

**The Household
Cavalry
Foundation**
**Annual Report and
Financial statements**

31 March 2020

Charity Registration Number
1151869

Company Registration Number:
08236363 (England and Wales)

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Reference and administrative details

Trustees	Colonel C A Lockhart (Chairman, appointed 3 June 2019) Mr J P Eyre Colonel J D A Gaselee Mr E D J Goodchild Lady J M Grosvenor (appointed 17 June 2019)
Director & Company Secretary	Lieutenant Colonel (Retd) G G E Stibbe
Secretary to the Trustees	Lieutenant Colonel (Retd) R R D Griffin
Principal office	Headquarters Household Cavalry Horse Guards Whitehall London SW1A 2AX
Charity registration number	1151869
Company registration number	08236363 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Accountant	CP Harmsworth FCCA 17 Foxhatch Wick Meadows Wickford Essex SS12 9RP
Bankers	Royal Bank of Scotland plc Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR

Reference and administrative details

Investment managers Cazenove Capital Management Limited
1 London Wall Place
London
EC2Y 5AU

Solicitors Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

The trustees present their statutory report together with the financial statements of the Household Cavalry Foundation ("the charity" or HCF) for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 25 and comply with the charity's Articles of Association and applicable law. The requirements of 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 United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and financial statements.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governing Documents

The charity is governed by its Articles of Association dated 2 October 2012 (amended by a special resolution dated 16 April 2013 and 3 November 2016) and by a Charity Commission Order dated 2 May 2013. The Household Cavalry Serving Officers' Trust was transferred to the Household Cavalry Foundation on 21 December 2016; and this transfer was confirmed by Deed of Amendment on 22 December 2016.

Objects

The Household Cavalry Foundation exists to provide charitable and pastoral support to all the members of the Household Cavalry family; whether they are serving Soldiers, Casualties, Veterans or their dependants.

The charity supports the protection and development of the Household Cavalry's history and heritage, and the welfare of retired horses.

The objects for which the charity is established are:

- ◆ the promotion of the military efficiency of the Household Cavalry by any charitable means the trustees may decide, including without limitation by fostering and preserving the traditions of the Household Cavalry and of any component of predecessor regiment or unit;
- ◆ to promote and protect the health of those that have been wounded or injured, whether on active service or otherwise, whilst serving in the Household Cavalry, or at the trustees' discretion;
- ◆ the relief of hardship or distress among members and former members of the Household Cavalry, members of their families and other dependants, including without limitation by providing financial support to families or other dependants of those who have lost their lives on active service;
- ◆ to advance the education of the public and of members and former members of the Household Cavalry in the history, heritage, traditions of the military accomplishments of the Household Cavalry including without limitation by supporting a museum or museums, archives and collections;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Objects (continued)

- ♦ to promote humane behaviour towards serving or retired Household Cavalry Horses by providing appropriate care, protection, treatment and security for horses in need of care and attention; and
- ♦ such other exclusively charitable purposes relating to the Household Cavalry as the trustees in their absolute discretion think fit.

The charity's operational stakeholders include the following:

- ♦ Headquarters Household Cavalry;
- ♦ Household Division;
- ♦ Unit Welfare Officers;
- ♦ Household Cavalry Museum Trust Limited; and
- ♦ The Life Guards' Regimental Association; and
- ♦ The Blues & Royals' Regimental Association.

Trustees

The following trustees were in office at the date the financial statements were approved, and served throughout the year, except where shown.

Trustees	Appointed/resigned
Mr J R E Coles	Resigned 2 May 2019
Mr J P Eyre	
Colonel J D A Gaselee	
Mr E D J Goodchild	
Lady J M Grosvenor	Appointed 17 June 2019
Colonel C A Lockhart	Appointed 3 June 2019
Major General E A Smyth-Osbourne	Resigned 4 June 2019

No trustee received any remuneration for services as a trustee. No expenses were reimbursed to the trustees during the year. The Chair, a Serving Officer, received an adventure training grant from the Serving Officers' Trust.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustee recruitment and appointment

The charity regularly reviews the skills necessary at board level and identifies where there are gaps. Proposed trustees individually meet all existing trustees in advance and are invited to attend a trustees' meeting prior to being appointed, so that they may be assessed by the trustees for suitability and, where appropriate, relevant professional qualifications and experience. New trustees also sign a declaration confirming that they are not ineligible to be charity trustees. The trustees each serve for at least three years and are deliberately chosen to represent all aspects of Household Cavalry life and provide relevant governance expertise.

The Foundation's Articles of Association dated 3 November 2016 state that "No Trustee may serve for a period longer than six consecutive years without retiring for at least one complete year... Trustees shall always aspire to, but not be obliged to, achieve a majority of serving or retired officers of the Household Cavalry on the board of Trustees"

Trustee induction and training

New trustees receive a comprehensive pack of information including a copy of the charity's governing document. Board members attend training, where possible, to refresh knowledge of board governance matters and charity law.

Trustees' responsibilities statement

The trustees (who are also directors of The Household Cavalry Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the income and expenditure of the charitable company 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's Articles of Association. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis are considered to be the trustees of the charity and the Director. All strategic and other key decisions are made by them. None of the trustees are remunerated for their role as trustees nor in their role as a member of the key management team. The Director's salary is set by the trustees and is reviewed annually with consideration given to charity sector salaries and pay indices.

Organisational structure and management reporting

The trustees are ultimately responsible for the charity and meet twice a year, in spring and autumn.

Day-to-day functions are delegated to the Director. The appointment of the Director is undertaken by the trustees. The trustees are responsible for agreeing objectives for the Director and monitoring these on a regular basis. The Director reports to the trustees on a regular basis, both formally and informally.

The Director provides the operational delivery of transparent and accurate administration, implementation of procedures and controls, along with regular reporting. This enables the trustees to take reasonable and informed steps to detect or prevent any irregularities including misappropriation of funds or fraud.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management

The charity, like any organisation, is exposed to a number of risks. Some of these are particular to the charity and its work; many are generic. It is the responsibility of the trustees to anticipate these risks and to ensure that procedures are in place to mitigate them.

The charity has implemented efficient systems, including operational and financial controls, to mitigate risk and enable the trustees, on a regular basis, to review any major risks with regard to operational areas, finances and reserve levels.

A new generic risk emerged during the last quarter of this financial year: **The Coronavirus (Covid-19) pandemic**. This has had an unprecedented social and economic effect across the world on a scale not seen for at least 75 years. The Foundation faces three immediate and ongoing challenges and risks exacerbated by the pandemic:

- ◆ **Latent Staff resilience.** Inherent strength-in-depth is proved despite the fact that there is only one full-time employee, the Director, with a primary financial budgetary and fundraising role. The Chairman of the Trustees is the alternate director. The management accounts and similar material are checked weekly, and formally confirmed monthly, by representatives of the Trustees. The transparency of these documents facilitates review and oversight of the Director's role by any of the Trustees.
- ◆ **Lack of investment income.** This global pandemic coincided with a review by the Foundation of its investment managers. The trustees are content that they have a resilient management strategy in respect to the charity's investments and that they monitor the performance of the current manager regularly especially in these unprecedented times which are inherently dynamic. A further risk-mitigation is the regular comparison made with the performance of a capital management competitor responsible for the one Household Cavalry fund that is not included within this Foundation's portfolio.
- ◆ **Lack of income from donors.** Possible donor fatigue, which is exacerbated by an unpredictable economy, is mitigated by the trustees' focus on building enduring relationships with regular donors, who, so far, have proved to be less affected by the prevailing economic situation. State ceremonial duties naturally keep the Household Cavalry in the "public eye" and organised visits to both our regiments (service and ceremonial) ensure that our donors can directly meet our soldiers. This is a proven and effective strategy because these donors, and potential donors, can then meet soldiers who have deployed on operations which demonstrates the scope of our work.

The Trustees aim always to match demand for assistance from this Foundation with their ability to raise follow-on funding in order to meet the priority needs arising. This compounds the support for all members of the Household Cavalry "family" that we can offer, whether to our operational casualties, our serving soldiers, our veterans and their dependents but also, when applicable, our heritage and the welfare of our retired horses.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

Our risk management framework encourages smaller targeted fundraising events which do not bear significant up-front capital outlay. We are mindful that our usual fundraising events' programme is compromised by COVID-19 restrictions.

ACTIVITIES AND PUBLIC BENEFIT

The charity provides public benefit by the provision of welfare grants and donations which assist Regimental personnel both past and present, as well as their dependants, who are in need, hardship or distress.

In addition, the charity enables Regimental personnel to perform more effectively their roles within the Armed Forces of The Crown. It does this by supporting educational, sporting and adventure training activities.

This assistance enables Regimental personnel to develop and maintain teamwork, skills, fitness, confidence, character and morale. This is especially important after operational tours as they face the consequences of their military service, particularly Post-Traumatic Stress Disorder (PTSD).

The charity promotes the efficiency of the Armed Forces of The Crown by enhancing the British Army's capability to undertake the roles demanded of it, including the defence of the United Kingdom and its international interests.

The funds to support the above activities are generated in part from investments, encouraging donations to the charity, and also from events.

In formulating the aims of the charity and in planning its activities, the trustees have regard to the Charity Commission's general guidance on public benefit, ensuring that the work undertaken by the charity is in line with its charitable objects and aims.

ACHIEVEMENTS FOR THE YEAR

Direction

This reporting period delivered enhanced support to our beneficiaries by securing additional donors, as well as increased donations from our existing donor base.

- ♦ **Fundraising.** The Trustees are particularly grateful for team fundraising by the CastleTrek march from Windsor to Edinburgh and, individually, The Great Bus Pass Adventure from Land's End to John O'Groats. Other notable individual Serving and Veteran fundraisers were our Marathon Runners in London, Eire, the USA and across *Les Sables*. Additionally, a Household Cavalry wife and mother has established a most impressive annual Marathon season; and it is also reassuring to report fundraising synergy developing with other opportunities like Iron Man.
- ♦ **Education.** The Foundation supports the Ministry of Defence's Individual Personal Learning Credit (IPLC) system. Our help to enhance these credits (currently rated at 6x£500 per recipient) is deliberately flexible. All six of our Educational Support recipients achieved top grades. Several have successfully used them to pass MBAs, and one Regimental Warrant Officer has been subsequently commissioned into the Army Education Branch.

Recipients have included an operational casualty who won the Mary Barker Memorial Prize for best overall postgraduate performance in History at Brunel University; and the wife of an operational casualty for primary school teacher-training.

- ♦ **Operational Casualties.** One operational casualty recipient, a double-amputee, has become the first Briton to achieve a European Para-bobsleigh title. Sadly, Covid-19 stopped the competition season early. He has now started a new career with Wiltshire Police following on from his original career as a police officer in Barbados.

Fundraising

Trustees believe there is now a proven and user-friendly process to fundraise for this Foundation and both our Regimental Associations.

Entry fees for events and equipment are subsidised. A supplier of branded clothing, which is Ministry of Defence approved and owned by a Household Cavalryman, gives a discount to our personnel and donates to Household Cavalry charities.

This Foundation supports the Household Cavalryman Red Devil in the British Army's Parachute Display Team.

TRH The Dukes of Cambridge and Sussex continue to support the Foundation actively with fundraising activities. This year they very kindly hosted the widow and children of one of our Non-Commissioned Officers who was killed in action, one of their former drivers who is now an amputee, and a former Physical Training Instructor.

ACHIEVEMENTS FOR THE YEAR (continued)

Fundraising (continued)

The following organisations also very kindly supported the Foundation this year:

The London Riding Club, City of London Livery Companies including Cutlers, Saddlers, Farriers and Grocers, the Motcomb Street Party and Sand Banks Polo.

We are also fortunate to receive regular support from The Royal Windsor Horse Show, Civil Service Riding Club gymkhana, Montpelier Square Carol Service and Burton Court cricket.

Welfare

The Foundation has published a new two-page Welfare Aide-Memoire with a one-page pictorial flow chart. It is deliberately unclassified to guarantee the widest possible distribution to members of our wider Household Cavalry Family. Serving soldiers apply to the Foundation via their Chain-of-Command and Veterans either apply directly or via the Home Headquarters of their Regimental Association.

Two key priorities remain:

- ◆ To prepare for the emergence of latent Post-Traumatic Stress Disorder (PTSD). Research by King's College, London University claims 88/1,000 (9%) of deployed troops suffer PTSD. For the Household Cavalry that means about 100 of our Old Comrades may gradually show PTSD symptoms.
- ◆ To ensure continuing top-quality prosthetics for our Wounded, Injured and long-term Sick (WIS). Accordingly, the Foundation has confirmed links with The Royal British Legion's specialist department at Imperial College near Knightsbridge Barracks and has continued access to the Veterans' Centre at King Edward VII Hospital.

Serving soldiers

Serving soldiers are supported annually based on a *per capita* rate agreed by their Commanding Officers with the Foundation's Trustees. Their aim is to enhance quality of life and so improve retention and recruiting.

The Foundation continues to support recruiting initiatives. The Household Cavalry Recruiting and Community Engagement Team has now established a regular successful annual routine each summer starting at the Royal Windsor Horse Show and culminating at our Mounted Regiment's Summer Camp Open Day.

The Household Cavalry Band has kindly donated the profits from sales of its first CD, *Shining Sword* as a joint Band.

The Trustees continue to use the potential latent in the Household Cavalry's own activities for entertaining donors and fundraisers. Depending on their generosity and availability, they are invited to State Ceremonial events and parades, bi-annual visits to our war-fighting regiment and often weekly visits to our Museum and our Mounted Regiment. These events and visits are proving very popular.

ACHIEVEMENTS FOR THE YEAR (continued)

Heritage

There were two heritage priorities during this reporting period:

- ◆ The first Household Cavalry Unit Move since 1992's "Union" of The Life Guards with The Blues & Royals, during which all property was moved from Windsor to Bulford.
- ◆ Repairs to our World War 2 "Dingo" armoured car were made in time for the Operation Market Garden re-union; and our Mounted Regiment's Guard Van has returned to duty in "showroom condition".

The Foundation also continued to part-fund support to "Best of both Worlds: Operational and Ceremonial" photographs by globally iconic Ripley whereby the photos will be sold to support the Foundation.

Horses

Help was given to deserving cases identified by our affiliate horse welfare charities. We are planning a first "Horse-Sense" course to engage with our wider Household Cavalry family.

Finance and administration

The Foundation's staff remains one full-time Director and a weekly book-keeper.

The Foundation holds funds for seven other Household Cavalry organisations as part of its investment portfolio:

- ◆ The Operational Casualties Fund;
- ◆ The Blues & Royals' Regimental Association and their Oliver Montagu Fund;
- ◆ The Household Cavalry Regiment;
- ◆ The Household Cavalry Mounted Regiment;
- ◆ The Children's Fund; and
- ◆ The Serving Officers' Trust.

These stakeholder funds receive a quarterly dividend proportionate to their relative size in the Foundation's investment portfolio.

The Life Guards' Regimental Association remains outside the Foundation's investment portfolio, but is included for all relevant welfare case considerations. The Foundation and The Life Guards' and The Blues & Royals' Regimental Associations all pay out proportionate annual amounts on welfare. Restricted funds (for example, Operational Casualties, The Blues & Royals' Regimental Association and their Oliver Montagu Fund) can only be used for welfare purposes that their trustees sanction.

Two former officers have kindly offered short-term quick response welfare funding.

A generous initial scholarship was donated by Ascot's War Horse Memorial charity and a similar pledge has also been made by a well-known City of London business.

Retail activities remain coordinated by our Household Cavalry Museum's shop.

ACHIEVEMENTS FOR THE YEAR (continued)

Finance and administration (continued)

Re-tendering contracts for insurance and a new monthly Management Accountant delivered a significant combined reduction in cost. This saving was then used in-year to part fund the one-off extra costs of the move from Windsor to Bulford.

The Foundation's investment portfolio is managed by Cazenove Capital. Waverton Investment Management are the investment managers for the Life Guards' Association.

Coronavirus (Covid-19) The impact of the pandemic has been mitigated by prudent cost control and investment performance. It has however affected fundraising and may lead to incremental requests for funding.

FINANCIAL REVIEW

Results for the year and financial position

Total income for the year amounted to £498,754 (2019 – £356,035). Expenditure totalled £378,636 (2019 – £356,502). Of the total expenditure, £105,426 (2019 – £86,800) was spent on raising funds, generating donations of £173,183 (2019 – £141,582). As a result of the sharp decline in stock markets following the emergence of the Coronavirus pandemic close to the year end, net realised and unrealised investment losses for the year totalled £379,641 (2019 – net gains of £57,630). As at close of business on 31 December 2020, the Foundation's overall portfolio was stood at £6,672,516, which represents a significant increase on the market value at 31 March £5,620,936, even after accounting for the investment of an additional £67,286 during the intervening months.

Therefore, the net movement in funds for the year was a decrease of £259,523 (2019 – an increase of £57,163).

Total funds at 31 March 2020 amounted to £3,605,286 (2019 – £3,864,809) of which £1,787,851 were restricted (2019 – £1,935,098) and £1,817,435 were unrestricted or general funds (2019 – £1,929,711). Included within unrestricted funds is a designated fund of £90,000 (2019 – £60,000) which has been set aside to help towards the cost of the next Standards Parade where the Monarch, as Colonel in Chief of the Household Cavalry, will present new Standards. The Parade is anticipated to take place in 2024. Free reserves at 31 March 2020 therefore amounted to £1,727,435 (2019 – £1,869,711).

Investment policy

The portfolio has benefited from the recovery of global stockmarkets following the year end. The charity's investments are managed by professional investment managers. There are no restrictions on the charity's power to invest.

The investment strategy is set by the trustees with advice from their investment managers. The strategy takes into account the charity's income requirements for the year, the appropriate risk profile and the investment managers' view of the market prospects in the medium term.

FINANCIAL REVIEW (continued)

Investment policy (continued)

The policy is to maximise total return through a diversified portfolio whilst providing a level of income as advised by the trustees from time to time. The performance of the portfolios and the charity's investment strategy are reviewed by the trustees whose representatives meet with the investment managers every six months.

Included within investments are monies advanced to the charity by the Household Cavalry and its associated funds. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected within the creditor figures in the attached financial statements.

As stated above, a review of the charity's investment managers has started and is expected to report at this Foundation's next Annual General Meeting. All stakeholders in this Foundation's overall investment portfolio currently managed by Cazenove Capital, and Waverton for the Life Guards' Association, are represented.

Reserves policy

It is the Trustees' intention to build up sufficient reserves within the charity, through fundraising initiatives and returns on investments, in order to meet liabilities as they fall due and to enable the continued development of the charity's objectives to support the Household Cavalry.

The charity generates income largely through fundraising and investments and, therefore, it is subject to fluctuation from year to year. As a result, the trustees believe the charity should hold reserves of between 12 months and 36 months of operating expenditure to provide protection against such fluctuations and enable it to continue operating in all circumstances and following all eventualities, including any significant unexpected fall in income.

The reserves policy is, and will continue to be, reviewed annually by the Trustees. The total value of free reserves at 31 March 2020 of £1,727,435 (2019 – £1,869,711) is in excess of this policy at the current time. The trustees are conscious of the fact that income generation in the current climate is difficult, yet the need for the charity's support remains as high as ever. Therefore, for the time being the trustees consider the charity's free reserves to be adequate but not excessive and at a level appropriate to cover the charity's commitments and guard against any reasonably foreseeable downturn in income.

Fundraising policy

The charity is committed to following the Code of Fundraising Practice and the fundraising promise as administered by the Fundraising Regulator. HCF raises funds in three main ways:

- ◆ From its investment portfolio, as administered by professional investment managers;
- ◆ Donations from individuals;
- ◆ Holding occasional fundraising events; and
- ◆ Through applications to grant-giving trusts.

FINANCIAL REVIEW (continued)

Fundraising policy (continued)

The charity does not routinely make direct approaches to the general public for fundraising purposes. Contact with individual donors is usually at their instigation but occasionally the charity does approach those already engaged with the charity.

The charity occasionally engages third party fund raisers to approach individuals on its behalf. Where this occurs, contracts are drawn up with a clear and specific remit and the charity closely monitors any fundraising activity undertaken on its behalf. From time-to-time, individuals may independently undertake to raise funds on our behalf, for example sponsored sports activities. Such activities are undertaken independently of the HCF. The charity has not received any complaints about its fundraising activity.

FUTURE PLANS

Robust and routine risk-management is this Foundation's Trustees' current top priority especially at this, the most unprecedented time for at least 75 years.

As stated above, the impact of the Coronavirus (Covid-19) pandemic has been absorbed due partly to the three resilient risk-mitigation measures described in the risk summary above, and the recovery of international stockmarkets following the year end.

Signed on behalf of the Trustees

Edward Goodchild

Trustee

Approved on: 25 March 2021

Independent auditor's report to the members of The Household Cavalry Foundation

Opinion

We have audited the financial statements of The Household Cavalry Foundation (the 'charitable company') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year 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 Companies Act 2006.

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 charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the director's report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the director's report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees, who are also the directors for the purposes of company law, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

29 March 2021

Statement of financial activities Year to 31 March 2020
(Including an income and expenditure account)

	Notes	Un- restricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Un- restricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Income and expenditure							
Income from:							
Donations and legacies	1	372,765	10,037	382,802	227,188	22,649	249,837
Investments and interest receivable	2	60,161	55,791	115,952	55,014	51,184	106,198
Total income		432,926	65,828	498,754	282,202	73,833	356,035
Expenditure on:							
Raising funds	3	92,271	13,155	105,426	73,632	13,168	86,800
Charitable activities							
. Assisting service personnel and dependants	4	255,566	17,644	273,210	242,803	26,899	269,702
Total expenditure		347,837	30,799	378,636	316,435	40,067	356,502
Net income (expenditure) before investment (losses) gains		85,089	35,029	120,118	(34,233)	33,766	(467)
Net (losses) gains on investments		(196,365)	(183,276)	(379,641)	30,701	26,929	57,630
Net (expenditure) income for the year		(111,276)	(148,247)	(259,523)	(3,532)	60,695	57,163
Transfers between funds	13	(1,000)	1,000	—	(4,000)	4,000	—
Net movement in funds		(112,276)	(147,247)	(259,523)	(7,532)	64,695	57,163
Fund balances at 1 April 2019		1,929,711	1,935,098	3,864,809	1,937,243	1,870,403	3,807,646
Fund balances at 31 March 2020		1,817,435	1,787,851	3,605,286	1,929,711	1,935,098	3,864,809

The charity has no recognised gains or losses other than those shown above. All the above results were derived from continuing operations.

Balance sheet 31 March 2020

		2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	9		5,654,521		6,330,833
Current assets					
Debtors	10	135,881		79,229	
Cash at bank and in hand		<u>255,922</u>		<u>187,095</u>	
		391,803		266,324	
Liabilities					
Creditors: amounts falling due within one year	11	<u>(2,431,038)</u>		<u>(2,717,348)</u>	
Net current liabilities			<u>(2,039,235)</u>		<u>(2,451,024)</u>
Total assets less current liabilities			3,615,286		3,879,809
Creditors: amounts falling due in more than one year	12		<u>(10,000)</u>		<u>(15,000)</u>
Total net assets			<u>3,605,286</u>		<u>3,864,809</u>
Represented by:					
The funds of the charity:					
Restricted funds	13		1,787,851		1,935,098
Unrestricted funds					
- General funds			1,727,435		1,869,711
- Designated funds	14		<u>90,000</u>		<u>60,000</u>
			<u>3,605,286</u>		<u>3,864,809</u>

Approved by the trustees
and signed on their behalf by:

Edward Goodchild

Trustee

Approved on: 25 March 2021

The Household Cavalry Foundation:
Charity Registration Number 1151869, Company Registration Number 08236363 (England and Wales)

Statement of cash flows Year to 31 March 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(71,896)	(42,693)
Cash flows from investing activities:			
Investment income and interest received		115,952	106,198
Proceeds from the disposal of investments		1,256,080	527,887
Purchase of investments		(1,351,924)	(529,506)
Net cash provided by investing activities		20,108	104,579
Change in cash and cash equivalents in the year		(51,788)	61,886
Cash and cash equivalents at 1 April 2019	B	341,295	279,409
Cash and cash equivalents at 31 March 2020	B	289,507	341,295

Notes to the statement of cash flows for the year to 31 March 2020.

A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(259,523)	57,163
Adjustments for:		
Losses (gains) on investments	651,541	(95,373)
Investment income and interest receivable	(115,952)	(106,198)
Increase in debtors	(56,652)	(6,934)
(Decrease) increase in creditors	(291,310)	108,649
Net cash used in operating activities	(71,896)	(42,693)

B Analysis of changes in net debt

	2019 £	Cash flows £	2020 £
Cash at bank and in hand	187,095	68,827	255,922
Cash held by investment managers	154,200	(120,615)	33,585
Total cash and cash equivalents	341,295	(51,788)	289,507

Principal accounting policies 31 March 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2020 with comparative information provided in respect to the year to 31 March 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The principal areas in the financial statements where these judgements and estimates have been made relate to:

- ◆ the allocation of support costs between expenditure headings;
- ◆ determining the value of listed investments held on behalf of associated Household Cavalry organisations;
- ◆ assessing the probability of the receipt of legacy income; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern.

As set out in these accounting policies under the going concern section, below, the trustees have considered the impact of the Covid-19 pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The challenges presented by the Coronavirus (Covid-19) pandemic have been met due partly to the three resilient risk-mitigation measures described in the risk management section of the trustees' report and the recovery of international stock markets following the year end. At close of business on 22 September 2020 this Foundation's overall portfolio was 2.2% off its all-time high achieved in January 2020. The charity's free reserves are currently in excess of its reserves policy (standing at over three years' worth of total expenditure).

As a result of the above, the trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The key areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2021, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (please see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises transfers from other registered charities, donations and legacies, income from fundraising events and investment income and interest receivable.

Donations and transfers from other registered charities amounting to donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Income from fundraising events is measured at fair value and accounted for on an accruals basis.

Investment income comprising dividends and similar income from listed investments is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis and comprises:

- ◆ Expenditure on raising funds, including all expenditure associated with raising funds for the charity by way of donations or fundraising events together with investment management fees.

Expenditure recognition (continued)

- ◆ Expenditure on charitable activities including all direct and indirect costs in relation to assisting service personnel and their dependants. Such expenditure includes the provision of donations and grants to service personnel and/or their dependants. These grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the financial statements.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment, and general administration.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. Governance costs are included as a specific category within support costs.

Both support and governance costs are allocated to the cost of assisting service personnel and their dependants.

Heritage assets

Certain assets owned by the charity meet the definition of heritage assets in the Charities SORP FRS 102 and are not valued for the purposes of these financial statements. Further details are provided in note 8 to these financial statements.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Included within investments are monies advanced to the charity by the Household Cavalry and its associated funds and repayable on demand. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected within the creditors figures in note 11 to these financial statements.

All other realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions 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. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

General funds represent monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

1 Income from: Donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	113,146	10,037	123,183	118,933	22,649	141,582
Legacies	110,000	—	110,000	—	—	—
Income from events	112,216	—	112,216	71,141	—	71,141
The Day's Pay Scheme	37,403	—	37,403	37,114	—	37,114
Total funds	372,765	10,037	382,802	227,188	22,649	249,837

The income from events represents donations received at events that were organised by third parties and held on behalf of the Household Cavalry Foundation.

The Day's Pay Scheme is a voluntary payroll giving scheme where participating members of the Household Cavalry Regiments contribute one day's pay per month to the charity.

2 Income from: Investment income and interest receivable

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Investment income	59,738	55,755	115,493	54,816	51,161	105,977
Interest receivable	423	36	459	198	23	221
Total funds	60,161	55,791	115,952	55,014	51,184	106,198

3 Expenditure on: Raising funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Staff costs	23,894	—	23,894	20,030	—	20,030
Events	2,639	—	2,639	—	—	—
Fundraising costs	38,496	—	38,496	28,079	—	28,079
Website development	1,173	—	1,173	1,434	—	1,434
Investment management fees	14,095	13,155	27,250	14,109	13,168	27,277
UK entertainment	11,974	—	11,974	9,980	—	9,980
Total funds	92,271	13,155	105,426	73,632	13,168	86,800

4 Expenditure on: Assisting service personnel and their dependants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Grants and donations	129,374	9,276	138,650	109,603	18,268	127,871
Staff costs and honoraria	56,777	—	56,777	62,394	—	62,394
Promotion of military efficiency	21,385	—	21,385	25,381	—	25,381
Accountancy	14,920	—	14,920	18,070	—	18,070
Publishing costs – Household Cavalry Journal	12,703	—	12,703	9,906	—	9,906
Website development	1,174	—	1,174	1,433	—	1,433
Professional fees	1,056	—	1,056	1,781	—	1,781
Office and administration costs	1,851	—	1,851	2,086	—	2,086
Insurance	602	8,168	8,770	850	8,631	9,481
Governance costs: auditor's remuneration	6,477	—	6,477	5,163	—	5,163
Other costs	9,247	200	9,447	6,136	—	6,136
Total funds	255,566	17,644	273,210	242,803	26,899	269,702

5 Staff costs

Staff costs, excluding honoraria, are as follows:

	Total funds 2020 £	Total funds 2019 £
Wages and salaries	52,620	53,251
Social security costs	5,659	5,526
Employer's pension contribution	1,403	1,311
	59,682	60,088
Contribution in respect to Regimental Adjutant	12,000	—
	71,682	60,088

The average number of employees during the year was:

	2020 No.	2019 No.
	2	2

No employee earned more than £60,000 per annum during the year, including taxable benefits but excluding pension contributions (2019 – none).

6 Trustees' expenses and remuneration and transactions with trustees

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Director. The total cost to the charity of employing key management was £51,066 (2019 – £49,786).

No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees or members of key management (2019 – none).

7 Taxation

Household Cavalry Foundation is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

8 Heritage assets

The charity has title to a number of unique artefacts including silverware and paintings which form part of the heritage of the Household Cavalry and the nation generally and which the charity intends to preserve for the enjoyment of future generations.

One of the principal objectives of the charity is “to advance the education of the public and of members and former members of the Household Cavalry in the history, heritage, traditions of the military accomplishments of the Household Cavalry including without limitation by supporting a museum or museums, archives and collections”. As such, the assets meet the definition of heritage assets in the Charities SORP FRS 102 and are not valued for the purposes of these financial statements. It is not possible to place any meaningful valuation on the collection for the purposes of these financial statements and details of specific items are not given for security reasons.

9 Investments

	Total funds 2020 £	Total funds 2019 £
Listed investments		
Market value as at 1 April 2019	6,176,633	6,079,641
Additions at cost	1,351,924	529,506
Disposals at opening market value (proceeds £1,256,080; gains £8,538)	(1,247,542)	(506,618)
Net unrealised investment (losses) gains	(660,079)	74,104
Market value as at 31 March 2020	5,620,936	6,176,633
Cash held for reinvestment	33,585	154,200
	5,654,521	6,330,833
Historical cost of listed investments as at 31 March 2020	5,252,678	4,934,149

At 31 March 2020 listed investments comprised the following:

	Total funds 2020 £	Total funds 2019 £
UK equities	1,450,569	1,873,497
Overseas equities	2,107,697	2,019,817
Fixed interest	362,739	428,719
Unitised funds	548,376	542,232
Alternatives	1,151,555	1,312,368
Total	5,620,936	6,176,633

9 Investments (continued)

All listed investments were dealt in on a recognised stock exchange.

At 31 March 2020, listed investments included investments with a market value of £2,379,785 (2019 – £2,650,079) representing amounts due to the Household Cavalry regiments and associated funds (note 11). Included within these investments are net unrealised losses of £660,079 and realised gains of £8,538 which arose during the year ended 31 March 2020. Those losses and gains which relate to the investments which represent part of the amount due to the Household Cavalry regiments and associated funds are not reflected through the statement of financial activities.

The following individual investment holdings as at 31 March 2020 were deemed material in the context of the market value of the portfolio as at that date:

Holding	2020 Market Value £	2020 Percentage %
Trojan Investment Fund	310,830	5.5%
ASI UK All Share Tracker Fund	388,454	6.8%
Vanguard S&P 500 UCITS ETF	404,357	7.1%
Trojan Income Fund	432,609	7.6%
Savills Investment Management – Charities Property Fund	782,574	13.8%

Holding	2019 Market Value £	2019 Percentage %
Schroder QEP Global Active Value Fund	335,284	5.4%
Majedie UK Equity Fund	352,076	5.7%
Vanguard S&P 500 UCITS ETF	413,819	6.7%
Aberdeen Foundation Growth Fund	450,975	7.3%
Trojan Income Fund	451,442	7.3%
Savills Investment Management – Charities Property Fund	798,812	12.9%

At close of business on 31 December 2020, the Foundation's overall portfolio was stood at £6,672,516, which represents a significant increase on the market value at 31 March £5,620,936, even after accounting for the investment of an additional £67,286 during the intervening months.

10 Debtors

	Total funds 2020 £	Total funds 2019 £
Other debtors	4,154	564
Legacies receivable	60,000	—
Accrued income	56,297	58,618
Prepayments	15,430	20,047
	135,881	79,229

11 Creditors: amounts falling due within one year

	Total funds 2020 £	Total funds 2019 £
Amounts due to the Household Cavalry Regiments and associated funds (see below)	2,379,785	2,650,079
Grants payable	5,000	38,466
Expense creditors	—	—
Tax and Social Security	6,653	—
Accruals	11,249	12,803
Deferred income	28,351	16,000
	2,431,038	2,717,348

Included above are monies advanced to the charity by the Household Cavalry Regiments and associated funds. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected in the creditors figures above. At 31 March 2020, the amounts owed were as follows:

	2020 £	2019 £
The Blues and Royals Association	1,101,620	1,225,623
Oliver Montague Fund	1,037,371	1,154,143
Household Cavalry Regiment (Bulford Camp, Salisbury Plain)	124,838	140,142
Household Cavalry Mounted Regiment (Knightsbridge)	115,956	130,171
	2,379,785	2,650,079

The deferred income includes monies received in advance of a fundraising event that had been planned to be held in June 2020.

12 Creditors: amounts falling due in more than one year

	Total funds 2020 £	Total funds 2019 £
Grants payable	10,000	15,000

13 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purpose.

Year ended 31 March 2020	Operational Casualties Fund 2020 £	Children's Fund 2020 £	Serving Officers Trust Fund 2020 £	Total 2020 £
At 1 April 2019	1,509,375	101,114	324,609	1,935,098
Income	46,277	2,591	16,960	65,828
Expenditure	(19,320)	(375)	(11,104)	(30,799)
Net investment losses	(152,121)	(5,230)	(25,925)	(183,276)
Transfer from unrestricted funds	—	1,000	—	1,000
At 31 March 2020	1,384,211	99,100	304,540	1,787,851

Year ended 31 March 2019	Operational Casualties Fund 2019 £	Children's Fund 2019 £	Serving Officers Trust Fund 2019 £	Total 2019 £
At 1 April 2018	1,462,564	91,262	316,577	1,870,403
Income	52,464	5,460	15,909	73,833
Expenditure	(28,004)	(376)	(11,687)	(40,067)
Net investment gains	22,351	768	3,810	26,929
Transfer from unrestricted funds	—	4,000	—	4,000
At 31 March 2019	1,509,375	101,114	324,609	1,935,098

Operational Casualties Fund

The Operational Casualties Fund is used to alleviate hardship of injured Household Cavalry service personnel and their families.

Children's Fund

The Children's Fund is used to provide money to orphans of deceased Household Cavalry personnel who have died during conflict. Donations are made each year by each of the Regimental Associations and an amount equal to those donations is transferred from unrestricted to restricted funds by the charity.

Serving Officers Trust Fund

The Serving Officers Trust Fund is used to promote the efficiency of the Household Cavalry by fostering and preserving traditions and increasing the efficiency of its serving officers by making provision for participation in a wide range of sports, purchasing learned periodicals, paying educational fees, assisting with purchase of items of uniform and paying for refurbishment, acquisition and insurance of regimental property.

14 Designated funds

The trustees have set aside or designated certain monies for specific purposes as follows.

	1 April 2019 £	New design- ations £	Utilised £	31 March 2020 £
Standards Parade Fund	60,000	30,000	—	90,000

	1 April 2018 £	New design- ations £	Utilised £	31 March 2019 £
Standards Parade Fund	30,000	30,000	—	60,000

The Standards Parade Fund comprises monies set aside to help towards the cost of the next Standards Parade where the Monarch, as Colonel in Chief of the Household Cavalry, will present new Standards. The Parade is anticipated to take place in 2024.

15 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total Funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total Funds 2019 £
Fund balances at 31 March 2020 are represented by:						
Investments	4,062,280	1,592,241	5,654,521	4,543,008	1,787,825	6,330,833
Net current (liabilities) assets	(2,234,845)	195,610	(2,039,235)	(2,598,297)	147,273	(2,451,024)
Creditors: amounts falling due in more than one year	(10,000)	—	(10,000)	(15,000)	—	(15,000)
Total net assets	1,817,435	1,787,851	3,605,286	1,929,711	1,935,098	3,864,809

	Total 2020 £	Total 2019 £
Unrealised gains included above		
On investment assets	368,258	1,242,484

Reconciliation of movements in unrealised gains:

Total unrealised gains at 1 April 2019	1,242,484	1,272,024
Movement in respect of disposals in the year	(214,147)	(103,644)
Net (losses) gains arising on revaluations in the year	(660,079)	74,104
Total unrealised gains at 31 March 2020	368,258	1,242,484

The total unrealised gains as at 31 March 2020 constitute movements on the revaluation of listed investments.

16 Related parties

Two trustees are also serving members of the Household Cavalry (2019 – two trustees) and so may have benefitted indirectly from grants made during both 2020 and 2019. One of the trustees received a grant of £275 directly as an individual beneficiary (2019 – £nil).

During the year, a total of £178 was paid to Household Cavalry Museum Enterprises Limited in relation to guidebooks and literature for distribution to prospective donors to the Foundation. Colonel J. D. A. Gaselee, a trustee, is a director of Household Cavalry Museum Enterprises Limited.

No donations were received from Trustees during the year. During 2018/19, donations amounting to £175 were received from two trustees.