

The Royal Navy Club
of 1765 and 1785 (United 1889)

Surplus Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2017

Registered Charity Number 248962

The Royal Navy Club of 1765 and 1785 (United 1889)

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For the year ended 31 March 2017

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The Royal Navy Club of 1765 and 1785 (United 1889)

LEGAL AND ADMINISTRATIVE DETAILS

TRUSTEES

Commodore J G F Cooke OBE Royal Navy (Chairman)
Rear Admiral R F Cobbold CB
Commander A C Gordon-Lennox Royal Navy
Rear Admiral I R Henderson CB CBE DL
Rear Admiral N S R Kilgour CB
Commodore P J Thicknesse Royal Navy (from 13 October 2016)

ADDRESS OF PRINCIPAL CONTACT

The Secretary
Royal Navy Club of 1765 & 1785
Commander B P Boxall-Hunt OBE Royal Navy
Trafalgar
2 Elston Meadow
Crediton
Devon
EX17 3SZ

REGISTERED CHARITY NUMBER

248962

INDEPENDENT EXAMINER

Malvern Carvell
21 Higher Kingston
Yeovil
Somerset
BA21 4AS

BANKERS

Holts Military Bank (from 21 May 2016)
Victoria Road
Farnborough
GU14 7NR

INVESTMENT MANAGERS

Quilter Cheviot
One Kingsway
London
WC2B 6AN

ACTUARIAL AND INVESTMENT ADVISORS

Hewitt Bacon & Woodrow Limited
Prospect House
Abbey View
St Albans
AL1 2QU

The Royal Navy Club of 1765 and 1785 (United 1889)

TRUSTEES' REPORT

The trustees submit their report and the financial statements of The Royal Navy Club of 1765 and 1785 (United 1889) Surplus Fund for the year ended 31 March 2017.

LEGAL AND ADMINISTRATIVE INFORMATION

The Charity's legal and administrative details are as shown on page 1.

TRUSTEES

The Trustees on page 1 are those who have served throughout the year. Trustees must be members of the Club. They are appointed by the existing Trustees taking account of candidates recommended by the membership of the Club at an Annual General Meeting. At their first meeting after the election of new Trustees, the Trustees elect their Chairman. On appointment new Trustees are briefed by the Chairman of the Trustees and the Club Secretary. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. In accordance with Rule V of the Club Trustees are ex-officio members of the Committee. The trustees meet three times a year.

CONSTITUTION, OBJECTS AND POLICIES

The surplus fund of The Royal Navy Club of 1765 and 1785 (United 1889) is constituted by a Trust Deed dated 24 August 1927, as amended by further deeds dated 10 July 1996 and 14 November 2006. The Club registered as a charity with the Charity Commission on 26 September 1966. In fact the charitable activities predate these modern legal steps: in February 2016 the Club celebrated the 250th year of their continuance.

The Royal Navy Club of 1765 and 1785 (United 1889) Surplus Fund is associated with The Royal Navy Club of 1765 and 1785 (United 1889) General Fund. Members of the Royal Navy Club contribute annual subscriptions to the General Fund.

The current object of the Club's Surplus Fund is to provide financial assistance to needy widows, widowers, orphaned children, siblings and dependants of former members of The Royal Navy Club of 1765 and 1785 (United 1889). The fund is not dependant on donations and continues to seek to meet projected disbursements through income derived from its investment portfolio. Charitable disbursements during the year amounted to £24,983 (2016 £22,488). Every effort is made to identify potential beneficiaries, for example exhorting members in written communications and on social occasions to report possible cases of need, placing an advertisement in the ARNO yearbook and writing to next of kin of deceased members and former members.

PUBLIC BENEFIT STATEMENT

The Trustees confirm that they have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

INVESTMENT REVIEW

On 15th May 2014 the Club appointed Quilter Cheviot as Investment Manager. The Trustees maintain an Investment Policy to obtain a reasonable long-term overall return using a balanced approach, with moderate risk and obtaining as much income as risk allows. The value of investments under management at 31 March 2017 was £ 1,274,908 (2016 £1,107,957)

The Royal Navy Club of 1765 and 1785 (United 1889)

TRUSTEES' REPORT

FINANCIAL REVIEW

Total income, for the year was £44,032, a decrease of £7,297 on prior year. This decrease rose as a result of change in the portfolio make up. It is anticipated that future dividends received will be in the region of £44,000 per year. Expenditure for the year amounted to £37,284, an increase of £5,823 on prior year. As a result the operating surplus for 2016/17 was £6,748 (2015/16 £19,868 surplus).

There was an unrealised gain on the investment portfolio of £166,951 (2015/16 loss of £95,904), so that the net movement in funds for the year was an increase of £173,639 (2015/2016 decrease £76,036).

At the end of the financial year the charity's funds had increased from £1,136,447 to £1,310,146. The Trustees consider the charity's financial position to be sustainable.

RESERVES POLICY

The projected disbursements and the performance of the investments portfolio are reviewed on an annual basis by the Trustees to ensure that the reserves are maintained at an appropriate level.

The purpose of the permanent endowment is to maintain the level of the original capital introduced to set up the Surplus Fund in 1765. The amount of this original capital cannot be identified but in 1793 it stood at £1,300. In 1998 the Trustees, having taken professional advice, set the permanent endowment at the sum of £100,000. The Trustees reviewed the figure of £100,000 in 2007 and increased it to £150,000 having sought and obtained the Charity Commission's concurrence. The Trustees have the intention of a making a further review every ten years. The income generated from this endowment is not restricted and is included within unrestricted funds.

RISK MANAGEMENT

The Trustees examine annually the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

PLANS FOR THE FUTURE

The Trustees will continue their efforts to identify potential beneficiaries. The changes to the definition of beneficiaries made in November 2006 has widened the scope for increased charitable disbursements.

Approved by the Trustees on 10 May 2017 and signed on their behalf by:

Signed on the Original

Captain J G F Cooke OBE Royal Navy
Chairman of Trustees

The Royal Navy Club of 1765 and 1785 (United 1889)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the Charity's state of affairs at the end of the financial year and of its income and expenditure for that year.

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

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether the policies adopted are in accordance with the appropriate SORP on Accounting by Charities and the Accounting Regulations and with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, Accounting regulations and SORP. 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.

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE ROYAL NAVY CLUB OF 1765 AND 1785 (UNITED 1889)

I report on the accounts of the Charity for the year ended 31 March 2017, which are set out on pages 6 to 12.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 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 2011 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 trustees concerning 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 matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements: to keep accounting records in accordance with section 130 of the 2011 Act; and to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

have not been met

- No matter has come to my attention in connection with my examination, to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed on the Original

Malvern Carvell
21 Higher Kingston
Yeovil
Somerset
BA21 4AS

10 May 2017

The Royal Navy Club of 1765 and 1785 (United 1889)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2017

	No	Unrestricted general funds	Endowment funds	Total funds	Total funds
	tes	2017 £	2017 £	2017 £	2016 £
INCOMING RESOURCES					
Voluntary income:					
Donations, gifts and legacies	2	1,010	-	1,010	500
Investment income	3	43,022	-	43,022	50,829
TOTAL INCOMING RESOURCES		<u>44,032</u>	<u>-</u>	<u>44,032</u>	<u>51,329</u>
RESOURCES EXPENDED					
Charitable expenditure					
Grants payable	4	24,983	-	24,983	22,488
Support costs (including Governance)	4	12,301	-	12,301	8,973
TOTAL RESOURCES EXPENDED		<u>37,284</u>	<u>-</u>	<u>37,284</u>	<u>31,461</u>
NET OPERATING SURPLUS		<u>6,748</u>	<u>-</u>	<u>6,748</u>	<u>19,868</u>
Other recognised gains or losses					
Realised gains on investment assets	6	-	-	-	-
Unrealised gains on investment assets	6	166,951	-	166,951	(95,904)
NET MOVEMENT IN FUNDS		<u>173,699</u>	<u>-</u>	<u>173,699</u>	<u>(76,036)</u>
Fund balance at 1 April 2016		<u>986,447</u>	<u>150,000</u>	<u>1,136,447</u>	<u>1,212,483</u>
FUND BALANCE AT 31 MARCH 2017	8	<u>1,160,146</u>	<u>150,000</u>	<u>1,310,146</u>	<u>1,136,447</u>

All funds are unrestricted including the permanent endowment fund of £150,000, which is included in funds brought forward and carried forward.

All gains and losses have been dealt with in the above statement.

The notes on pages 9 to 12 form part of these accounts.

The Royal Navy Club of 1765 and 1785 (United 1889)

BALANCE SHEET

31 March 2017

	<i>Notes</i>	Unrestricted 2017 £	Endowment 2017	Total 2017 £	Total 2016 £
FIXED ASSETS					
Investments	6	1,124,908	150,000	1,274,908	1,107,957
CURRENT ASSETS					
Debtors	7	1,578	-	1,578	-
Cash at bank and in hand	8	34,510	-	34,510	29,500
		36,088	-	36,088	29,500
CREDITORS: Amounts falling due within one year	9	850	-	850	1,010
NET CURRENT ASSETS		35,238	-	35,238	28,490
TOTAL ASSETS LESS CURRENT LIABILITIES		1,160,146	150,000	1,310,146	1,136,447
ACCUMULATED FUNDS					
Unrestricted funds		1,160,146	-	1,160,146	986,447
Endowment funds	10	-	150,000	150,000	150,000
	10	1,160,146	150,000	1,310,146	1,136,447

The financial statements were approved by the Trustees for issue on 10 May 2017 and signed on their behalf by:

Signed on the Original

Commodore J G Cooke OBE Royal Navy

Chairman of Trustees

Signed on the Original

Commander B P Boxall-Hunt OBE Royal Navy

Secretary

The notes on pages 9 to 12 form part of these accounts.

The Royal Navy Club of 1765 and 1785 (United 1889)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

INVESTMENT INCOME

Investment income is accounted for in the period in which the Charity is entitled to receipt.

INCOME RECOGNITION

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received.

EXPENDITURE RECOGNITION

Expenditure is included for an accruals basis. Grants payable are provided in full in the year in which they are awarded. Support costs comprise costs for processing grants and applications, including support to actual and potential applicants, and includes costs for the running of the Charity itself as an organization.

FIXED ASSET INVESTMENTS

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities. The investment management fees are reflected in the valuation of the investments in the year.

TAXATION

The Surplus Fund is exempt from corporation tax through its status as a charity and therefore no current or deferred corporation tax are included in these accounts.

UNRESTRICTED FUNDS

Details of the nature and purpose of each fund is set out in note 10.

The Royal Navy Club of 1765 and 1785 (United 1889)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1	NET INCOME FOR THE YEAR	2017	2016
		£	£
	Net income is stated after charging:		
	Independent Examiner's remuneration – examination	550	500
	Independent Examiner's remuneration – other services	300	250
		<u> </u>	<u> </u>
2	DONATIONS AND LEGACIES RECEIVED	2017	2016
		£	£
	Donations including GiftAid recovered	1,010	500
		<u> </u>	<u> </u>
3	INVESTMENT INCOME	2017	2016
		£	£
	Dividends and interest	42,967	50,766
	Interest on cash deposits	55	63
		<u> </u>	<u> </u>
		43,022	50,829
		<u> </u>	<u> </u>
4	ANALYSIS OF CHARITABLE EXPENDITURE	2017	2016
		£	£
	Grants payable		
	Grants to memorialists	24,683	22,488
		<u> </u>	<u> </u>
	Support costs		
	Salaries	6,682	4,570
	Printing, stationery, postage and telephone	1,189	773
	Telephone and internet	184	
	Rent	600	400
	Computing	489	1,418
	Sextant	450	-
	Travel - Jutland	-	260
	Meetings	747	153
	Marketing and publicity	390	390
	Other expenses	6	6
		<u> </u>	<u> </u>
		10,737	7,970
		<u> </u>	<u> </u>

The Royal Navy Club of 1765 and 1785 (United 1889)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5	GOVERNANCE COSTS	2017 £	2016 £
	Independent Examiner's fees	984	750
	Trustees expenses	580	253
		<u>1,564</u>	<u>1,003</u>
		<u><u>1,564</u></u>	<u><u>1,003</u></u>
6	FIXED ASSET INVESTMENTS	2017 £	2016 £
	Investments at market value comprised		
	UK Equities and fixed interest	956,925	1,044,602
	Alternative investments	293,149	11,194
	Cash on deposit	24,834	52,161
		<u>1,274,908</u>	<u>1,107,957</u>
		<u><u>1,274,908</u></u>	<u><u>1,107,957</u></u>
	Market value at 1 April 2016	1,107,957	1,203,861
	Gain realised on transfer of portfolio	-	-
	Acquisitions at cost	-	-
	Revaluation gains	166,951	(95,904)
		<u>1,274,908</u>	<u>1,107,957</u>
	Market value at 31 March 2017	<u><u>1,274,908</u></u>	<u><u>1,107,957</u></u>
		<u><u>1,274,908</u></u>	<u><u>1,107,957</u></u>
	Historical cost at 31 March 2017	<u>1,134,163</u>	<u>1,134,163</u>
		<u><u>1,134,163</u></u>	<u><u>1,134,163</u></u>

The investments comprise a portfolio held with Quilter Cheviot and comprise a range of investments as detailed above.

The Royal Navy Club of 1765 and 1785 (United 1889)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7	DEBTORS		2017 £	2016 £
	Amount due from General Fund		1,578	-
8	CASH AT BANK		2017 £	2016 £
	Current account		10,000	500
	Deposit account		14,510	29,000
	Ratesetter account		10,000	-
			<u>34,510</u>	<u>29,500</u>
9	CREDITORS		2017 £	2016 £
	Amounts due within one year			
	Accruals – Independent Examiner		850	750
	Other creditors – Due to General fund		-	260
			<u>850</u>	<u>1,010</u>
10	FUNDS	Unrestricted funds	Endowment funds 2017 £	Total 2017 £
	At 1 April 2016	986,447	150,000	1,136,447
	Movement in funds in the year	173,699	-	173,699
	At 31 March 2017	<u>1,160,146</u>	<u>150,000</u>	<u>1,310,146</u>

Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the Charity's objective.

The purpose of the permanent endowment fund is to maintain the level of the original capital introduced into the Surplus Fund in 1765. The amount of this original capital cannot be identified but in 1793 it stood at £1.300. The income generated from this endowment is not restricted and is included within unrestricted funds. In 1997 the Trustees, having taken professional advice, set the permanent endowment fund at the sum of £100,000. This was reported to the Charity Commission which made no objection to this figure being adopted. The Trustees reviewed the figure in 2007 and increased it to £150,000 having sought and obtained the Charity Commission's concurrence. The Trustees have the intention of making a further review every ten years.

The Royal Navy Club of 1765 and 1785 (United 1889)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

11	ANALYSIS OF NET ASSETS	Unrestricted Funds 2017	Endowment funds 2017 £	Total 2017 £
	Investments	1,124,908	150,000	1,274,908
	Net current assets	35,238	-	35,238
	At 31 March 2017	<u>1,160,146</u>	<u>150,000</u>	<u>1,310,146</u>

12 RELATED ORGANISATIONS

The Royal Navy Club of 1765 and 1785 (United 1889) Surplus Fund is associated with The Royal Navy Club of 1765 and 1785 (United 1889) General Fund. Members of the Royal Navy Club contribute annual subscriptions to the General Fund. During this year a donation of £nil (2016: £nil was made from the General Fund to the Surplus Fund. As at 31 March 2017 the General Fund owed £1,578 to the Surplus Fund in respect of costs incurred. (2016: £260 owed from Surplus fund to General fund.)