

UNITED KINGDOM RESERVES FORCES ASSOCIATION

A Charitable Incorporated Organisation

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UNITED KINGDOM RESERVES FORCES ASSOCIATION

CONTENTS

	Page
Reference and Administrative Details of the Association, its Trustees and Advisers	1
Trustees' Report	2 - 5
Independent Examiner's Report	6
Statement of Financial Activities	7
Balance Sheet	8
Notes to the Financial Statements	9 - 14

UNITED KINGDOM RESERVES FORCES ASSOCIATION

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ASSOCIATION, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

Trustees	Major General Gregory Stephen Smith CB QVRM TD Colonel Christopher Lee Argent QVRM TD DL FCA, Chairman Major General James Henry Gordon CB CBE
Charity registered number	1181194
Principal office	Holderness House 51-61 Clifton Street London EC2A 4EY
Independent Examiner	MHA MacIntyre Hudson Chartered Accountants 6th Floor 2 London Wall Place London EC2Y 5AU
Bankers	Royal Bank of Scotland Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR
Solicitors	Thomson Snell & Passmore Heathervale House 2-4 Vale Avenue Tunbridge Wells Kent TN1 1DJ

UNITED KINGDOM RESERVES FORCES ASSOCIATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the financial statements of the Association for the period 1 April 2020 to 31 March 2021.

Objectives and activities

a. Summary of the purposes of the Association as set out in its governing document

1. Furthering the efficiency of the Reserve Forces of the Crown and the education of their personnel both serving and retired and for the public benefit;
2. Promoting interest and morale in the Reserve Forces of the Crown and recruitment to them and for the public benefit; and
3. Promoting the Reserve Forces of the United Kingdom within the North Atlantic Treaty Organisation (NATO), the British Commonwealth and other international environments and for the public benefit by undertaking the interchange of ideas and good practice with the reserve forces of allied nations through involvement in such military competitions and training exercises as the Trustees decide.

b. Grant-making policies

Each application for a Grant is reviewed and subsequently managed during implementation by the Management Team of the Association. In turn these decisions are reviewed by the Association's Customer Board which draws together the various stakeholders in the Association's work.

c. Volunteers

A substantial amount of the Strategic, Policy and day to day management of the Association is carried out by volunteers.

d. Main activities undertaken to further the Association's purposes for the public benefit

1. Provision of financial support to enable UK serving Reservists to participate in the activities of the NATO sponsored Interallied Confederations of Reserve Officers, Reserve Medical Officers and Reserve Non Commissioned Officers; and
2. Provision of financial support to enable UK serving reservists to participate in Education and Training, Competitions, Workshops and other activities in Europe, North America, South Africa, Australia and South Korea attendance at which enhances the utility and employability of Reservists both in Public Service in the Reserves of the Crown and in Civilian Life.

e. Statement confirming whether the Trustees have had regard to the guidance issued by the Charity Commission on public benefit

The Trustees have sought advice from their accountants and from the published Charity Commission Guidance, in particular "Charity Reporting and Accounting: The Essentials" published 1 Jan 2014. The Trustees confirm that they have given due regard to this guidance.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance**a. Main achievements of the Association**

Without the financial support that the Association provides, none of the activities mentioned in the Summary of Activities would have been undertaken. In consequence of the Pandemic, the number of Reservists of the Crown who participated in the Association's activities during the year ended 31st March 2021 fell to 125. There is a wider benefit to society in the development of life skills and specific career based skills which transfer to the civilian careers of all the participants.

b. Achievements against objectives set

In consequence of the Pandemic in 2020/21 it was inevitable that many of the Business Plan Objectives were delayed or only met in part. However in consequence of converting many activities to online delivery whilst the numbers participating declined markedly, overall Objectives were successfully achieved and the Trustees believe the Association was both resilient to the impact of the Pandemic and stands in a strong position to continue its work in support of the Reserves of the Crown as conditions become more normal.

Financial review**a. Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

In certain financial years the income received cannot be wholly spent by the year end, and as the highest level of expenditure occurs in the first 6 months of the financial year it is prudent to hold year to year surpluses to cover any delays especially in the receipt of incoming funding.

c. Review of the Association's financial position at the end of the period

In 2020/21 the Association recognised total income of £190k. Of this, the Association expended £80k. This meant, at the year end, the Association's Reserves including a surplus of Reserves at 31st March 2020 of £3k were £113k after providing for Creditors. The view of the Trustees is that this is an acceptable position and will enable the Association to support ongoing activity in the ensuing financial period.

d. Material investments policy

The Association holds no investments other than surplus cash which from time to time is placed on deposit.

e. Principal risks and uncertainties

1. Reduction of the Funding received annually from the Ministry of Defence and Single Services; and
2. Suspension or reduction of activities during the COVID-19 Pandemic.

UNITED KINGDOM RESERVES FORCES ASSOCIATION

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

f. Principal funding

The Association's principal funding for this period is derived from Grants received from the Ministry of Defence and the Single Armed Services.

Structure, governance and management

a. Constitution

United Kingdom Reserves Forces Association is a registered Charity, Charity number 1181194, and a Charitable Incorporated Organisation established under a constitution dated 17 December 2018.

b. Methods of appointment or election of Trustees

1. The President and Chairman of the Association shall by constitutional provision be appointed by the members and shall serve for a maximum of 5 years.
2. The Secretary General and Director of Resources shall hold office by virtue of their ex officio positions.
3. The Ex-Officio Vice Presidents shall hold office by virtue of their ex officio positions.

c. Organisational structure and decision-making policies

The Charity is managed by the key Trustees, who are the President, Chairman and Secretary General in regard to policy decisions. The Chairman acts as managing Trustee on a day to day basis and is assisted by the Director of Resources in regard to financial matters.

The Association has a Customer Board which reviews and advises the Chairman on the activities which the Association supports and ensures that there is the appropriate Governance, Duty Holder and Health & Safety regime in place and where appropriate provides inspections of activities. Members of the Customer Board are serving regular or reserve officers of the Armed Forces of the Crown who are appropriately qualified.

d. Policies adopted for the induction and training of Trustees

The Trustees are experienced business men or military officers, or both in the case of the President and Chairman. In the case of the ex officio vice presidents they hold senior appointments in the Reserve Forces of the Crown.

e. Related party relationships

1. The Association has a related party relationship with the Ministry of Defence and the Single Armed Services under a Memorandum of Understanding and the majority of the Association's Funding is provided by the Armed Services who directs the activities on which the Charity expends its Resources. Serving regular and reserve officers are also ex-officio Trustees and serve on the Association's Customer Board.
2. The Association has a related party relationship with the Council of Reserve Forces & Cadets who provide two of the ex officio Trustees, the Secretary General and Director of Resources, together with providing free of charge office facilities, accountancy and secretarial services.

UNITED KINGDOM RESERVES FORCES ASSOCIATION

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

f. Financial risk management

The Trustees have assessed the major risks to which the Association is exposed, in particular those related to the operations and finances of the Association, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Approved by order of the members of the board of Trustees and signed on their behalf by:

.....
Colonel Christopher Lee Argent
QVRM TD DL FCA
Chairman
Date:

.....
Major General Gregory Stephen Smith
CB QVRM TD
Trustee

UNITED KINGDOM RESERVES FORCES ASSOCIATION

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

Independent Examiner's Report to the Trustees of United Kingdom Reserves Forces Association ('the Association')

I report to the charity Trustees on my examination of the accounts of the Association for the year ended 31 March 2021.

Responsibilities and Basis of Report

As the Trustees of the Association you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the Association's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Association as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than 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 no concerns and 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:

Dated:

Stephen Poleykett FCA

MHA MacIntyre Hudson
Chartered Accountants
6th Floor
2 London Wall Place
London
EC2Y 5AU

UNITED KINGDOM RESERVES FORCES ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted funds 31 March 2021 £	Total funds 31 March 2021 £	Total funds period ended 31 March 2020 £
Income from:				
Grants and donations	3	190,001	190,001	321,259
Investments	4	4	4	245
Total income		190,005	190,005	321,504
Expenditure on:				
Charitable activities	5	79,747	79,747	319,009
Total expenditure		79,747	79,747	319,009
Net movement in funds		110,258	110,258	2,495
Reconciliation of funds:				
Total funds brought forward		2,495	2,495	-
Net movement in funds		110,258	110,258	2,495
Total funds carried forward		112,753	112,753	2,495

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 9 to 14 form part of these financial statements.

UNITED KINGDOM RESERVES FORCES ASSOCIATION

BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Current assets			
Cash at bank and in hand		114,953	6,120
		<u>114,953</u>	<u>6,120</u>
Creditors: amounts falling due within one year	7	(2,200)	(3,625)
		<u></u>	<u></u>
Net current assets		112,753	2,495
		<u></u>	<u></u>
Total net assets		112,753	2,495
		<u></u>	<u></u>
Charity funds			
Unrestricted funds		112,753	2,495
		<u></u>	<u></u>
Total funds		112,753	2,495
		<u></u>	<u></u>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

.....
Major General Gregory Stephen Smith
CB QVRM TD
Chairman
Date:

.....
Colonel Christopher Lee Argent
QVRM TD DL FCA
Trustee

The notes on pages 9 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

The United Kingdom Reserve Forces Association is a Charitable Incorporated Organisation ("CIO") and is registered with the Charity Commission (Charity Registered Number 1181194) and Registrar of Companies (Company Registered Number CE015934) in England and Wales.

The UK Reserve Forces' Association, an unincorporated charity, converted to CIO status with effect from 17 December 2018, and the assets of the unincorporated charity were transferred to the CIO as at that date. The comparative period to the financial statements represents the accounting period starting on 19 March 2019 and ending 31 March 2020. The prior period is therefore not directly comparable.

The address of the registered office is given in the Association information on page 1 of these financial statements. The nature of the Association's operations and principal activities are detailed in the Trustees Report.

2. Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation of financial statements

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

United Kingdom Reserves Forces Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in Great British pounds sterling which is the functional currency of the Association and all amounts are rounded to the nearest pound.

2.2 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist, including considering the impact of COVID 19. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Association has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Association's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Staff costs

The Charity had no employees in either the current or prior year.

2.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities upon meeting the recognition criteria of measurement, probability and entitlement.

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Association; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Association anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.11 Financial instruments

The Association only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Association and their measurement bases are as follows:

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in Note 7. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2.12 Taxation

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Association and which have not been designated for other purposes.

UNITED KINGDOM RESERVES FORCES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Income from grants and donations

	Unrestricted funds	Total funds	Total funds period ended
	31 March 2021	31 March 2021	31 March 2020
	£	£	£
Donations	2,001	2,001	7,899
Government Grants (MOD)	188,000	188,000	240,000
UK Reserve Forces' Association (Unincorporated charitable entity)	-	-	73,360
	<u>190,001</u>	<u>190,001</u>	<u>321,259</u>

UK Reserve Forces' Association, an unincorporated charity, converted to CIO status with effect from 17 December 2018, and the assets of the unincorporated charity were transferred to the CIO as at that date. The net assets of the unincorporated entity amounted to £73,360 as at the date of conversion and were recognised as a donation in the first financial statements of the CIO, being the period ended 31 March 2020.

There are no conditions or contingencies attached to the government grants above.

4. Investment income

	Unrestricted funds	Total funds	Total funds period ended
	31 March 2021	31 March 2021	31 March 2020
	£	£	£
Bank interest receivable	4	4	245
	<u>4</u>	<u>4</u>	<u>245</u>

UNITED KINGDOM RESERVES FORCES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Analysis of expenditure on charitable activities - by type

	Activities undertaken directly	Support costs	Total funds
	31 March 2021 £	31 March 2021 £	31 March 2021 £
Furthering the efficiency of the Reserve Forces of the Crown	71,659	8,088	79,747

	Activities undertaken directly period ended 31 March 2020 £	Support costs period ended 31 March 2020 £	Total funds period ended 31 March 2020 £
Furthering the efficiency of the Reserve Forces of the Crown	312,652	6,357	319,009

Analysis of support costs

	Total funds 31 March 2021 £	Total funds period ended 31 March 2020 £
Insurance	2,389	2,353
Governance costs - Independent Examiners' remuneration	3,120	858
Sundry	1,247	-
Legal	1,332	3,131
Postage	-	15
	8,088	6,357

The Independent Examiners' remuneration includes the current year examination fee of £625 (2020: £858), plus the under-accrual of the prior year fee of £2,495 (2020: £Nil).

UNITED KINGDOM RESERVES FORCES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020: £Nil).

During the year ended 31 March 2021, expenses totalling £2,515 (2020: £10,790) were reimbursed or paid directly to 1 Trustee (2020: 2 Trustees) in respect of travel and subsistence costs incurred representing UKRFA at meetings and managing UKRFA events in both the UK and overseas.

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other creditors	1,575	3,000
Accruals and deferred income	625	625
	<u>2,200</u>	<u>3,625</u>

8. Related party transactions

The Association has not entered into any related party transactions during the current or prior year other than the receipt of grant funding from the Ministry of Defence, being a total of £188,000 in the 2020/21 financial year (2020: £240,000); further details have been provided in the Trustees Report. There are no outstanding balances owing between related parties and the Association at 31 March 2021 (2020: £Nil).