

WARDROOM MESS

HMS NELSON

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

1 April 2021 to 31 March 2022

Registered Charity No. 1128774

Trustees' Annual Report and Comments

Wardroom Mess HMS NELSON

Charity Registered No:	1128774
Covering the Accounting Year:	1 April 2021 to 31 March 2022
Address:	HMS NELSON Queen Street Portsmouth PO1 3HH
Governing Document:	Constitution (Mess Rules)
Object:	Promotion of the Military Efficiency and Operational Effectiveness of the Armed Forces by the provision of mess facilities to Commissioned Officers serving in the Her Majesty's Naval Base Portsmouth.
Trustee:	Commodore JJ Bailey ADC Royal Navy
Trustee selection method:	Appointed as such by the Naval Secretary.
Bankers:	RBS Holts Lawrie House Victoria Road Farnborough GU14 7NR
Independent Examiner:	Peter Nicholls MBE MAAT 5 Nursery Road Havant Hants PO9 3BG
Activities and Achievements:	To have resources available for expenditure on improvements to the quality of life, and the engenderment of esprit de corps. Had it not been for Covid lockdowns, the mess would have put on a full social programme for its members. Generous subsidies would have been provided to selected functions from the profits made from the bar and other taxable activities.
Financial Review:	The Wardroom's finances remained in good health. There had been a net expenditure of £1.5K on its activities, although this included property depreciation of £20.9K. On the other hand, investments had gained £6.3K in market value. Overall, the fund had increased in value by £5.5K to £626.2K, including £277K held in property and stock. There were no cash flow issues as liabilities of £33K were easily covered by the £72.9K held in the current account.

Investment Selection Policy:	The investment funds are managed by Quilter Cheviot. The objective is to grow the capital value of the portfolio as well as generating some degree of income from the portfolio. Medium risk, can accept moderate variation or disruption to capital value or current income in order to meet the longer term objectives.
Financial Reserves Policy:	The Trustee has considered the level of reserves required to retain, appropriate to the charity's needs. The Trustee aims to ensure that the charity will be able to fulfil its charitable objectives even if there is a temporary shortfall in income and unexpected expenditure. The reserves are held in the investment portfolio, which had a market value of £207K. The Trustee will endeavour not to set aside funds unnecessarily but is aware that significant reserves may be required when the Wardroom moves to a new site.
Grant Policy:	Grants may be made to mess members to assist with the personal contributions to sporting, adventurous training or other activities where this is not available from the Leisure and Amenities Fund.
Risk Assessment:	The Trustee reviews the major risks to which the charity is exposed, and systems have been established to manage those risks and believes that by maintaining the free reserves stated it would provide sufficient resources in the event of adverse conditions. Quarterly independent examination of the accounts will mitigate the risk of any mismanagement by the mess committee.
Public Benefit Statement:	This fund provides public benefit by assisting Service personnel to more effectively perform their roles within the Armed Forces of the Crown. It does this by providing and supporting mess facilities and social activities. This assistance enables Service personnel to face the challenges and danger associated with military service by developing and maintaining teamwork, spirit and attitude, and morale. As a result, the fund promotes the efficiency of the Armed Forces of the Crown by enhancing the Royal Navy's and Royal Marines' capability to undertake the roles demanded of it including the defence of the United Kingdom and its interests.

I

I confirm that have paid due regard to the Charity Commission of England and Wales's guidance on public benefit when deciding what activities the charity should undertake.

Declaration:

I declare, in my capacity of Charity Trustee, that I have approved the above report.

Signature

Signed on Original

Name

Commodore JJ Bailey ADC Royal Navy.

Appointment

Naval Base Commander and sole Managing Trustee

Date

29 May 2022

Independent Examiner's Report to the Trustee of the Wardroom Mess, HMS Nelson.

I report on the accounts of the Charity for the year ended 31 March 2022 which are set out in pages 1 to 8 and accompanying notes.

Respective responsibilities of trustee and examiner

The charity's trustee is responsible for the preparation of the accounts. The charity's trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (The Charities Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustee for any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's qualified statement

The accounts fell into disarray when the contract for running hotel services including mess accounting changed mid-year. At the same time the Mess Accountant had left with no full time replacement. The temporary and part time replacement managed to keep the accounts going whilst learning new systems. A permanent replacement joined at the end of the year to join her. Many issues were resolved in the process of preparing the annual accounts, although recovery of debts was still a concern. In connection with my examination, no other material matters have come to my attention which gives me cause to believe that in any material respect:

- The accounting records were not kept in accordance with section 130 of the Charities Act; or
- The accounts did not accord with the accounting records; or
- The accounts did not comply with the applicable requirements concerning the form and content of the accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than in any requirement that the accounts give a "true and fair" view which is not a matter considered as part of an independent examination.

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed on Original

P A Nicholls MBE MAAT
5 Nursery Road
Havant
Hants PO9 3BG
29 May 2022

HMS NELSON WARDROOM MESS

Registered Charity No 1128774

BALANCE SHEET

31 March 2022

			<u>31-Mar-21</u>
<u>Fixed Assets</u>	<u>Note</u>		
Mess Property	7	£ 236,191.65	£ 254,608.39
Investments	2	<u>£ 207,412.00</u>	<u>£ 201,043.21</u>
Total Fixed Assets		£ 443,603.65	£ 455,651.60
<u>Current Assets</u>			
Stock	7A	£ 41,024.67	£ 31,873.88
Mess Bills & Function Payments due		£ 16,442.63	£ 10,344.10
Sodexo Mess Bills		£ 30,453.05	£ -
Debtors & Prepayments	8	£ 5,044.00	£ 22,525.00
Cash (inc Floats)		£ 2,997.11	£ 2,685.61
Current Accounts		£ 72,906.25	£ 68,578.88
Fairfax Prepaid Card		£ 580.37	£ 949.27
Scottish Widows Deposit Account		<u>£ 46,153.65</u>	<u>£ 39,712.52</u>
Total Current Assets		<u>£ 215,601.73</u>	<u>£ 176,669.26</u>
<u>Liabilities</u>			
Creditors	9	£ 35,550.04	£ 11,397.45
VAT due		<u>£ (2,503.66)</u>	<u>£ 246.65</u>
Total Current Liabilities		<u>£ 33,046.38</u>	<u>£ 11,644.10</u>
Net current assets		<u>£ 182,555.35</u>	<u>£ 165,025.16</u>
Net Assets		<u>£ 626,159.00</u>	<u>£ 620,676.76</u>
Funds:			
General Fund		£ 606,159.00	£ 604,676.76
Insurance Provision (Designated)		<u>£ 20,000.00</u>	<u>£ 16,000.00</u>
		<u>£ 626,159.00</u>	<u>£ 620,676.76</u>

Approved on 29 May 2022

Signed on Original

Commodore J J Bailey ADC Royal Navy
Sole Managing Trustee

HMS NELSON WARDROOM MESS

Registered Charity No 1128774

Statement of Financial Activities

For year ended 31 March 2022

	Notes		<u>Previous Year</u>
Income			
Donations & Grants		£ -	£ 20,788.00
Charitable Activities		£ 192,138.69	£ 79,397.39
Other Trading Activities		£ 9,984.53	£ 26.76
Investment Income		£ 5,797.82	£ 6,110.97
Total Income	3	<u>£ 207,921.04</u>	<u>£ 106,323.12</u>
Expenditure			
Raising Funds		£ 4,060.31	£ -
Charitable Activities		£ 205,399.42	£ 68,170.77
Total Expenditure	4	<u>£ 209,459.73</u>	<u>£ 68,170.77</u>
Net Income (Expenditure)		£ (1,538.69)	£ 38,152.35
Net gains on investments		£ 6,368.79	£ 29,755.28
Net Income		<u>£ 4,830.10</u>	<u>£ 67,907.63</u>
Plus Previous Year Adjustments		£ 652.14	£ (1,226.02)
Total funds brought forward		£ 620,676.76	£ 553,995.15
Total funds carried forward		<u>£ 626,159.00</u>	<u>£ 620,676.76</u>

HMS NELSON WARDROOM MESS FUND

Notes to the Accounts dated 31 March 2022

Note 1 - Accounting policies

a. The financial statements are prepared under the historic cost convention (as modified by the revaluation of fixed asset investments) and in accordance with applicable accounting standards: Charities Statement of Recommended Practice 2019, UK Accounting Standards and the Charities Act 2011.

Income

- a. Donations are included in the Statement of Financial Activities (SOFA) when the Mess becomes entitled to the donation or grant and it is reasonably certain that it will be received.
- b. Incoming resources from fund raising are reported gross in the SOFA
- c. Intangible income is not included in the accounts.
- d. The Mess receives no unpaid volunteer help.
- e. Investment income is included in the accounts when receivable.

Expenditure and liabilities

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

Assets

- a. Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £100. They are valued at cost or a reasonable value on receipt. Non depreciating items such as artefacts, silver and pictures are revalued periodically. Depreciation is straight line over the estimated life of the item but is not allocated to any of the activity costs.
- b. Investments on a recognised stock exchange are valued at market value at the date of the Balance Sheet or at best estimate of market value.
- c. Stocks are valued at the lower of cost or market value.

Note 2 - Investments

Quilter Cheviot	at 1 Apr 21	£ 201,043.21
Unrealised Gain		<u>£ 6,368.79</u>
Quilter Cheviott	at 31 Mar 22	<u>£ 207,412.00</u>

Cost price £65,020.13

HMS NELSON WARDROOM MESS

Note 3 - Income

	<u>2021-22</u>	<u>2020-21</u>
<i>Voluntary Income</i>		
Grants	£ -	£ 20,788.00
<i>Charitable Activities</i>		
Mess Subscriptions	£ 50,999.69	£ 53,995.75
Associate Member Subs	£ 9,603.87	£ 10,611.72
Mess Functions	£ 70,114.57	£ 80.00
Bar Sales	£ 60,478.52	£ 14,477.06
Laid Down Wine Sales	£ 790.20	£ 45.29
Coffee	£ 24.92	£ 104.17
History Books & Other Income	<u>£ 126.92</u>	<u>£ 83.40</u>
	£ 192,138.69	£ 79,397.39
<i>Other Trading Activities</i>		
Functions	£ 4,060.31	£ -
Function Levy & Surplus	£ 5,069.26	£ 8.10
Family Rooms	£ 104.97	£ -
Z Bed/IT Equipment	£ -	£ 2.00
Crystal Sales	£ 41.66	£ -
Memento Sales	<u>£ 708.33</u>	<u>£ 16.66</u>
	£ 9,984.53	£ 26.76
<i>Investment Income</i>		
Interest	£ 45.00	£ 41.59
Investment Dividends	<u>£ 5,752.82</u>	<u>£ 6,069.38</u>
	£ 5,797.82	£ 6,110.97
Total Income	<u><u>£ 207,921.04</u></u>	<u><u>£ 106,323.12</u></u>

HMS NELSON WARDROOM MESS

Note 4 - Expenditure

	<u>2021-22</u>	<u>2020-21</u>
<i>Raising Funds</i>		
Functions (Non Mess)	£ 4,060.31	£ -
<i>Charitable Activities</i>		
Trading		
Function Expenditure (from tickets)	£ 70,114.57	£ 80.00
Function Expenditure (from subsidies)	£ 18,828.69	£ 1,411.75
Bar Purchases	£ 48,488.24	£ 12,889.14
Port /Wine Purchases	£ 790.20	£ 45.29
Shop	£ 77.75	£ -
Mess Running Costs		
Mess Guests	£ 313.96	£ 300.53
Newspapers & Periodicals	£ 7,859.24	£ 7,104.30
TV & Amenities	£ 1,645.47	£ 930.02
LAF Sports	£ 3,600.00	£ 3,600.00
Repairs & Renewals	£ 1,264.79	£ 2,020.70
Christmas Decorations	£ 14,400.00	£ -
Christmas Draw Subsidy	£ 157.98	£ -
Insurances	£ 1,454.56	£ 1,492.12
Trophy Hire	£ 656.00	£ 655.85
Laundry	£ 335.98	£ 459.01
Dining Room Consumables	£ 189.07	£ -
Tea/Coffee	£ 7,432.73	£ 8,960.37
Presentations	£ 122.08	£ 1,096.03
Printing, Postage & Stationery	£ 254.29	£ 371.55
Performing Rights Society	£ 1,263.57	£ 1,783.00
Fish Tank	£ 923.10	£ 821.66
Governance Costs		
Examination of Accounts	£ 2,410.00	£ 2,307.00
Support Costs		
Mess Bill Write Off	£ -	£ 142.44
Depreciation	£ 20,932.22	£ 20,880.35
Card Charges	£ 1,099.52	£ 769.77
Bank Charges	£ 785.41	£ 49.89
	<u>£ 205,399.42</u>	<u>£ 68,170.77</u>
Total Expenditure	<u><u>£ 209,459.73</u></u>	<u><u>£ 68,170.77</u></u>

Note 5 - Employees

The fund does not have any employees.

Note 6 - Trustees and Other Related Parties

- a. No expenses or emoluments have been paid to the sole Managing Trustee
- b. The Managing Trustee holds the same position in the Leisure and Amenities Fund (LAF).
The Wardroom pays monthly sports contributions to the LAF.
- c. There are no amounts due to or from the sole Managing Trustee

Note 7 - Tangible Fixed Assets - Property Account

Property Valuation as at 1 Apr 21	£ 254,608.39
Plus Additions	£ 2,515.48
Less Depreciation	£ (20,932.22)
Property Valuation at 31 Mar 22	<u>£ 236,191.65</u>
Comprising	
Artefacts, Pictures, Silver	£ 130,230.00
Depreciating items	£ 105,961.65
	<u>£ 236,191.65</u>

Note 7A - Stocks

Bar	£ 22,016.16
Laid Down Wine & Port	£ 16,138.51
Mementos	£ 2,870.00
	<u>£ 41,024.67</u>

Note 8 - Miscellaneous Debtors and Prepayments

Interest Accrued	£ 11.00
Prepayments	
Xmas decorations	£ 3,600.00
Coffee Machine rent	£ 214.00
Insurance	£ 937.00
PRS/PPL	£ 136.00
TV Licence	£ 146.00
	<u>£ 5,044.00</u>

Note 9 - Creditors (all due within one year)

Sodexo	£ 26,229.18
Asahi	£ 351.81
General Wine	£ 318.27
BrewGas	£ 93.00
Newspapers	£ 3,000.00
Trophy Hire 21/22	£ 656.00
Card Charges	£ 100.00
PNIE	£ 610.00
HMS Excellemt WR	£ 29.72
Miscellaneous Holdings	£ 134.25
Christmas Draw	£ 1,308.00
Crown D94/D95	£ 1,032.95
Crown Functions	£ 707.56
Dept Dinners	£ 669.81
Charity Chests	£ 309.49
	<u>£ 35,550.04</u>

Note 10 - Endowment or Restricted Income Funds

There are none

Other Information

- a. The fund does not have any material commitments not provided for in the accounts
- b. The fund has not given any guarantees to any third party that could be called on at the year end.
- c. The fund has not granted any loans.
- d. The fund did not make any ex gratia payments during the year.

Declarations

- a. The Trustee has not changed the year end date nor the length of the fund's financial year
- b. The fund has one designated fund
- c. All the fund's operations are continuing operations and there were no discontinued operations.
- d. No funds are in deficit.
- e. The fund has no marketable intangible assets
- f. There were no interfund loans outstanding at the balance sheet date.
- g. None of the funds functional assets have been revalued during the year and the fund does not have a policy of revaluation of these assets.
- h. The fund has no material fixed assets which have not been capitalised and included in the Balance Sheet.

HMS NELSON WARDROOM MESS

Trading Accounts for the year ended 31 March 2022

		<i>Year to 31-Mar-21</i>
<u>Beers & Spirits</u>		
Sales (incl discount & corkage)	£ 60,478.52	£ 16,481.53
Cost of Stock sold	<u>£ (47,453.14)</u>	<u>£ (12,452.30)</u>
Gross Profit	£ 13,025.38	£ 4,029.23
Gross Profit on Sales	21.5%	24.4%
Gross profit on cost of sales (= av Mark up)	27.4%	32.4%
Less Expenses:		
Write off	£ -	£ (2,004.47)
Gas & Sundries	<u>£ (1,035.10)</u>	<u>£ (436.84)</u>
Net Profit	19.8% <u>£ 11,990.28</u>	9.6% <u>£ 1,587.92</u>
<u>Laid Down Wines</u>		
Sales	£ 790.20	£ 45.29
Cost of Stock sold	<u>£ (790.20)</u>	<u>£ (45.29)</u>
Gross Profit	0.0% <u>£ -</u>	0.0% <u>£ -</u>

WARDROOM MESS

HMS NELSON

ANNUAL REPORT AND FINANCIAL STATEMENTS

For Period

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Registered Charity No. 1128774

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