

Household Division Charity
Trustees' report and financial statements
For the 9 month period ended 30 September 2023

Company Registration No. CE030570 (England and Wales)
Charity Registration No. 1200873

HOUSEHOLD DIVISION CHARITY

CONTENTS

	Page
Trustees and administrative information	1
Trustees' report	2
Independent auditor's report	7
Statement of financial activities	11
Balance sheet	12
Cash flow statement	13
Notes to the accounts	14

HOUSEHOLD DIVISION CHARITY

TRUSTEE AND ADMINISTRATIVE INFORMATION

Trustees	Major General J M H Bowder OBE Major General C J Ghika CBE (Resigned on 29 September 2023) Brigadier M S P Berry Lieutenant Colonel G C Light Lieutenant Colonel J E N B Shaw LVO D S S Chichester Esq J A C Cambell-Johnston Esq
Treasurer	Major W B Style
Company number	CE030570
Charity number	1200873
Address	Horse Guards Whitehall London SW1A 2AX
Investment managers	Evelyn Partners Investment Management 45 Gresham Street London EC2V 7BG
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Independent auditor	Saffery LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Solicitors	Wilsons 4 Lincoln's Inn Fields London WC2A 3AA

HOUSEHOLD DIVISION CHARITY

TRUSTEES' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

The Trustees present their report and the audited financial statements of the Charity for the period ended 30 September 2023. The charity has prepared accounts for a 9 month period following the decision of the trustees to change the financial year end of the charity after it was incorporated. The newly registered Charitable Incorporated Organisation was registered by the Charity Commission in England and Wales on 1 November 2022. The transfer of all assets and liabilities from the former unincorporated Trust to the new charity was effective from 1 January 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing documents, the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

Structure, governance and management

Legal structure

A number of charities established for the benefit of the Household Division were regulated by Schemes of the Charity Commissioners of the 8 July 1963, 5 September 1973 and 23 December 1988.

On 8 September 2010, a Scheme was established to govern the charity known as The Household Division Charity registered under number 1138248.

The Household Division Charity accumulated resources for use for General Purposes (~90%) and those restricted to the promotion of military efficiency (~10%).

On 01 November 2022 Charitable Incorporated Organisation (CIO) was registered and became effective from 01 January 2023 following the transfer of assets from the unincorporated trust to the CIO. Subsequent to being registered, the CIO was appointed as the sole Trustee for the Guards' Chapel Trust, The Guards Museum Trust and the Kings' Guard Officers' Mess with effect from 16 January 2024. As of the date of this financial statements, this had not yet been updated with the Charity Commission for England and Wales.

Trustees

The trustees comprise the key management personnel and are unpaid.

There are 4 ex officio trustees and not more than 3 nominated trustees. The ex officio trustees are The Major General Commanding the Household Division, The Lieutenant Colonel Commanding the Household Cavalry, The Lieutenant Colonel of the Foot Guards and The Brigade Major Household Division.

The nominated trustees must be appointed by the Major General Commanding the Household Division and each appointment must be made for a term not exceeding 4 years.

On their first appointment, new trustees are given a copy of the scheme and a copy of the Charity's latest report and statement of accounts. All Trustees undergo induction training by the Charity's lawyer on appointment and further training is promulgated when perceived to be necessary, guided by legal and accountancy advisors.

The Major General Commanding the Household Division is the chairman of the meetings of the trustees.

HOUSEHOLD DIVISION CHARITY

TRUSTEES' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

The trustees must hold at least 2 meetings in each 12 month period and at one such meeting the trustees review the Trustees' Annual Report and Accounts; and approve the Report and Accounts for adoption and authorise the Chairman to sign the report on the Trustees' behalf.

Organisational structure

The Trustees manage the Charity through the Treasurer and Treasurer's Clerk. Sub-committees are provided with Terms of Reference and budgets to ensure good governance and compliance with best practice.

The Trustees comply with the requirements of the Charity Scheme by holding meetings during the year. Minutes provide records of decisions unless these are made out of Committee in which case written records are maintained. The Treasurer is provided with an annual budget within which he applies the Trustees' policy. Where thresholds are likely to be exceeded, authorisation is sought from the Trustees. The Trustees maintain a Register of the Risks facing the Charity which, along with the Budget, is reviewed routinely.

Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk management

The trustees have regard for the principal areas of the Charity's operations and the major risks which may arise in these areas. In their opinion, the Charity has established resources and review systems which, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in their day to day operations.

The principal risk is that poor investment performance could severely deplete the charity's reserves and ability to generate sufficient funds to meet needs. This risk is managed by appointing reputable fund managers and review of their performance at trustees' meetings at which the fund managers present. The risk of inappropriate expenditure is covered by authorisation procedures and review of detailed management and year-end accounts by trustees. The Trustees are aware of the risks associated with the small staff team at the charity, including the risk of fraud and risks associated with cash handling. The trustees are therefore involved in the day to day management of the charity.

Objectives and activities

The objects of the Charity are

- a) To promote the efficiency of the armed forces of the Crown and in particular the Household Division;
- b) To commemorate and remember those members, or former members, of the Household Division who have lost their lives or suffered injury, or put themselves at risk of loss of life or injury, in service to the public;
- c) To relieve either generally or individually persons who are serving or who have served in the Household Division or the dependants of such persons who are in conditions of need, hardship or distress.
- d) To advance the education of the public, including members of the Household Division, in the history, deeds, traditions and role of the Household Division.

Strategies for achieving objectives

The Trustees review financial commitments regularly. The Household Division is recognised by the nation as setting an international standard of excellence. With a legacy spanning 350 years, the Household Division Charity is driven primarily to generate even greater levels of military efficiency. Resources are allocated for the promotion of 'esprit de corps' based on optimal physical and mental fitness, breadth of knowledge, competence and experience to develop courage and professional effectiveness in the face of any danger. In support of this objective, funds are allocated to further education opportunities for individuals and groups, often abroad. Resources spent on welfare and memorialisation reinforce the sense of special unity that binds all members, serving and retired, able-bodied and injured, and their families including the bereaved.

Grant making policy and public benefit

Grants are made in accordance with the budget agreed by the Trustees and the objects of the Charity. The Trustees confirm that they have referred to the guidance contained in the Charity Commission General Guidance on Public Benefit when reviewing the Charity's aim and objectives.

Financial review

The primary sources of income come from investments, subscriptions and donations. Income is also derived from sales of Household Division booklets, programmes and tickets for annual musical events.

The application of resources from the Household Division Charity complies with all national, legal and Ministry of Defence obligations and initiatives.

All comparatives stated within this section refer to the unincorporated charitable trust.

HOUSEHOLD DIVISION CHARITY

TRUSTEES' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Total income for the 9 month period was £713,179 (2022: 15 months: £817,120). This includes donations received by the charity of £77,764 (2022: 15 months: £163,352).

Total expenditure for the 9 month period was £643,389 (2022: 15 months: £949,077). Expenditure on charitable activities totalled £325,331 (2022: 15 months: £559,396).

The net result for the 9 month period was a surplus of £69,790 (2022 15 months: deficit of £131,957). The Charity has continued to recover from the impact of COVID 19. Central to the year has been the Coronation, providing a welcome interest in fundraising activities.

The shorter 9 month period covered by this report accounts for differences when compared with the previous report covering 15 months, the consequence being that future reports will return to 12 months.

Greater resilience has been achieved with the adoption of CIO status and the trustees are committed to investing as much income annually as possible into the reserves in anticipation of future national and international challenges.

Gains on investment amounted to £149,693 (2022 15 months: loss of £451,178) generating net surplus for the year of £219,483 (2022 15 months: net expenditure of £583,135). The net assets of the charity at 30 September 2023 were £7,505,130 (31 December 2022 : £7,285,647).

Reserves policy

The Trustees' policy is to maintain a level of reserves sufficient to provide a stable base for the charity's continuing activities while at the same time ensuring excessive funds are not accumulated. The Trustees believe that the reserves are sufficient for its current purposes and these are reviewed on a regular basis.

The reserves comprising of the Unrestricted General Purpose Fund at 30 September 2023 were £5,564,520 (31 December 2022: £5,390,301), which includes designated funds of £161,427 (2022: £157,979).

Investment policy

The majority of the Charity's funds are invested with Evelyn Partners Investment Management. The investments aim to achieve a balance between capital growth and a steady and growing level of income from a diversified portfolio predominantly investing in bonds and equities. The objective is to preserve and grow the capital value in real terms notwithstanding short term volatility and to deliver an increasing level of income that exceeds long term inflation.

The equity securities in the portfolio will generally be considered to have good potential for capital growth together with rising levels of income where dividends are payable. The fixed income portion of the fund is invested in UK government bonds, sterling denominated corporate issues and interest paying instruments such as convertible securities. The portfolio's asset allocation reflects the trustees' benchmark (Evelyn Partners C2 Comparator Index). The asset allocation is 17% bonds, 11% alternatives and others, 28% UK equity and 40% overseas equity and 4% cash (deviation authorized within Evelyn Partner's current risk assessment guidance). This benchmark allocation is used in conjunction with the ARC Steady Growth Charity Index and CPI +3%. The trustees and the investment managers constantly seek to ensure that the investments are protected as well as possible from poor performance. The most recent initiative has been to set up a separate investment committee to review progress biannually in advance of trustees' meetings.

HOUSEHOLD DIVISION CHARITY

TRUSTEES' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities. The charity raises funds from the public through its main events during the year including bucket collections. The charity does not work directly with commercial sponsors or engage professional fundraisers. There have been no complaints received during the period in relation to the charity's fundraising practices.

Achievements and performance

The Charity's main commitment remains to enhancement of military efficiency whilst it continues at every opportunity to support education, welfare and commemoration.

The trustees pursue their charitable objectives relentlessly.

Central to their efforts continue to be those which reinforce cohesion across the Household Division and focus on optimising effective recruiting and retention of their officers and soldiers. This all becomes much more important as Ministry of Defence funds are placed under great strain from other national demands for cash.

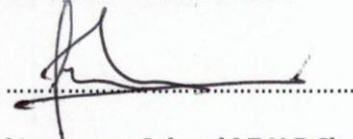
Future plans

The trustees continue to thread their way past the current economic challenges, specifically managing the impact of reduced income whilst meeting their established commitments.

Particular areas receiving encouragement over existing developments and precedent include:

- Building on existing progress, the latest development is to support musicianship in the Household Division Bands.
- The Book is expected to provide a vital record when it is published.
- Investment in digital software is expected to promote recruiting success, a particular concern.
- Re-investing income in order to generate longer term benefits is judged to be of primary importance.
- Finally, reducing exposure to risk of litigation in an increasingly litigious world occupies the trustees.

On behalf of the Trustees



Lieutenant Colonel J E N B Shaw

Trustee

20 May 2024

Opinion

We have audited the financial statements of Household Division Charity for the 9 month period ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2023 and of its incoming resources and application of resources for the 9 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Saffery LLP

Chartered Accountants and Statutory Auditors

71 Queen Victoria Street

London

EC4V 4BE

Date *23 May 2024*

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

HOUSEHOLD DIVISION CHARITY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 SEPTEMBER 2023

					9 months	For information 15 months
	Note	Unrestricted Funds	Restricted Funds	Permanent Endowment	Expendable Endowment	Total
	s	£	£	£	£	£
Income from:						
Donations, legacies, subscriptions and payments in kind	2	77,764	-	-	-	77,764
Activities to generate funds	3	496,091	-	-	-	496,091
Investment income	4	126,189	13,135	-	-	139,324
Total income		700,044	13,135	-	-	713,179
Expenditure on:						
Raising funds	5	290,742	-	-	-	290,742
Investment management costs		20,144	2,091	4,584	497	27,316
Charitable activities	6	325,331	-	-	-	325,331
Total expenditure		636,217	2,091	4,584	497	643,389
Net income/(expenditure) before investment gains		63,827	11,044	(4,584)	(497)	69,790
Gain/(loss) on investment assets		110,392	11,458	25,120	2,723	149,693
Net income/(expenditure) and net movement in funds		174,219	22,502	20,536	2,226	219,483
Total funds brought forward		5,390,301	585,719	1,188,223	121,404	7,285,647
Total funds carried forward	13	5,564,520	608,221	1,208,759	123,630	7,505,130

The Statement of Financial Activities includes all gains and losses in the year.
The notes on pages 14 to 22 form part of these financial statements.

HOUSEHOLD DIVISION CHARITY

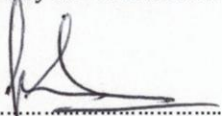
BALANCE SHEET AS AT 30 SEPTEMBER 2023

		30 September 2023		For information 31 December 2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		82,945		82,150
Investments	10		7,056,424		6,919,528
			<u>7,139,369</u>		<u>7,001,678</u>
Current assets					
Debtors	11	60,016		66,972	
Cash at bank		<u>432,729</u>		<u>288,756</u>	
		492,745		355,728	
Liabilities					
Creditors: Amounts falling due within one year	12	<u>(126,983)</u>		<u>(71,759)</u>	
Net current assets			<u>365,761</u>		<u>283,969</u>
Net assets			<u><u>7,505,130</u></u>		<u><u>7,285,647</u></u>
Funds					
Unrestricted funds	13		5,564,520		5,390,301
Restricted funds	13		608,221		585,719
Permanent Endowment	13		1,208,759		1,188,223
Expendable Endowment	13		123,630		121,404
			<u><u>7,505,130</u></u>		<u><u>7,285,647</u></u>

Approved by the Trustees on

20 May

2024 and signed on behalf of the Trustees by:



 Lieutenant Colonel J E N B Shaw
 Trustee

The notes on pages 14 to 22 form part of these financial statements.

HOUSEHOLD DIVISION CHARITY

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

		9 months 2023 £	For information 15 months 2022 £
Net cash (used in) operating activities	A	(6,009)	(222,209)
Cash flows from investing activities			
Investment income		139,324	160,312
Fixed asset additions		(2,140)	(2,506)
Purchases of investments		(828,921)	(1,615,461)
Disposal proceeds from investments		983,392	1,705,064
Net cash provided by investing activities		291,655	247,409
Change in cash and cash equivalents in the year		285,646	25,198
Cash and cash equivalents at 01 January 2023		440,509	415,311
Cash and cash equivalents at 30 September 2023		726,155	440,509
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period as per the statement of financial activities		219,483	(583,135)
Adjustments for			
Depreciation		1,345	1,146
Investment income		(139,324)	(160,312)
Unrealised investment losses/(gains)		(149,693)	451,178
(Increase)/Decrease in debtors		6,956	36,877
(Decrease)/Increase in creditors		55,224	32,037
Net cash provided by operating activities		(6,009)	(222,209)
Reconciliation of net debt			
	As at 1 January 2023 £	Movement in the year £	As at 30 September 2023 £
Cash at bank and on instant access deposit accounts	288,756	143,973	432,729
Cash with investment manager	151,753	141,673	293,426
	440,509	285,646	726,155

The notes on pages 14 to 22 form part of these financial statements.

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The 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) (second edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Charity constitutes a public benefit entity as defined by FRS102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The charity was formed as a charitable incorporated organisation on 1 November 2022 and operated the activities of the unincorporated charity, Household Division Charity, from 1 January 2023, acquiring all assets and liabilities of the unincorporated charity on that date. The Trustees and objects of both entities were identical and therefore the incorporation has been presented as a merger, showing the results for the prior period as if the incorporation had always been in place.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The charity has prepared accounts for a period of 9 months, being the period from 1 January 2023 to 30 September 2023. The comparatives shown, for the unincorporated Trust were for the final period of 15 months to 31 December 2022. The Trustees have chosen to align the reporting date of 30 September with other members of the group. The comparative figures therefore may not be entirely comparable.

1.4 Funds

Unrestricted funds:

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Restricted funds:

Restricted funds are those which are to be used in accordance with specific restrictions of the donors or which have been raised by the Charity for particular purposes. The purpose for which restricted funds are held is analysed in notes 13 and 14 to the accounts.

Endowment funds:

Endowment funds are restricted funds that are to be retained for the benefit of the Charity as a capital fund. Permanent endowments require the capital to be maintained and only the income can be utilised. With expendable endowments the capital may also be utilised.

1.5 Donations and legacies

Donations under deeds of covenant, together with the associated tax recoverable, and subscriptions are recognised as income when the amounts are receivable.

1.6 Investment income

Investment income is credited to the SOFA when receivable.

1.7 Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is provided in order to write off the cost of each asset evenly over its expected useful life at the following rates.

Furniture, fixtures and equipment	- 10% to 25% per annum on cost
Yacht	- 10% per annum on cost

No depreciation is provided on pictures, silver and medals.

1.8 Fixed asset investments

Investments are stated at market value.

1.9 Financial instruments

The charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised initially in the accounts at transaction price, including any transaction costs. At the end of each accounting period, basic financial instruments are recognised at amortised cost. For debt instruments this is calculated using the effective interest rate method.

1.10 Critical estimates and judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no critical estimates, judgements or key sources of estimation uncertainty in 2023 or 2022.

2 Donations, legacies and subscriptions

	9 months 2023	15 months 2022
	£	£
Donations	21,782	39,467
Subscriptions and fees	38,707	81,716
Wages in kind	17,275	42,169
	<u>77,764</u>	<u>163,352</u>

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

3 Activities to generate funds

	9 months 2023	15 months 2022
	£	£
Fundraising events	481,414	479,963
Income from goods and services	14,677	13,493
	<u>496,091</u>	<u>493,456</u>

4 Investment income

	9 months 2023	15 months 2022
	£	£
Dividends from listed investments	138,655	160,235
- in the UK	98,284	96,141
- outside the UK	40,371	64,094
Interest	669	77
	<u>139,324</u>	<u>160,312</u>

5 Cost of raising funds

	9 months 2023	15 months 2022
	£	£
Fundraising events	290,742	348,098
	<u>290,742</u>	<u>348,098</u>

6 Charitable activities

	9 months 2023	15 months 2022
	£	£
Direct charitable expenditure	132,431	229,670
Staff wages and travelling costs	109,996	179,023
Editor's expenses	31,343	18,000
Repairs and maintenance	549	34,553
Yacht repair costs	-	5,646
Insurance	262	34,939
Support costs	15,215	3,245
Governance costs (see Note 8)	33,820	54,320
Grant expenditure	1,715	-
	<u>325,331</u>	<u>559,396</u>

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

7 Governance

	9 months 2023 £	15 months 2022 £
Audit fees	12,012	13,865
Accounting and support fees	10,972	13,035
Advisory fees	2,736	1,980
Legal fees	8,100	25,440
	33,820	54,320

8 Wages and salaries

	9 months 2023 £	15 months 2022 £
Wages	98,039	121,391
Social Security	7,614	12,827
Pension costs	1,748	2,576
	107,401	136,794
Salary costs as Gift in Kind	17,275	42,229
Travel costs	-	-
	124,676	179,023

Employees and trustee transactions

There were 4 employees (2022: 4 employees) during the period. Total costs of the key management personnel of the organisation amounted to £47,082 for the 9 month period (2022 15 months: £73,914).

No employee earned more than £60,000 on an annualised basis (2022: no employees).

The trustees did not receive any remuneration or expenses during the year (2022: nil).

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

9 Tangible fixed assets

	Property & Silver	Equipment, fixtures and fitting	Memorial	Yacht	Total
	£	£	£	£	
Cost					
At 1 January 2023	53,712	87,938	29,164	141,475	312,289
Additions	-	2,140	-	-	2,140
At 30 September 2023	<u>53,712</u>	<u>90,078</u>	<u>29,164</u>	<u>141,475</u>	<u>314,429</u>
Depreciation					
At 1 January 2023	5,309	83,355	-	141,475	230,139
Charge during year	-	1,345	-	-	1,345
At 30 September 2023	<u>5,309</u>	<u>84,700</u>	<u>-</u>	<u>141,475</u>	<u>231,484</u>
Net book value					
30 September 2023	<u>48,403</u>	<u>5,378</u>	<u>29,164</u>	<u>-</u>	<u>82,945</u>
31 December 2022	<u>48,403</u>	<u>4,583</u>	<u>29,164</u>	<u>-</u>	<u>82,150</u>

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

10 Listed investments

	30 September 2023	31 December 2022
	£	£
Opening Market value	6,919,528	7,604,712
Acquisitions	828,921	1,615,461
Disposal proceeds	(981,247)	(1,703,429)
Net realised/unrealised investment (losses)/gains	149,693	(451,178)
Movement in cash	136,998	(10,566)
Capital withdrawal	-	(142,007)
Other investment movement	2,531	6,53
Closing Market value	7,056,424	6,919,528
Historical cost	5,642,336	4,337,159

During the 15 month period to 31 December 2022, £164,000 was withdrawn from the unrestricted fund to support the Charity. This amount to £120,000 (support to the Events account) plus £44,000 (not recalled).

Represented by:	£	£
United Kingdom		
- Equities	1,959,289	2,060,905
- Corporate bonds	1,069,187	561,308
Overseas		
- Equities	2,833,608	2,924,567
- Bonds	121,404	374,205
Alternative investments	556,355	572,248
Investment cash	293,426	151,753
Other	223,155	274,542
	7,056,424	6,919,528

11 Debtors

	30 September 2023	31 December 2022
	£	£
Other debtors	4,000	4,000
Prepayments and accrued income	56,016	62,972
	60,016	66,972

12 Creditors

Amounts falling due within one year	30 September 2023	31 December 2022
	£	£
Trade creditors	28,531	38,731
Accruals	89,928	33,028
Other creditors	8,524	-
	126,983	71,759

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

13 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Permanent Endowment	Expendable Endowment	30 September 2023 Total
	£	£	£	£	£
Tangible fixed assets	82,945	-	-	-	82,945
Investments	5,203,831	540,148	1,184,133	128,312	7,056,424
Net current assets	277,744	68,073	24,626	(4,682)	365,761
	5,564,520	608,221	1,208,759	123,630	7,505,130
	Unrestricted funds	Restricted funds	Permanent Endowment	Expendable Endowment	31 December 2022 Total
	£	£	£	£	£
Tangible fixed assets	82,080	70	-	-	82,150
Investments	5,135,696	522,062	1,141,165	120,605	6,919,528
Net current assets	172,525	63,587	47,058	799	283,969
	5,390,301	585,719	1,188,223	121,404	7,285,647

Restricted funds comprise amounts previously accounted for in the Depot Trust and Saddle Club the use of which is restricted to promoting the efficiency of the Armed Forces.

Permanent Endowment funds are funds for general purposes and comprise amounts previously accounted for in the Our Comrades Graves, Lady Paget and Guards Home Funds.

Expendable Endowment funds are for the purposes of Military Efficiency and comprise amounts previously accounted for in the Household Division Messes Fund.

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

14 Movement in funds

	Balance at 1 January 2023 £	Income £	Expenditure £	Gains £	Balance at 30 September 2023 £
Unrestricted funds					
General funds	5,232,322	700,044	(636,217)	106,944	5,403,093
<i>Designated funds</i>					
Sailing fund	89,741	-	-	1,698	91,439
Yacht fund	68,238	-	-	1,750	69,988
Total unrestricted	5,390,301	700,044	(636,217)	110,392	5,564,520
Restricted Funds					
Military Efficiency	585,719	13,135	(2,091)	11,458	608,221
Permanent Endowment funds					
General Purpose	1,188,223	-	(4,584)	25,120	1,208,759
Expendable endowment funds					
Military Efficiency	121,404	-	(497)	2,723	123,630
Total funds	7,285,647	713,179	(643,389)	149,693	7,505,130

	Balance at 1 October 2021 £	Income £	Expenditure £	Gains and transfers £	Balance at 31 December 2022 £
Unrestricted funds					
General funds	5,695,306	804,579	(940,264)	(327,299)	5,232,322
<i>Designated funds</i>					
Sailing fund	93,202	-	-	(3,461)	89,741
Yacht fund	72,362	-	-	(4,124)	68,238
Total unrestricted	5,860,870	804,579	(940,264)	(334,884)	5,390,301
Restricted Funds					
Military Efficiency	609,792	12,542	(2,580)	(34,035)	585,719
Permanent Endowment funds					
General Purpose	1,268,257	-	(5,638)	(74,396)	1,188,223
Expendable endowment funds					
Military Efficiency	129,863	-	(596)	(7,863)	121,404
Total funds	7,868,782	817,121	(949,078)	(451,178)	7,285,647

15 Related party transactions

Within the period to 30 September 2023, the trustees are unaware of any related parties benefiting from the Charity beyond that enjoyed by all potential beneficiaries of the Charity (2022: none).

HOUSEHOLD DIVISION CHARITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

16 Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Expendable Endowment £	Total 2022 £
Income from:					
Donations, legacies and subscriptions	163,052	300	-	-	163,352
Activities to generate funds	493,456	-	-	-	493,456
Investment income	148,071	12,241	-	-	160,312
Government grant income	-	-	-	-	-
Total income	804,579	12,541	-	-	817,120
Expenditure on:					
Raising funds	348,098	-	-	-	348,098
Investment management costs	32,770	2,579	5,638	596	41,583
Charitable activities	559,396	-	-	-	559,396
Total expenditure	940,264	2,579	5,638	596	949,077
Net income/(expenditure) before investment gains	(135,685)	9,962	(5,638)	(596)	(131,957)
Gain/(loss) on investment assets	(334,884)	(34,035)	(74,396)	(7,863)	(451,178)
Net (expenditure)/income and net movement in funds	(470,569)	(24,073)	(80,034)	(8,459)	(583,135)
Total funds brought forward	5,860,870	609,792	1,268,257	129,863	7,868,782
Total funds carried forward	5,390,301	585,719	1,188,223	121,404	7,285,647