

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

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016



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

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2016

The trustees present their report and the financial statements of the charity for the year ended 31 December 2016.

Reference and administrative Information

Registered charity name The Regimental Charity of The Duke of Lancaster's Regiment
(King's, Lancashire And Border)

Charity registration number 1116946

Principal office Regimental Headquarters
The Regimental Charity of The Duke of Lancaster's
Regiment
Fulwood Barracks
PR2 8AA

The trustees

Brigadier (Retd) PS Rafferty MBE
Col J Gorick DL
Col MP Kenyon
Col (Retd) CO Hodges MBE
Lt Col AT Steven ACF
Lt Col (Retd) RJ Beatson DL
Lt Col PJ Blakesley MBE (Left 10 November 2016)
Lt Col H Cormack MBE (Left 31 July 2016)
Lt Col PR Driver (Appointed 30 April 2016)
Lt Col GA Maund OBE (Left 7 April 2016)
Lt Col AAD Royce
Lt Col RJ Singleton (Appointed 31 July 2016)
Major (Retd) JBW Hollister MBE MC
Major (Retd) JC Westbrooke (Left 8 April 2016)

Regimental secretary Col (Retd) CW Owen

Auditor Whitehead & Aldrich
Chartered Accountants & Statutory Auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

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

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

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 dependents) with benevolence and welfare grants, details of which are shown in the Notes to the Accounts.

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

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

A review of our achievements and performance

The major work for the Charity has been the commissioning of a significant, new Regimental Memorial which was unveiled at the National Memorial Arboretum on 17 May 2016 by the Colonel-in-Chief. This marked the Regiment's 10th anniversary since formation and commemorates those who have died in that time whilst serving in the Regiment. It also recognises those who have died from our antecedents.

A major refurbishment of RHQ was also completed, which better projects a powerful, positive image of the Regiment. This will contribute to strengthening our identity, building support and contributing to recruiting and esprit de corps.

We have continued to provide significant benevolence and welfare support. In particular, we have supported 228 individual cases at a cost of £44,540. 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 2016 to the ABF, recognising the support they have given us.

Financial review

Over the year, the net worth of the Charity has again risen, despite significant expenditure on the Memorial and RHQ refurbishment. Income has dropped to £356,305 (2015: £506,434), which reflects a change to accountancy rules in 2015 which was noted in the last report.

Taking account of capital expenditure, the Charity's operating budget of £251,560 was underspent by around £15K. The disposal of surplus silver has generated £31K, which has been ring-fenced until a decision is made on its use. Further sales are planned which will increase this amount.

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

Investment policy and performance

The Charity's investment policy is to seek a balanced return between income and capital growth, protecting the capital against inflation, and providing a base annual income of £100,000. This is written in the context of a medium risk mandate.

The aims of the investment policy have been met (income was £119,832).

Overall the Charity's financial position remains 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.

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

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

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 and the second largest to Cumbria's Museum of Military Life.

Plans for the future

Reductions in the size of battalions along with potential withdrawal of MOD support in some areas will impact respectively on both income and expenditure. Work is in hand to address how these factors might be mitigated. 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.

Structure, governance and management

Status and Administration

The charity 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 (Retd) PS Rafferty MBE	Colonel of the Regiment
Col J Gorick DL	Hon Col 4 LANCS
Col MP Kenyon	Dep Col
Col (Retd) CO Hodges MBE	Co-opted
Lt Col AT Steven ACF	Co-opted
Lt Col (Retd) RJ Beatson DL	Co-opted
Lt Col PJ Blakesley MBE	Co-opted (Left 10 November 2016)
Lt Col H Cormack MBE	CO 2 LANCS (Left 31 July 2016)
Lt Col PR Driver	CO 1 LANCS (Appointed 30 April 2016)
Lt Col GA Maund OBE	CO 1 LANCS (Left 7 April 2016)
Lt Col AAD Royce	CO 4 LANCS
Lt Col RJ Singleton	CO 2 LANCS (Appointed 31 July 2016)
Major (Retd) JBW Hollister MBE MC	
Major (Retd) JC Westbrooke	Co-opted (Left 8 April 2016)

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).

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

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

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.

Key management personnel remuneration

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

Trustees' responsibilities statement

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

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 applicable Charities (Accounts and Reports) Regulations, 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.

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

TRUSTEES' ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

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 re-appointment of Whitehead & Aldrich will be proposed at the forthcoming Annual General Meeting.

The trustees' annual report was approved on 6 April 2017 and signed on behalf of the board of trustees by:


Col (Retd) CW Owen
Regimental Secretary



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

YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of The Regimental Charity of The Duke of Lancaster's Regiment (King's, Lancashire And Border) for the year ended 31 December 2016 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 regulations made under section 154 of that 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 (APB's) Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 24 to the financial statements.

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.

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 2016 and of its incoming resources and application of resources 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 Charities Act 2011.

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

YEAR ENDED 31 DECEMBER 2016

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:

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



Mr Jonathan Hughes-Deane FCA (Senior Statutory Auditor)

For and on behalf of
Whitehead & Aldrich
Chartered Accountants & Statutory Auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

6 April 2017

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

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2016

		Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
	Note				
Income and endowments					
Donations and legacies	4	142,366	—	142,366	269,930
Charitable activities	5	38,019	—	38,019	43,032
Investment income	6	120,148	—	120,148	116,137
Grant Income	7	55,772	—	55,772	77,335
Total income		<u>356,305</u>	<u>—</u>	<u>356,305</u>	<u>506,434</u>
Expenditure					
Expenditure on raising funds:					
Investment management costs	8	(22,114)	—	(22,114)	(22,234)
Expenditure on charitable activities	9,10	(422,796)	(9,478)	(432,274)	(442,231)
Total expenditure		<u>(444,910)</u>	<u>(9,478)</u>	<u>(454,388)</u>	<u>(464,465)</u>
Net gains/(losses) on investments	13	315,715	—	315,715	(6,810)
Net income and net movement in funds		<u>227,110</u>	<u>(9,478)</u>	<u>217,632</u>	<u>35,159</u>
Reconciliation of funds					
Total funds brought forward		3,627,869	160,806	3,788,675	3,753,515
Total funds carried forward		<u>3,854,979</u>	<u>151,328</u>	<u>4,006,307</u>	<u>3,788,674</u>

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

All income and expenditure derive from continuing activities.

The notes on pages 12 to 22 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Tangible fixed assets	17		94,106		97,039
Heritage assets	18		9,495		9,495
Investments	19		3,631,987		3,342,040
			<u>3,735,588</u>		<u>3,448,574</u>
Current assets					
Stocks		24,168		31,575	
Debtors	20	56,201		192,093	
Cash at bank and in hand		213,528		139,387	
		<u>293,897</u>		<u>363,055</u>	
Creditors: amounts falling due within one year	21	<u>23,178</u>		<u>22,955</u>	
Net current assets			<u>270,719</u>		<u>340,100</u>
Total assets less current liabilities			<u>4,006,307</u>		<u>3,788,674</u>
Net assets			<u>4,006,307</u>		<u>3,788,674</u>
Funds of the charity					
Restricted funds			151,328		160,805
Unrestricted funds			3,854,979		3,627,869
Total charity funds	22		<u>4,006,307</u>		<u>3,788,674</u>

These financial statements were approved by the board of trustees and authorised for issue on 6 April 2017, and are signed on behalf of the board by:



Brigadier (Retd) PS Rafferty MBE
Trustee

The notes on pages 12 to 22 form part of these financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Cash flows from operating activities		
Net income	217,632	35,159
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	3,873	3,020
Other interest receivable and similar income	(316)	(768)
Accrued (Income)/expenses	(1,195)	1,000
<i>Changes in:</i>		
Stocks	7,407	(8,981)
Trade and other debtors	135,892	(140,219)
Trade and other creditors	1,419	(99)
Cash generated from operations	364,712	(110,888)
Net cash from/(used in) operating activities	364,712	(110,888)
Cash flows from investing activities		
Purchase of tangible assets	(940)	(2,169)
Movement in listed investments	(289,947)	28,463
Interest income	316	768
Net cash (used in)/from investing activities	(290,571)	27,062
Net Increase/(decrease) in cash and cash equivalents	74,141	(83,826)
Cash and cash equivalents at beginning of year	139,387	223,213
Cash and cash equivalents at end of year	213,528	139,387

The notes on pages 12 to 22 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

1. General information

The charity is registered charity in England and Wales and is unincorporated.
The address of the principal office is Regimental Headquarters, The Regimental Charity of The Duke of Lancaster's, Regiment, Fulwood Barracks.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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

Going concern

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements and estimations that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- The estimated useful life of the tangible fixed assets and the depreciation rates used thereon

Fund 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 the furtherance of charitable objects. Unrestricted funds included 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 23.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (continued)

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.

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 measured 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. The apportioned costs are based on fixed percentages.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (continued)

Costs of raising funds

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

Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in notes 9 to 12.

Tangible assets

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

Depreciation is provided at the following annual rates in order to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

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.

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 institutions. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Accounting policies (continued)

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

Stock

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

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

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.

4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Donations - 2016			
Donations	<u>142,366</u>	<u>-</u>	<u>142,366</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Donations - 2015			
Donations	<u>121,143</u>	<u>148,787</u>	<u>269,930</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Charitable activities

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Association events, subscriptions and journals	7,898	7,898	7,589	7,589
Shop sales	28,921	28,921	34,243	34,243
Rent receivable	1,200	1,200	1,200	1,200
	<u>38,019</u>	<u>38,019</u>	<u>43,032</u>	<u>43,032</u>

6. Investment income

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Income from listed investments	119,832	119,832	115,369	115,369
Bank/Building Society Interest	316	316	768	768
	<u>120,148</u>	<u>120,148</u>	<u>116,137</u>	<u>116,137</u>

7. Grant Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Grant income - 2016	<u>55,772</u>	<u>-</u>	<u>55,772</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Grant income - 2015	<u>65,335</u>	<u>12,000</u>	<u>77,335</u>

8. Investment management costs

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Investment Management fees	<u>22,114</u>	<u>22,114</u>	<u>22,234</u>	<u>22,234</u>

**THE REGIMENTAL CHARITY OF THE DUKE OF LANCASTER'S REGIMENT
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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Other Charitable Activities - 2016	222,603	9,478	232,081
Grants payable	200,193	—	200,193
	<u>422,796</u>	<u>9,478</u>	<u>432,274</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Other Charitable Activities - 2015	248,578	3,225	251,803
Grants payable	190,428	—	190,428
	<u>439,006</u>	<u>3,225</u>	<u>442,231</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Total funds 2016 £	Total fund 2015 £
Other Charitable Activities	232,081	—	232,081	251,803
Grants payable	—	200,193	200,193	190,428
	<u>232,081</u>	<u>200,193</u>	<u>432,274</u>	<u>442,231</u>

11. Analysis of other charitable activities - by branch

	Charity Branch £	Association Branch £	Benevolence Branch £	Homes Branch £	Total 2016 £	Total 2015 £
Staff costs	6,300	501	15,383	718	22,902	20,567
Premises	—	—	—	740	740	746
Bank charges	202	46	1,011	20	1,279	631
Association journal	—	11,359	—	—	11,359	12,650
Association and general events	—	17,564	—	—	17,564	6,552
Shop costs	—	34,664	—	—	34,664	32,832
Depreciation	—	3,873	—	—	3,873	3,021
Benevolence and funeral	—	4,532	—	—	4,532	1,211
Corridor refurbishment	—	5,902	—	—	5,902	23,750
Regimental memorial	—	65,457	—	—	65,457	91,200
Audit	2,277	182	5,589	232	8,280	9,700
Postage, printing and administration	37,512	2,796	14,580	641	55,529	48,943
	<u>46,291</u>	<u>146,876</u>	<u>36,563</u>	<u>2,351</u>	<u>232,081</u>	<u>251,803</u>

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YEAR ENDED 31 DECEMBER 2016

12. Analysis of grants

	2016	2015
	£	£
Grants to Institutions		
The Lancashire Infantry Museum Fund	15,000	15,000
Grant 1 LANCS	20,000	32,000
Grant 2 LANCS	20,000	20,000
Grant 4 LANCS	13,250	13,250
One off Grant 1 LANCS	6,290	—
One off Grant 2 LANCS	2,000	—
Cumbria Museum of Military Life	17,600	17,600
Other Museums	400	400
Miscellaneous Minor Grants	5,337	3,805
	<u>99,877</u>	<u>102,055</u>
Grants to Individuals		
Benevolence and Welfare	100,316	88,373
Total grants	<u>200,193</u>	<u>190,428</u>

13. Net gains/(losses) on investments

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Gains/(losses) on listed investments	<u>315,715</u>	<u>315,715</u>	<u>(6,810)</u>	<u>(6,810)</u>

14. Net income

Net income is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets	<u>3,873</u>	<u>3,020</u>

15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2016	2015
	£	£
Wages and salaries	<u>22,902</u>	<u>20,567</u>

The average head count of employees during the year was 2 (2015: 2).

No employee received employee benefits of more than £60,000 during the year (2015: Nil).

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YEAR ENDED 31 DECEMBER 2016

16. 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 (2015: £nil).

No Trustees received any remuneration during the year. During the year ended 31st December 2016, payments totalling £4,016, (2015: £3,274) were made to 4 trustees in reimbursement of expenses for attendance at Charity and Regimental events.

17. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2016	88,000	32,872	120,872
Additions	—	940	940
Disposals	—	(6,690)	(6,690)
At 31 December 2016	88,000	27,122	115,122
Depreciation			
At 1 January 2016	—	23,833	23,833
Charge for the year	—	3,873	3,873
Disposals	—	(6,690)	(6,690)
At 31 December 2016	—	21,016	21,016
Carrying amount			
At 31 December 2016	88,000	6,106	94,106
At 31 December 2015	88,000	9,039	97,039

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2016

18. Heritage assets

Heritage Assets consist of two paintings owned by the charity which had previously been described as 'Long Life Assets'.

	Heritage asset £
Cost or valuation	
At 1 January 2016 and 31 December 2016	<u>13,024</u>
Accumulated depreciation	
At 1 January 2016 and 31 December 2016	<u>(3,529)</u>
Carrying amount	
At 31 December 2016	<u>9,495</u>
At 31 December 2015	<u>9,495</u>

The heritage assets were acquired in 2010 and introduced into the accounts at cost of £13,024. 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

Heritage assets not recognised on the statement of financial position

The Charity also holds various heritage assets that have not been recognised in the statement of financial position. These assets consist of paintings, silver and medals which have been donated to the Charity since formation. The value of these assets is unquantifiable given their nature.

19. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 1 January 2016	22,240	3,319,800	3,342,040
Additions	—	363,865	363,865
Disposals	—	(429,342)	(429,342)
Fair value movements	—	315,715	315,715
Other movements	39,709	—	39,709
At 31 December 2016	<u>61,949</u>	<u>3,570,038</u>	<u>3,631,987</u>
Carrying amount			
At 31 December 2016	<u>61,949</u>	<u>3,570,038</u>	<u>3,631,987</u>
At 31 December 2015	<u>22,240</u>	<u>3,319,800</u>	<u>3,342,040</u>

All Investments shown above are held at valuation.

Financial assets held at fair value

Of these Investments £766,903 (2015: £629,864) are listed outside the UK.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2016

20. Debtors

	2016	2015
	£	£
Prepayments and accrued income	39,389	173,330
Other debtors	16,812	18,763
	<u>56,201</u>	<u>192,093</u>

21. Creditors: amounts falling due within one year

	2016	2015
	£	£
Accruals and deferred income	13,983	15,178
Other creditors	9,195	7,777
	<u>23,178</u>	<u>22,955</u>

22. Analysis of charitable funds

Unrestricted funds

	At 1 January 2016 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 December 2016 £
General funds	3,525,869	320,052	(375,833)	(51,457)	315,715	3,734,346
Leasehold Property	88,000	—	—	—	—	88,000
Regimental Memorial	14,000	—	(65,457)	51,457	—	—
Silver Heritage	—	36,253	(3,620)	—	—	32,633
	<u>3,627,869</u>	<u>356,305</u>	<u>(444,910)</u>	<u>—</u>	<u>315,715</u>	<u>3,854,979</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 owned 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.

Silver Heritage - Designated funds representing amounts received from sale of silver to be used to help fund the purchase and making of silver commemorable pieces.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2016

22. Analysis of charitable funds (continued)

Restricted funds

	At 1 January 2016 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 December 2016 £
Kings Division						
Recruitment team	18	—	(18)	—	—	—
Somme						
Celebrations	12,000	—	(8,860)	—	—	3,140
George Walmsley Blundell Indenture	137,733	—	(600)	—	—	137,133
Museum of Manchester						
Firearm	11,055	—	—	—	—	11,055
	<u>160,806</u>	<u>—</u>	<u>(9,478)</u>	<u>—</u>	<u>—</u>	<u>151,328</u>

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

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

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

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

23. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Tangible fixed assets	103,601	—	103,601
Investments	3,631,987	—	3,631,987
Current assets	142,569	151,328	293,897
Creditors less than 1 year	(23,178)	—	(23,178)
Net assets	<u>3,854,979</u>	<u>151,328</u>	<u>4,006,307</u>

24. 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.