

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Charity registration number: 1116946



**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Registration number 1116946

Trustees

Brigadier P Rafferty MBE
Col J Gorick DL
LT Col P Blakesley MBE
LT Col A Royce
LT Col R Beatson
Col C Hodges MBE
Major J Weskbrooke
LT Col G Maund OBE
LT Col H Cormack MBE
LT Col A Steven
Major B Hollister MC MBE
Col M Kenyon

Address

Regimental Headquarters
The Regimental Charity of The Duke of Lancaster's Regiment
Fulwood Barracks

Auditors

Mitchell Charlesworth LLP
Chartered Accountants
Centurion House
129 Deansgate
Manchester
England
M3 3WR

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

CONTENTS

	Page
Trustees' Annual Report	3 – 6
Independent Auditor's Report	7 – 8
Statement of Financial Activities (incorporating income and expenditure)	9
Balance Sheet	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 20

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

TRUSTEES' REPORT

The trustees of the charity present their annual report and the financial statements for the year ended 31st December 2015.

The accounting statements have been prepared in accordance with accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and 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 published on 16th July 2014.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of each branch are:

The Charity Branch

To promote the efficiency of the Regiment in such charitable ways as the trustees may decide, including the maintenance and preservation of the chapels, memorials, colours and chattels of the Regiment and the former Regiments.

The Association Branch

To promote the efficiency of The Duke of Lancaster's Regiment by:-

Fostering esprit de corps, amongst the serving and former members of the Regiment and its former regiments, by enabling them to keep in touch with regimental affairs and one another.

Preserving the traditions and perpetuating the deeds of the Regiment and its former regiments.

Encouraging recruitment for the Regiment.

Assist serving and former members of the Regiment and its former regiments to obtain suitable employment.

The Benevolence Branch

To provide relief to serving or former members of the Regiment or former regiments and their dependents who are in conditions of need, through financial hardship, sickness or old age.

The Homes Branch

To provide or assist in the provision of accommodation for former members of the Regiment or its former regiments and their dependents who are in need through financial hardship, sickness or old age.

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

GRANT MAKING POLICY

The charity has established its grant making policy to achieve its objects for the public benefit. The charity's aim is to continue to support members of the Regiment (serving, veterans and their dependants) with benevolence and welfare grants, details of which are shown in the Notes to the Accounts.

A REVIEW OF OUR ACHIEVEMENTS AND PERFORMANCE

The major work for the Charity has been the commissioning of a significant, new Regimental Memorial that will be unveiled at the National Memorial Arboretum in 2016. This will mark the Regiment's 10th anniversary since formation and will commemorate those who have died in that time whilst serving in the Regiment. It will also recognise those who have died from our antecedents.

A major refurbishment of RHQ was also commenced in order to better project a powerful positive image of the Regiment. This will contribute to strengthening its identity, building support and contributing to recruiting and esprit de corps.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

TRUSTEES' REPORT

We have continued to provide significant benevolence and welfare support. In particular, we have supported 207 individual cases at a cost of £36,928. Our support has been the catalyst for further funding from, for example, the ABF. The number of cases supported has remained steady for the last 3 years, having dropped from a peak of 300 in 2011. This is a trend seen across all Service charities. However, it has allowed us to make a block grant of £10K in 2015 to the ABF, recognising the support they have given us.

FINANCIAL REVIEW

Over the year, the net worth of the Charity has remained steady, despite significant expenditure on the Memorial and RHQ refurbishment. Income has risen to £506,434 (2014: £363,033), but this reflects a change to accountancy rules and the requirement to show a bequest, which is yet to be received.

Taking account of capital expenditure, the Charity's operating budget of £274,339 was underspent by £2K.

The Charities financial position is considered to be healthy and it has continued to operate within its budget.

INVESTMENT POLICY AND PERFORMANCE

Over the year, the net worth of the Charity has remained steady, despite significant expenditure on the Memorial and RHQ refurbishment. Income has risen to £506,434 (2014: £363,033), but this reflects a change to accountancy rules and the requirement to show a bequest, which is yet to be received.

Taking account of capital expenditure, the Charity's operating budget of £274,339 was underspent by £2K.

The Charities financial position is considered to be healthy and it has continued to operate within its budget.

RISK MANAGEMENT

The trustees have and continue to assess the major risks that the charity could potentially be exposed to, particularly in relation to operations and the financial management of the charity. The trustees are satisfied that systems are in place to mitigate the associated risks.

RESERVES POLICY

On 26th September 2006 the Trustees set out the Charity's reserves policy as follows:

An appropriate capital reserve is required by the Charity both as an essential source of investment income and to deal with those unpredictable exigencies and emergencies that will, from time to time confront demand-led service charities. The Trustees of the Regiment Charity will accordingly seek to increase the value of its investment portfolio, and the rate of return by at least the annual rate of United Kingdom inflation so as to maintain the real value of invested capital over the longer term.

The Charity gives grants to past and present units of The Duke of Lancaster's Regiment and past and present members of the Regiment or the former regiments, Grants are given using the guidelines set down in the Charity Scheme and by the Regimental Board. The Charity cooperates with the Army Benevolent Fund. The Charity supports the regimental museums through various grants, the largest grant being to the Lancashire Infantry Museum Fund, the second largest is to the Cumbria Military Museum.

PLANS FOR THE FUTURE

Major expenditure this year will be on the completion of the Regimental Memorial and RHQ refurbishment. Longer term, a study into the requirement for a new, Future Regimental Museum is underway, which if it leads to the development of a new museum will require significant, pump priming investment to deliver.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

The company is a registered charity with the Charities Commission under the number 1116946. The charity is governed by a Scheme of the Charity Commissioners dated 26th September 2006 and is operated by the Administrative trustees incorporated as a body.

Administrative trustees

The trustees who served the charity during the year were as follows:

Brigadier P Rafferty MBE	Colonel of the Regiment
Col J Gorick DL	Hon Col 4 LANCS
LT Col G Maund OBE	CO 1 LANCS
LT Col H Cormack MBE	CO 2 LANCS
LT Col A Royce	CO 4 LANCS
LT Col R Beatson	
LT Col P Blakesley MBE	Co-opted
Col C Hodges MBE	Co-opted
Major J Weskbrooke	Co-opted
LT Col A Steven	Co-opted
Major B Hollister MC MBE	
Col M Kenyon	

Branches

The charity is operated through four branches:

The Regimental Charity of the Duke of Lancaster's Regiment (The Charity Branch)
The Regimental Association of The Duke of Lancaster's Regiment (The Association Branch)
The Benevolence Fund of The Duke of Lancaster's Regiment (The Benevolence Branch)
The Queen's Lancashire Regiment Cottage Homes Charity (The Homes Branch)

Organisational structure

On 1st July 2006, the King's Own Royal Border Regiment, the King's Regiment and the Queen's Lancashire Regiment were amalgamated to form The Duke of Lancaster's Regiment (King's, Lancashire and Border). The Scheme of the Charity Commissioners dated 26th September 2006 sets out the terms on which charities administered by the predecessor regiments are to be administered in connection with The Duke of Lancaster's Regiment (King's, Lancashire and Border) by The Regimental Charity of the Duke of Lancaster's Regiment (King's, Lancashire and Border)

The Charity's property is held on its behalf by the Trustees, subject to covenants set out in a conveyance dated 26th September 2006. The Trustees also met as the Council of the Charity as defined in the said conveyance.

The Trustees meet six monthly.

New trustees are given a copy of the Scheme of the Charity Commissioners dated 26th September 2006, a copy of the Charity's latest reports and statement of accounts a copy of Regimental Council Instruction No 1, which sets out the system of control and accounting to be used by the Charity, and a copy of the leaflet The Essential Trustee, which is produced by the Charity Commission.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

TRUSTEES' REPORT

KEY MANAGEMENT PERSONNEL REMUNERATION

No member of key management personnel received any remuneration in the year.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

STATEMENT OF DISCLOSURE TO AUDITOR

So far as the trustees are aware, there is no relevant audit information of which the charity's auditor is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the charity's auditor is aware of that information.

AUDITORS

Having expressed a willingness to continue in office, a resolution for the appointment of Mitchell Charlesworth LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the trustees on..... and signed on their behalf by;

Colonel (Retd) CW Owen
Secretary

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

INDEPENDENT AUDITOR'S REPORT

**TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

We have audited the financial statements of The Regimental Charity of The Duke of Lancaster's Regiment for the year ended 31 December 2015 on pages 9 to 20 which comprises Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Policies, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with this Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions available for Small Entities, in the circumstances set out in the related note in the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015, and of the incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Charities Act 2011

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

**Mr Paul Booth (Senior Statutory Auditor)
For and on behalf of MITCHELL CHARLESWORTH
LLP**

.....

Chartered Accountants
Centurion House
129 Deansgate
Manchester
M3 3WR

Date:

Mitchell Charlesworth LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF FINANCIAL ACTIVITIES
Incorporating Income and Expenditure**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Income from;	2				
Donations and legacies		121,143	148,787	269,930	125,879
Grant Income		65,335	12,000	77,335	47,593
Income from investments		116,137	–	116,137	157,629
Income from charitable activities		43,032	–	43,032	31,932
Total income		345,647	160,787	506,434	363,033
Expenditure on;	3				
Raising funds		22,234	–	22,234	21,708
Charitable activities		439,006	3,225	442,231	397,930
Total expenditure		461,240	3,225	464,465	419,638
Net (expenditure) before (losses) on investments		(115,593)	157,562	41,969	(56,605)
Net (losses) on investments		(6,810)	–	(6,810)	(15,964)
Net Movement in Funds		(122,403)	157,562	35,159	(72,569)
Reconciliation of funds					
Total funds brought forward		3,750,272	3,243	3,753,515	3,826,084
Total funds carried forward		3,627,869	160,805	3,788,674	3,753,515

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities

The notes on pages 12 to 20 form part of these financial statements

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

BALANCE SHEET

	Notes	2015 £	2014 £
Fixed Assets			
Tangible Fixed Assets	7	97,039	97,890
Heritage Assets	7	9,495	9,495
Investments	8	3,342,040	3,370,503
Total Fixed Assets		3,448,574	3,477,888
Current Assets			
Stock on Hand		31,575	22,594
Debtors	9	192,093	51,874
Cash at Bank and in Hand		139,387	223,213
Total Current Assets		363,055	297,681
Current Liabilities: Amounts falling Due within one year	10	22,955	22,054
Net Current Assets		340,100	275,627
Total Assets Less Current Liabilities		3,788,674	3,753,515
 Restricted Funds	12	160,805	3,243
Unrestricted Funds	11	3,627,869	3,750,272
Total Funds		3,788,674	3,753,515

These financial statements were approved by the Administrative Trustees on.....and are signed on their behalf by:

Lt Col AAD Royce
Trustee

The notes on pages 12 to 20 form part of these financial statements

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

STATEMENT OF CASH FLOWS

	2015 £	2014 £
Cash used in operating activities (see below)	(110,888)	(71,684)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest income	768	907
Purchase of tangible fixed assets	(2,169)	(2,829)
Movement in listed investments	28,463	2,045
	<hr/>	<hr/>
Cash provided by (used in) investing activities	27,062	123
	<hr/>	<hr/>
Increase(decrease) in cash and cash equivalents In the year	(83,826)	(71,561)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	223,213	294,774
	<hr/>	<hr/>
Total cash and cash equivalents at the end of the Year	139,387	223,213
	<hr/>	<hr/>
Reconciliation of net movement in funds to net cash flow from operating activities		
	2015 £	2014 £
Net movement in funds	35,159	(72,569)
Add back depreciation charge	3,020	3,301
Deduct interest income shown in investing activities	(768)	(907)
Decrease (increase) in stock	(8,981)	2,987
Decrease (increase) in debtors	(140,219)	(5,915)
Increase (decrease) in creditors	901	1,419
	<hr/>	<hr/>
Net cash used in operating activities	(110,888)	(71,684)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 20 form part these financial statements

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income/(expenditure);

Reconciliation of report net income	£
Net income/(expenditure) as previously stated	(56,605)
Adjusted for gains/(losses) on investments now treated as a component of net income/(expenditure)	(15,964)
	<hr/>
2014 Net (expenditure) as restated	<u>(72,569)</u>

c) Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion have created a fund for a specific purpose.

Further details of each fund are disclosed in note 11.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

d) Income recognition

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

Donations and Grant Income are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation or any grant income 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.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. 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 to the asset having been transferred to the charity.

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. Dividends and other investment income is recognised once dividends and investment income has been declared and notification has been received of the dividend and investment income date. This is normally upon notification by our investment advisor of the dividend yield of the investment policies.

Incoming resources from charitable activities comprises of income from subscriptions, events and rents receivable and is accounted for on becoming receivable.

e) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure. It is probable that settlement will be required and the amount of the obligation can be measure reliably.

All expenditure is accounted for on an accruals basis. All expenses including raising funds and charitable activities costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note 4 to the accounts.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

f) Costs of raising funds

The costs of generating funds consist of investment management costs and certain legal fees.

g) Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT (KING'S, LANCASHIRE AND BORDER) FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

h) Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost with the exception of the investment property which is included in the balance sheet at valuation. The investment property was valued by E-Surv Chartered Surveyors on 17th March 2014 for the year ended 31st December 2013 accounts.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Investment Property	No depreciation charge
Furniture and Equipment	25% on reducing balance

Investment property is included in the balance sheet at its open market value. Depreciation has not been provided for as the leasehold is more than 20 years.

i) Heritage assets and depreciation

Heritage assets are tangible fixed assets held by the charity which have historical and artistic significance. They are valued at their cost or valuation on acquisition. An assessment is made of the useful economic life and likely residual value of the assets in order to consider whether the assets should be depreciated. Where any potential depreciation charge is considered to be immaterial to the accounts, then an annual impairment review is carried out in accordance with the requirements of paragraph 259 of the Charities SORP. A depreciation rate of 10% had been applied historically on a reducing balance basis; however no depreciation is currently being charged, as it is considered that any further depreciation charge would be immaterial to the accounts.

The heritage assets currently held have been collected since formation of the Regiment in 1680. Assets are currently on display in a number of locations: the Regimental Headquarters; on loan to our battalions; regimental museums; or other units and intuitions. The remainder of the collection is held in secure storage. The Charity has maintained a register of all heritage assets albeit in paper form. The register identifies assets by a unique serial number and is currently being transferred to an electronic state. Alongside this process, an assessment of the condition of each heritage asset is being undertaken. In due course, a decision will be made by the Regimental Board as to whether an asset is either to be repaired or disposed of. The Charity has not made any disposals to date, but may consider this option in the future.

j) Fixed asset investments

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 statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

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

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.

Fixed asset investments are held primarily to produce an investment return for the charity.

k) Stock

Stock is valued at the lower of cost and net realisable value.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

l) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if 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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2. Analysis of Income from;

	2015 £	2014 £
Donations and legacies		
Donations	269,930	125,879
	<hr/>	<hr/>
Income from investments		
Income from Listed Investments	115,369	156,772
Bank/Building Society Interest	768	907
	<hr/>	<hr/>
	116,137	157,629
	<hr/> <hr/>	<hr/> <hr/>
Income from charitable activities		
Association Events, Subscriptions and Journals	7,589	8,189
Shop Sales	34,243	22,961
Rents Receivable	1,200	782
	<hr/>	<hr/>
	43,032	31,932
	<hr/> <hr/>	<hr/> <hr/>

3. Analysis of expenditure on:

	2015 £	2014 £
Expenditure on raising funds		
Investment Management fees	22,234	21,708
	<hr/>	<hr/>
Expenditure on Charitable Activities		
Grants Payable (see below)	190,428	252,870
Other Charitable Activities (see below)	251,803	145,060
	<hr/>	<hr/>
	442,231	397,930
	<hr/> <hr/>	<hr/> <hr/>
Analysis of Grants Payable		
Charity Branch Grants	102,055	158,423
Association Branch Grants	260	124
Benevolence Branch Grants	88,113	94,323
	<hr/>	<hr/>
	190,428	252,870
	<hr/> <hr/>	<hr/> <hr/>

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

3. Analysis of Expenditure on; (continued)

	No. of Grants 2015	2015 £	2014 £
Total grants to institutions		102,055	158,423
Total grants to individuals – Benevolence and Welfare		88,373	94,447
		<u>190,428</u>	<u>252,870</u>

Grants to Institutions

Names of Institutions	Nature of Grants	No of Grants	2015 £	2014 £
The Lancashire Infantry Museum Fund	Support	1	15,000	55,507
Grant 1 LANCS	Support	2	32,000	8,000
Grant 2 LANCS	Support	2	20,000	45,000
Grant 4 LANCS	Support	2	13,250	13,250
Cumbria Military Museum	Support	1	17,600	18,211
Other Museums	Support	1	400	900
Miscellaneous Minor Grants	Various	12	3,805	17,555
		<u>21</u>	<u>102,055</u>	<u>158,423</u>

Analysis of Other Charitable Activities – by branch

	2015 £	2014 £
Charity Branch Support Costs	38,160	39,052
Association Branch Publication	12,650	11,672
Association Branch Events	6,552	7,811
Association Branch Support Costs	31,019	36,893
Association Branch Running Costs	3,915	4,368
Benevolence Branch Support Costs	32,753	33,578
Homes Branch Support Costs	1,358	1,780
Homes Branch Running Costs	746	1,176
Corridor Refurbishment	23,750	-
Regimental Memorial	91,200	-
Audit	9,700	8,730
	<u>251,803</u>	<u>145,060</u>

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

3. Analysis of Expenditure on; (continued)

Analysis of Other Charitable Activities – by type

	2015	2014
	£	£
Salaries	20,567	20,464
Postage, Printing and Administration Costs	48,943	52,001
Bank Charges	631	664
Association Journal	12,650	11,672
Association and General Events	6,552	7,811
Shop Cost of Sales	32,832	36,893
Insurance and Water Rates and Repairs	746	1,176
Deprecation and Gain/Loss on Sale of Assets	3,021	3,301
Benevolence and Funerals	1,211	2,378
Corridor Refurbishment	23,750	-
Regimental Memorial	91,200	-
Audit	9,700	8,700
	<u>251,803</u>	<u>145,060</u>

4. Staff costs and emoluments

	2015	2014
	£	£
Wages and salaries	20,567	20,010
Social security costs	-	454
	<u>20,567</u>	<u>20,464</u>

Particulars of employees:

	2015	2014
Number of staff	2	2

No employee received remuneration of more than £60,000 during the year (2014 – nil).

5. Related party transactions and trustees' expenses and remuneration

The trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2014: £nil).

No Trustees received any remuneration during the year. During the year ended 31st December 2015, payments totalling £3,274, (2014: £431) were made to 5 administrative trustees in reimbursement of expenses for attendance at Charity and Regimental events.

6. Auditors remuneration

The auditors remuneration constituted an audit fee of £8,700 (2014 : £8,700) and assistance with conversion to FRS102 of £1,000 (2014: £Nil).

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

7. Tangible Fixed Assets

	Investment property £	Furniture & equipment £	Heritage Assets £	Total £
Cost				
At 1 January 2015	88,000	30,703	13,024	131,727
Additions	—	2,169	—	2,169
	<u>88,000</u>	<u>32,872</u>	<u>13,024</u>	<u>133,896</u>
At 31 December 2015	88,000	32,872	13,024	133,896
Depreciation				
At 1 January 2015	—	20,813	3,529	24,342
Charge for the year	—	3,020	—	3,020
	<u>—</u>	<u>23,833</u>	<u>3,529</u>	<u>27,362</u>
At 31 December 2015	—	23,833	3,529	27,362
At 31 December 2015	88,000	9,039	9,495	106,534
At 31 December 2014	88,000	9,890	9,495	107,385

The investment property, which was donated to the charity and is owned by the charity and its predecessors, has a £nil cost. The property was valued by E.Surv Chartered Surveyors on 17th March 2014 for the year ended 31st December 2013. The trustees are not aware of any material changes since the last valuation. This property is let to a beneficiary of the charity.

Heritage Assets consist of two paintings owned by the charity which had previously been described as 'Long Life Assets'. The assets were acquired in 2010 and introduced into the accounts at cost of £13,024. No further heritage assets have been acquired or disposed since. Depreciation had been applied historically at a rate of 10% but given that the amount was immaterial, this ceased in 2013. The NBV of the heritage assets in previous years are as follows:

2011	£10,550
2012	£ 9,495
2013	£ 9,495
2014	£ 9,495
2015	£ 9,495

8. Fixed Asset Investments

	2015 £	2014 £
Listed Investments		
Market Value at 31 st December 2014	3,370,503	3,372,548
Movement in Dealing Accounts Balance	(25,748)	10,189
(Losses)/Gains on Investments	(6,810)	(15,964)
Accrued Income	4,095	3,730
	<u>3,342,040</u>	<u>3,370,503</u>
Market Value at 31st December 2015	3,342,040	3,370,503

Of these Investments £629,864 (2014: £624,318) are listed outside the UK.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

9. Debtors

	2015 £	2014 £
Prepayment and accrued income	173,330	35,887
Other debtors	18,763	15,987
	<u>192,093</u>	<u>51,874</u>

10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Other creditors	7,777	7,876
Accruals	15,178	14,178
	<u>22,955</u>	<u>22,054</u>

11. Unrestricted Funds

	At 1 Jan 2015	Incoming resources	Outgoing Resources	Transfers	At 31 Dec 2015
Unrestricted funds:					
General funds	3,662,272	330,447	376,850	(90,000)	3,525,869
Designated funds:					
Leasehold Property	88,000	–	–		88,000
Regimental Memorial	–	15,200	91,200	90,000	14,000
	<u>3,750,272</u>	<u>345,647</u>	<u>468,050</u>	<u>–</u>	<u>3,627,869</u>

Unrestricted funds are available at the discretion of the trustees for any future activities consistent with the aims and objectives of the Charity.

Leasehold Property – designated funds represent the value of Leasehold Property owed by the Charity and its predecessors.

Regimental Memorial – The Emmeline Millar Bequest which was received in 2012, has been used to help fund the Memorial.

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
(KING'S, LANCASHIRE AND BORDER)
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTES TO THE FINANCIAL STATEMENTS

12. Restricted Funds

	At 1 Jan 2015	Incoming resources	Outgoing Resources	At 31 Dec 2015
Restricted funds:				
Kings Division Recruitment team	3,243	–	3,225	18
Museum of Manchester Firearm	–	11,054	–	11,054
George Walmsley Blundell Indenture	–	137,733	–	137,733
Somme Celebrations	–	12,000	–	12,000
	<u>3,243</u>	<u>160,787</u>	<u>3,225</u>	<u>160,805</u>

Kings Division Recruitment team – Funding that can be used for recruitment purposes

Museum of Manchester Firearm – Funding held on behalf of the Museum of Manchester.

George Walmsley Blundell Indenture – Funding that can only be used to assist welfare cases in the West Lancashire District

Somme Celebrations – Funding received from the Armed Forces Covenant small Grants Scheme for use on Somme celebrations.

13. Analysis of Net Assets between Funds

	Fixed Assets	Net Current Assets	Total
Unrestricted funds			
General funds	3,360,574	177,295	3,537,869
Designated funds			
Leasehold property	88,000	–	88,000
Regimental Memorial	–	14,000	14,000
Restricted funds			
Kings Division	–	18	18
Museum of Manchester Firearm	–	11,054	11,054
George Walmsley Blundell Indenture	–	137,733	137,733
	<u>3,448,574</u>	<u>340,100</u>	<u>3,788,674</u>

14. APB Ethical Standards

In common with many other charities of our size we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.