

PN INDEPENDENT EXAMINATIONS

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Havant
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PO9 3BG

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The Commodore
Royal Naval Air Station
Yeovilton

19 May 21

THE WARDROOM MESS FUND - EXAMINATION AND ACCOUNTS FOR THE YEAR ENDING 30 APRIL 2021.

1. The examination of the Wardroom fund for the year ending 30 Apr 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.
2. A draft Trustee's Annual Report (TAR) is also enclosed. After approval, PDF versions of the annual accounts and the TAR should be uploaded to the Charity Commission website as part of the process of completing the annual return. This task will fall to the Mess Treasurer.
3. The year had been quiet in the mess with all mess functions cancelled and the bar being closed for much of the time due to Covid-19 restrictions.
4. The accounts were, as always, very well presented and all the relevant documentation was available. However, there were no surprise counts of cash or end of year cash count although, there had been an independent count of cash in March. Due to Covid both depreciating and non-depreciating property musters were not completed. Bar stock had been mustered by an ESS staff member with help from the Mess Accountant.
5. The Canaccord Genuity Investment fund was finally closed after a long battle with communication and red tape since Oct 19. This was overseen by the previous treasurer, who has now retired. The final value at the close was £36K which was a gain of £5.2K since the start of the year. There were no records to show when the investment fund was first opened but it is believed that the cost of the original investment was £20.8K.
6. Non depreciating property was worth £193.9K and depreciating property was worth £15.6K. The register was updated by PNIE. The new Treasurer, Lt Cdr Adam Seaborn had confirmed that there will be a muster once the mess gets back to normal, post Covid.

7. There were four outstanding mess bills over three months old totalling £172 which, in a mess of this size, was a remarkable achievement. Very well done by the Mess Accountant who will need the continued support from the new Treasurer to maintain this control of outstanding debts.

8. Bar sales had been badly affected by the closures enforced by the Covid restrictions and had fallen by nearly £41K to just £10.2K compared to this time last year. The gross profit was just £500 (4.8%) The normal profit mark-up was 20% but as bar selling prices had not been updated since Nov 19 to reflect the suppliers price increases over the year, the actual mark-up was much less. The net loss of £1.5K (-12.3%) can be attributed to the £1.8K write off from out of date stock because of Covid.

9. The shop had made a small profit of £59.

10. Military mess subscriptions had remained at the reduced rate of £7.50 a month (normally £10). Unsurprisingly, the total subscription income received was down £25.3K to £41.7K compared to last year. Associate and civilian subscriptions were down £3.1K to £4.2K.

11. The entertainment levy was not charged for much of the year because all functions had been cancelled. Tentative plans were made for a summer function and a levy fee was collected but was discontinued when the event was cancelled. However, the amount collected was sufficient to be able to claim back VAT on the Sky and BT TV payments.

12. Items of note in the running costs of the mess were:

- Dining Hall extras had decreased by £1.6K to nearly £8K. (An average spend of £154 a week) Nevertheless, this was still very high considering the reduced foot fall over the year. Some investigation into what is used/wasted, and how much weekly charges cost, would be a prudent exercise for the mess.
- TV and Internet costs at £5.6K had slightly increased compared to last year.
- Grants and gifts had increased by £2.6K to £4.5K mainly due to a donation of £2.5K for the Lynx memorial project.
- Tea and coffee costs had fallen by £6.4K to £3.4K
- IT support and upgrade costs had increased significantly from £1.1K to £5.9K.

13. A Sodexo liability had been on the accounts since the change of contractors to ESS and was now unlikely to be claimed by Sodexo. Therefore this liability was removed from the accounts which led to a windfall income of £4.9K.

14. There was a liability of £5.3K owed to the Crown which was money collected from function room hire but it was not clear if the Crown wanted the money. In some messes (not all), DIO require a fee for use of a function room in MoD property used for private hire. However, there is no consistency across establishments. It may be that locally DIO does not require a payment but this should be established by the committee. If

not, the accumulated money could be used for the upkeep of the rooms. (This argument has been used in another establishment and charges have ceased).

Summary

15. The total value of the fund increased by £15.3K to £375.5K. Bank assets of £155.6K easily covered liabilities of £13K. The main factors in the increase in assets were:

- £4.9K in windfall profits from the closure of a liability to Sodexo.
- £5.2K investment gain upon closure of the investment fund.
- £4.2K function entertainment levy not used for cancelled functions.

16. As all of its reserves are held in a bank current account earning no interest the committee will wish to review its investment policy.

M L Butcher
PN Independent Examinations

Information:

Mess President
Mess Treasurer

HMS HERON WARDROOM MESS FUND

REGISTERED CHARITY No 1133200

BALANCE SHEET

30-Apr-21

Note

ASSETS

Fixed Assets

Mess Property	7	£ 209,564.00	£ 211,745.00
Investments	2	£ -	£ 30,786.27
		£ 209,564.00	£ 242,531.27

Current Assets

Stocks at Cost:	7A	£ 9,412.04	£ 11,610.01
Messbills & Function Payments Due		£ 7,082.69	£ 10,942.65
Misc Debts & Prepayments	8	£ 3,612.00	£ 3,801.84
Bank Accounts		£ 155,618.56	£ 108,717.20
VAT		£ 279.38	£ -
Cash & Floats		£ 2,895.27	£ 4,060.74
Total Current Assets		£ 178,899.94	£ 139,132.44

LIABILITIES

Trade & Misc Creditors	9, 9A	£ 8,767.85	£ 12,237.22
Squadron Funds	9B	£ 4,158.56	£ 7,581.40
VAT		£ -	£ 1,580.90
Current Liabilities		£ 12,926.41	£ 21,399.52

Net Current Assets £ 165,973.53 £ 117,732.92

Net Assets £ 375,537.53 £ 360,264.19

Approved on 4 Jun 2021

Signed on Original

Commodore N R Griffin MBE Royal Navy

Sole Managing Trustee

HMS HERON WARDROOM MESS FUND

STATEMENT OF FINANCIAL ACTIVITIES

For year to 30 Apr 21

	Note		<u>Previous Year</u>
Income			
Donations		£ -	£ 20,000.00
Charitable activities		£ 68,930.85	£ 221,125.22
Investment Income		£ -	£ 900.00
		<hr/>	<hr/>
Total Income	3	£ 68,930.85	£ 242,025.22
Expenditure			
Charitable Activities		£ 58,882.46	£ 280,099.37
		<hr/>	<hr/>
Total Expenditure	4	£ 58,882.46	£ 280,099.37
Income exceeds Expenditure		£ 10,048.39	£ (38,074.15)
Previous Year Correction		£ -	£ (2,084.36)
Gain (Loss) in Market Value of Investment		£ 5,224.95	£ (5,614.53)
Net income/expenditure		<hr/>	<hr/>
		£ 15,273.34	£ (45,773.04)
Total Funds Brought Forward		£ 360,264.19	£ 406,037.23
Total Funds Carried Forward		<hr/>	<hr/>
		£ 375,537.53	£ 360,264.19

HMS HERON WARDROOM MESS FUND

Notes to the Accounts dated 30 April 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) 2019 and the provisions of the Charities Act 2011. Significant policies adopted are:

Incoming resources

- 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.
- Incoming resources from fund raising are reported gross in the SOFA
- Intangible income is not included in the accounts.
- The fund receives no unpaid volunteer help.
- Interest is included in the accounts when receivable.

Expenditure and liabilities

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

Assets

- Paintings, furniture, works of art, silver and books were valued 2011.
- Depreciating 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 of the item. Depreciation is not allocated to activity costs as the use is varied.
- Stocks are valued at the lower of cost or market value.

Note 2 - Investments

UST Combined Charitable Capital Fund. 1 May 20	£ 30,786.27
Investment Closed - Dec 20	£ 36,011.22
As at 30 Apr 21	<u>£ 5,224.95</u>

Cost price £20,836.30

Note 3 - Income

	<u>Year to 30 Apr 21</u>	<u>Previous Year</u>
<i>Donations</i>		
Grants	£ -	£ 20,000.000
<i>Charitable Activities</i>		
Mess Subs	£ 41,710.00	£ 66,999.74
Associate Subscriptions	£ 4,205.37	£ 7,331.12
Entertainment Levy	£ 4,211.51	£ 25,915.84
Official Function Income	£ -	£ 57,252.81
Private Functions Income	£ 421.44	£ 3,715.92
Bar income	£ 12,241.53	£ 56,073.11
Shop Income	£ 944.04	£ 2,164.82
Cabin Cleaning - Dogs	£ 200.00	£ 50.00
Catering Sundries	£ 84.99	£ 1,498.14
Stamps	£ -	£ 7.32
Sodexo Windfall	<u>£ 4,911.97</u>	<u>£ 116.40</u>
	£ 68,930.85	£ 221,125.22
<i>Investment Income</i>		
CGWM Fund - Account Closed	£ -	£ 900.00
Total Income	<u>£ 68,930.85</u>	<u>£ 242,025.22</u>

Note 4 Resources Expended

	<u>Year to 30 Apr 21</u>	<u>Previous Year</u>
<i>Charitable Activities</i>		
Operating Costs		
Function expenses from tickets	£ -	£ 57,252.81
Functions expenses from subsidy	£ -	£ 34,432.80
Private Functions	£ 421.44	£ 3,265.92
Licences	£ 196.71	£ 775.79
Bar Expenses	£ 13,743.80	£ 49,000.16
Bar Tills	£ -	£ -
Shop Expenses	£ 884.98	£ 1,837.75
Insurances	£ 4,480.06	£ 5,243.82
Trophy Hire	£ 486.22	£ 367.54
Dining Hall Extras	£ 7,940.73	£ 9,528.34
Repairs & Renewals	£ -	£ 849.15
Refurbishment	£ -	£ 80,462.52
Newspapers & Periodicals	£ -	£ 6,834.52
Internet/telephone	£ 1,008.22	£ 645.08
TV and Video	£ 4,581.95	£ 4,718.27
Leavers Gifts	£ 4,544.21	£ 1,951.34
Tea & Coffee	£ 3,391.11	£ 9,792.84
Garden Project	£ -	£ 200.00
Cleaning	£ 11.98	£ 213.52
Mess Bill & Bad debt write off	£ 25.00	£ 0.36
Non Trading Expenses	£ -	£ 319.68
Governance Costs		
Examination of Accounts	£ 1,677.50	£ 1,660.00
Support Costs		
Office Costs	£ 289.79	£ 166.50
Bank Charges	£ 2,127.20	£ 2,758.54
IT Support	£ 5,925.56	£ 1,067.90
Travelling Expenses	£ -	£ 295.20
Depreciation	£ 7,146.00	£ 6,459.02
	£ 58,882.46	£ 280,099.37
Total Expenditure	<u>£ 58,882.46</u>	<u>£ 280,099.37</u>

Note 5 - Paid Employees

- a. There were 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	Depreciating
As at 1 May 20	£ 193,900.00	£ 17,845.00
Additions	£ -	£ 4,965.00
Less Depreciation	£ -	£ (7,146.00)
As at 30 Apr 21	<u>£ 193,900.00</u>	<u>£ 15,664.00</u>

Note 7A - Stocks

Wine	£ 5,828.74
Shop/Sundries	£ 84.93
Postage	£ 71.39
Coffee	£ 1,895.00
Tankards	£ 1,531.98
	<u>£ 9,412.04</u>

Note 8 - Prepayments, Misc Debtors

Insurance prepaid	£ 1,859.00
Trophy Hire prepaid	£ 337.00
CETSAT Internet Support	£ 280.00
PRS/PPL	£ 1,083.00
TV Licence	£ 53.00
	<u>£ 3,612.00</u>

Note 9 - Trade Creditors

BOC	£ 86.10
Bank Charges	£ 11.85
BT	£ 147.12
CETSAT	£ 41.04
Sky	£ 440.40
	<u>£ 726.51</u>

Note 9A - Other Creditors

Unknown Income	£ 21.28
Bed Linen Charges	£ 3.84
Key deposits	£ 375.00
Crown Food & Accom	£ 969.13
DIO Room Hire	£ 5,324.09
Xmas Draw	£ 7.03
Matthew Clarke	£ 470.97
PNIE	£ 870.00
	<u>£ 8,041.34</u>

Note 9B - Held for Other Funds

ATCO Fund	£ 413.59
1AAC Officers' Fund	£ 250.00
815 Fund	£ 15.00
825 Fund	£ 533.00
845 Fund	£ 335.00
846 Fund	£ 135.00
847 Fund	£ 255.00
LWMF CTP	£ 2,221.97
	<u>£ 4,158.56</u>

Note 10 - Endowment or Restricted Income Funds

There are none

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

- The Trustee has not changed the year end date nor the length of the fund's financial year
- All the fund's operations are continuing operations and there were no discontinued operations.
- No funds are in deficit.
- The fund has no marketable intangible assets
- There were no interfund loans outstanding at the balance sheet date.
- 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.
- The fund has no material fixed assets which have not been capitalised and included in the Balance Sheet.

Bar Trading for year ended 30 Apr 21

			<i>Previous Year</i>	
Sales	£ 10,248.31		£ 51,229.62	
Sales at Cost	<u>£ 1,993.22</u>		<u>£ 4,843.49</u>	
	£ 12,241.53		£ 56,073.11	
Cost of sales	<u>£ 11,750.58</u>		<u>£ 46,941.88</u>	
Gross Profit	£ 490.95		£ 9,131.23	
Gross Profit/Sales =%		4.8%		17.8%
Gross Profit/Cost of Sales = % (i.e average mark up)		4.2%		19.5%
Less Pipecleaning/Ullage	£ 119.22	1.2%	£ 1,302.31	2.5%
Ullage/Spillage	£ 51.00		£ 755.97	
Less Wastage due to COVID-19	<u>£ 1,823.00</u>		<u>£ -</u>	
	<u>£ 1,993.22</u>		<u>£ 2,058.28</u>	
Net Loss (profit)	<u>£ (1,502.27)</u>	-12.3%	<u>£ 7,072.95</u>	13.8%

Shop Trading for year ended 30 Apr 21

			<i>Previous Year</i>	
Sales	£ 944.04		£ 2,164.82	
Cost of sales	<u>£ 884.98</u>		<u>£ 1,837.75</u>	
Gross Profit	<u>£ 59.06</u>		<u>£ 327.07</u>	
Gross Profit/Sales =%		6.3%		15.1%
Gross Profit/Cost of Sales = % (i.e average mark up)		6.7%		17.8%

THE WARDROOM

HMS HERON

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 May 2020 to 30 April 2021

Registered Charity No. 1133200

Trustees' Annual Report and Comments

The Wardroom HMS HERON

Charity Registered No:	1133200
Covering the Accounting Year:	1 May 2020 to 30 April 2021
Address:	RNAS Yeovilton Ilchester Somerset BA22 8HT
Governing Document:	Constitution (and 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 Royal Naval Air Station, Yeovilton.
Trustee	Commodore N R Griffin MBE Royal Navy
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers	Lloyds TSB 9 High St Yeovil
Independent Examiner:	M L Butcher FMAAT 5 Nursery Road Havant 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 past year has seen the mess put on a full social programme for its members and generous subsidies were provided to mess functions.
Financial Review:	The total value of the fund increased by £15.3K to £375.5K. Bank assets of £155.6K easily covered liabilities of £13K. The main factors in the increase in assets were: £4.9K in windfall profits from the closure of one Sodexo liability. £5.2K investment gain upon closure of the investment fund. £4.2K function entertainment levy not used for cancelled functions. With all of its reserves held in a bank current account, earning no interest the committee will review its investment policy.
Financial Reserves Policy:	The Trustee has considered the level of reserves that is required appropriate to the charity's needs. This is set at £40K. 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.

Investment Selection Policy.

No investments are held.

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.

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 Wardroom Mess HMS Heron.

I report on the accounts of the Charity for the year ended 30 April 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

M L Butcher FMAAT
5 Nursery Road
Havant
Hants
PO9 3BG

4 June 2021