovil Somerset BA22 8HT
Governing Document:	Constitution (and 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 the Royal Naval Air Station, Yeovilton.
Trustee:	Commodore N H C Tindal Royal Navy (until 7 July 2020) Commodore N R Griffin MBE Royal Navy (from 8 July 2020)
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers	Barclays Bank King George Street Yeovil
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. In a normal year the mess would put on a full social programme for its members during the year and generous subsidies would be provided to functions. This Covid year had none of these activities.
Financial Review:	<p>The fund was worth £275.6K, of which £149K was represented by property and stock. Bank assets of £105K easily covered liabilities of £10.3K. The fund increased its assets by £42.1K. There were two main reasons;</p> <ul style="list-style-type: none">• Military subscription income exceeded the running costs of the mess by £36.2K.• Vending profits of £2.6K.
Investment Policy	The charity has no investments.

Financial Reserves Policy: The Trustee has considered the level of reserves required, appropriate to the charity's needs. This is set at £30K but increased this year because of the exceptional circumstances of the pandemic. 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.

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. Independent examination of the accounts twice yearly will mitigate the risk of any mismanagement by the mess committee.

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.

Signed on Original

Name	Commodore N R Griffin MBE Royal Navy
Appointment	Commanding Officer and sole Managing Trustee
Date	4 June 2021

Independent Examiner's Report to the Trustee of the Warrant Officers' and Senior Ratings' and Sergeants' Mess HMS Heron.

I report on the accounts of the Charity for the year ended 30 Apr 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.

Signed on Original

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

4 June 2021

HMS HERON WARRANT OFFICERS', SENIOR RATINGS' AND SERGEANTS' MESS

Registered Charity 1133196

BALANCE SHEET

30-Apr-21

ASSETS

	Note		30-Apr-20
<u>Fixed Assets</u>			
Mess Property	7	£ 140,461.00	£ 139,415.00
<u>Current Assets</u>			
Bar & Vending Stocks:	7A	£ 8,479.27	£ 10,672.25
Messbills Outstanding		£ 4,624.75	£ 13,125.00
Prepayments & Misc debts	8	£ 22,327.70	£ 16,258.82
Bank Accounts		£ 105,270.63	£ 67,008.40
Bank Account (Xmas Draw)		£ 1,301.20	£ 731.80
Credit Card		£ 58.08	£ 58.08
Cash & Floats		£ 3,428.38	£ 4,037.48
Total Current Assets		<u>£ 145,490.01</u>	<u>£ 111,891.83</u>

LIABILITIES

Creditors	9	£ 10,330.52	£ 12,409.00
Additional VAT		£ -	£ 3,146.00
VAT due (or refundable)		£ (19.38)	£ 1,596.79
Current Liabilities		<u>£ 10,311.14</u>	<u>£ 17,151.79</u>
Net Current Assets		£ 135,178.87	£ 94,740.04
Net Assets		<u><u>£ 275,639.87</u></u>	<u><u>£ 234,155.04</u></u>

Approved on 4 June 2021

Signed on Original

Commodore N R Griffin MBE Royal Navy
Sole Managing Trustee

HMS HERON WARRANT OFFICERS', SENIOR RATINGS' AND SERGEANTS' MESS

STATEMENT OF FINANCIAL ACTIVITIES

For twelve months to 30 April 2021

	Note	<u>12 months to Apr 20</u>
Income		
Voluntary Income	£ 1,411.43	£ 155.76
Charitable activities	£ 162,444.00	£ 289,116.79
Other Trading Activities	£ 240.05	£ 26,547.18
Investment Income	£ 0.03	£ 0.16
Total Income	3 <u>£ 164,095.51</u>	<u>£ 315,819.89</u>
Expenditure		
Raising Funds	£ 240.05	£ 26,547.18
Charitable Activities	£ 121,747.98	£ 279,655.38
Total Expenditure	4 <u>£ 121,988.03</u>	<u>£ 306,202.56</u>
Net incoming/(outgoing) resources	£ 42,107.48	£ 9,617.33
Revaluation of Non Depreciating Property	£ -	£ 651.00
Previous Year Function write off	£ (622.65)	£ -
Total Funds Brought Forward	£ 234,155.04	£ 223,886.71
Total Funds Carried Forward	<u>£ 275,639.87</u>	<u>£ 234,155.04</u>

HMS HERON WARRANT OFFICERS' ,SENIOR RATINGS' AND SERGEANTS MESS

Notes to the Accounts dated 30 April 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 (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. 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.
- b. Stocks are valued at the lower of cost or market value.

Note 2 - Investments

There are none

Note 3 - Income

	<u>12 months to 30 Apr 21</u>	<u>12 months to 30 Apr 20</u>
<i>Voluntary Income</i>		
Donations and Grants	£ 1,411.43	£ 155.76
<i>Charitable Activities</i>		
Mess Subs	£ 113,798.04	£ 126,428.55
Associate Subscriptions	£ 4,027.92	£ 3,700.73
Bar income	£ 7,039.09	£ 85,728.36
Vending Sales	£ 36,857.25	£ 32,220.35
Pizza Sales	£ -	£ 197.50
Function Income	£ 42.00	£ 33,381.10
Twickenham Army v Navy 19	£ -	£ 4,706.00
Christmas Draw	£ -	£ 828.20
Meat Raffle	£ -	£ 1,816.00
Misc income	£ 679.70	£ 110.00
	£ 162,444.00	£ 289,116.79
<i>Other Trading Activities</i>		
Private & Departmental Functions	£ 240.05	£ 26,547.18
	£ 240.05	£ 26,547.18
<i>Investment Income</i>		
Bank Interest	£ 0.03	£ 0.16
Total Income	£ 164,095.51	£ 315,819.89

Note 4 - Expenditure12 months to 30 Apr 2112 months to 30 Apr 20*Fund Raising*

Private & Department Functions	£ 240.05		£ 26,207.26	
Private Function Sundries	£ -		£ 339.92	
		£ 240.05		£ 26,547.18

*Charitable Activities**Operating Costs*

Bar Expenses	£ 10,507.49	£ 93,465.18
Pizzas	£ -	£ 134.56
Vending Purchases	£ 34,226.40	£ 26,333.41
Function expenses from tickets	£ -	£ 33,381.10
Functions expenses from subsidy	£ -	£ 33,143.52
Additional VAT on Subsidies	£ -	£ 3,146.00

Running Costs

Free Functions	£ -	£ 1,300.00
Twickenham	£ -	£ 6,427.89
Christmas Draw	£ -	£ 1,072.60
Monthly Meat Raffle	£ -	£ 1,765.58
Insurances	£ 1,224.46	£ 1,763.46
Repairs & Renewals	£ 8,454.01	£ 4,449.41
Twickenham & Pres Room Refurbs	£ 6,990.99	£ -
Newspapers & Periodicals	£ 2,508.98	£ 2,134.72
TV and Video	£ 1,040.46	£ 1,620.93
Presentation Stock, Gifts & Flowers	£ 10,107.31	£ 7,613.95
Trophy Hire	£ 42.03	£ 41.73
Coffee/Water	£ 11,323.84	£ 9,743.90
Dining Hall Extra Messing	£ 7,702.66	£ 18,866.47
Performing Rights	£ 1,181.29	£ 1,501.27
Mess Guests	£ 520.70	£ 1,050.93
Grants	£ 40.00	£ 50.00
Miscellaneous Expenses	£ 674.13	£ 156.48

Governance Costs

Examination of Accounts	£ 1,670.00	£ 1,660.00
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Support Costs

Office Costs	£ 3,130.72	£ 3,051.37
Committee Wages	£ 5,442.25	£ 2,259.64
Property Valuation	£ -	£ 540.00
Bank Charges	£ -	£ 8.25
Depreciation	£ 14,960.26	£ 22,973.03

£ 121,747.98 £ 279,655.38

Total Expenditure

£ 121,988.03£ 306,202.56**Note 5 - Paid Employees**

a. Wages totalling £6894 (previous year £14530) were paid to bar staff and a committee member. None earned enough to require Employer's National Insurance contributions to be paid.

Note 6 - Trustees and Other Related Parties

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

Note 7 - Tangible Fixed Assets - Property Account -

	Depreciating Property	Non-Depreciating Property
As at 1 May 2020	£ 47,005.00	£ 92,410.00
Additions	£ 6,816.26	£ 2,590.00
Adjustments	£ 6,600.00	£ -
Depreciation & Disposals	£ (14,960.26)	£ -
As at 30 Apr 2021	<u>£ 45,461.00</u>	<u>£ 95,000.00</u>

Note 7A - Stocks

Bar Stock	£ 6,084.70
Vending Stock	£ 2,394.57
	<u>£ 8,479.27</u>

Note 8 - Miscellaneous Debtors & Prepayments

Mayfly Bar refurb Deposit	£ 12,924.87
Vending	£ 2,367.00
Mestival 22 Prepaid	£ 4,945.83
Comedy Night prepaid	£ 500.00
Prepaid Performing Rights/PPL	£ 528.00
Prepaid Insurance	£ 1,062.00
	<u>£ 22,327.70</u>

Note 9 - Creditors

Crown Accommodation	£ 291.97
Top Tables	£ 7,268.15
Newspapers	£ 209.20
Twickenham Tickets to be Refunded	£ 300.00
Bar Gas	£ 90.00
Christmas Draw 21 Prepaid	£ 1,301.20
PN Independent Examinations	£ 870.00
	<u>£ 10,330.52</u>

Note 10 - Endowment or Restricted Income Funds

There were 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.
- The fund has not granted any loans.
- The fund did not make any ex gratia payments during the year.

Note 12 - Declarations

- The Trustee has not changed the year end date
- 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 although there are periodic professional valuations of non depreciating assets.
- The fund has no material fixed assets which have not been capitalised and included in the Balance Sheet.

Bar Trading for twelve months to 30 Apr 21

12 months to 30 Apr 20

Sales	£ 7,039.09		£ 85,728.36	
Cost of sales	<u>£ 8,268.84</u>		<u>£ 72,917.81</u>	
Gross Profit or (loss)	£ (1,229.75)		£ 12,810.55	
Gross Profit or Loss /Sales =	-17%		15%	
Gross Profit or loss /Cost of Sales = (i.e. average mark up)	-15%		18%	
Less expenses:				
Bar Wages	£ 1,452.05	21%	£ 12,270.06	14%
Covid Write Offs	£ 671.00		£ -	
Pipe Cleaning & Spillage	<u>£ 115.60</u>	2%	<u>£ 8,277.31</u>	10%
	<u>£ 2,238.65</u>		<u>£ 20,547.37</u>	
Net loss	<u>£ (3,468.40)</u>	-49.3%	<u>£ (7,736.82)</u>	-9.0%

PN INDEPENDENT EXAMINATIONS

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The Commodore
Royal Naval Air Station
Yeovilton

20 May 21

THE WARRANT OFFICERS', SENIOR RATINGS' AND SERGEANTS' MESS FUND - EXAMINATION AND ACCOUNTS FOR THE YEAR ENDING 30 APR 21

1. The examination of the mess fund for the year ending 30 Apr 21 has been completed satisfactorily. Two copies of the accounts are enclosed, one for the pack and the other to be held by the Treasurer after approval,
2. A draft Trustee's Annual Report (TAR) is also enclosed. Once approved by the Cdre, and any changes inserted, a PDF version of the annual accounts and the TAR must be uploaded to the Charity Commission website. (PNIE will supply PDF versions.) The on-line Annual Return should also be completed at the same time.

Accounts and Musters

3. The accounts were in good order. Cash had been counted and there had been a surprise count of cash. The Bar Manager and Mess Accountant had mustered bar stock. Vending stock had reduced to near zero but a delivery had arrived just before year end and the value of the delivery has been shown as the stock figure.

Property

4. Property had a book value of £140K divided between non-depreciating items and depreciating items. The former had been professionally valued in Nov 19. Items included the model of HMS Victory, which was valued at £10K. Disappointingly property had not been mustered. Separate registers and their musters should include:

- ☐ Non-depreciating items owned by the mess currently valued at £95K.
- ☐ Depreciating items owned by the mess had a book value of £45.6K. (A book value is less than an insurance replacement valuation,)
- ☐ Items on loan from the RN Trophy Centre.
- ☐ Other items on loan.

5. Mustering of property is normally the responsibility of the Mess Manager. However, this post, formerly filled by the RN, has been removed and the responsibility for property has passed onto the contractor. However, the ESS mess manager does not have the capacity to take on this work in addition to her numerous other tasks. Therefore, it is recommended that the committee appoints a property member to take on the task of musters, (but not the responsibility for property as this remains with the contractor).

6. Whilst depreciating property was listed in a spreadsheet register, the non-depreciating items were not on a list. It is recommended that a register be drawn up using the existing spreadsheet as a template. Items can be inserted from the listings in the Charterhouse valuation (but not the chesterfields) then add on the items that have been removed from the depreciating property register. The latter were mainly the items of interest that are held in the very impressive President's Room.

7. Some items purchased as part of the refurbishments of the Twickenham and President's rooms become property and therefore do not appear in the expenditure lines.

Mess Subscriptions

8. The mess stayed open throughout lockdown periods and continued to provide the normal facilities. Therefore, monthly subscriptions were not reduced. However, short stay visits fell and subscription income fell by £12.6K to £113.8K. Nevertheless, this exceeded the running costs of the mess by £36K. In this mess it is often the case that some of the subscription income is used for function subsidies but, of course, none were required this year.

9. A sweep of personnel serving in the establishment found a significant number who had not registered as mess members and had found over 100 names who were believed to owe a total of £2.2K. They are being actively "encouraged" to pay by the Mess President.

Running Costs

10. The running costs of the mess showed the following fluctuations compared to the previous year:

- ☐ Dining Hall extra messing costs had reduced by more than half to £7.7K.
- ☐ Coffee costs increased by £1.6K to £11.3K.
- ☐ Newspaper costs increased by 17% to £2.5K.
- ☐ TV costs fell from £1.6K to £1K.
- ☐ The purchase of presentation stock increased by a third to £10.1K.

Bar and Vending

11. Bar sales fell from nearly £86K to £7K and as cost of stock exceeded this income a gross loss of £1.2K resulted. After bar staff

wages and £671 in Covid write offs were included, the net loss was nearly £3.5K. The Bar Manager's wages were treated as a committee cost rather than a bar cost. This mess is one of only two left that pays its own bar staff rather than have the contract provide the staff.

12. The vending machines made a profit of £2.6K (an average 7.7% mark up on goods purchased).

Subsidies and VAT

13. As there were no functions this year there was no need to top up subsidies from subscription income and therefore there will be no additional VAT bill. Trading profits (bar, vending, associate member fees) were just £3.3K. This amount will be carried over into next year to offset that year's extra VAT calculation.

14. It is understood that the Christmas Ball will be heavily subsidised by utilising the excess subscription income. The subsidy is likely to incur an addition VAT charge. As a rough guide this additional cost is likely to be around 10% of the subsidy figure.

Summary

15. The fund was worth £275.6K, of which £149K was represented by property and stock. Bank assets of £105K easily covered liabilities of £10.3K.

16. The fund increased its assets by £42.1K. There were two main reasons;

- Military subscription income exceeded the running costs of the mess by £36.8K.
- Vending profits of £2.6K.

PA Nicholls
PN Independent Examinations

Information:

Mess President
Mess Treasurer