

Financial Return

for the Year Ended 31 March 2019

Reserve Forces and Cadets Association for The North West of
England and the Isle of Man

Clive Owen LLP

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Consolidated Accounts for the Year Ended 31 March 2019

<u>Contents</u>	Page
Information	2
Independent Auditors Report	3 to 4
Income and Expenditure Account	5 to 7
Balance Sheet	8
Notes to the Accounts	9 to 17

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Consolidated Accounts for the Year Ended 31 March 2019

Information

Association Headquarters	Gladstone House Altcar Training Camp Hightown Liverpool L38 8AF
Bankers	Lloyds Bank plc 1 st Floor, 5 St. Pauls Square Old Hall Street Liverpool L3 9SJ
Senior Statutory Auditor	Simon Hook FCCA
Auditors	Clive Owen LLP Chartered Accountants Statutory Auditors Kepier House Belmont Business Park Durham DH1 1TW
Intermediate Higher Level Budget Holders	Council of RFCAs Holderness House 51-61 Clifton Street London EC2A 4EY

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Independent Auditors Report for the Year Ended 31 March 2019

We have audited the financial statements of Reserve Forces and Cadets Association for The North West of England and the Isle of Man for the year ended 31 March 2019 on pages 5 to 17 in accordance with the RFCA Financial Framework. These financial statements comprise the Balance Sheet, the Income and Expenditure Account and the related notes and have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the RFCA for The North West of England and the Isle of Man and to the Council of RFCAs, as a body. Our audit work has been undertaken so that we might state to the RFCA for The North West of England and the Isle of Man and to the Council of RFCAs, 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 RFCA for The North West of England and the Isle of Man and the Council of RFCAs as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Chairman, Chief Executive and Auditors

The Chairman and Chief Executive are responsible for the preparation of the financial statements and the regularity and propriety of the public finances in accordance with applicable law and the requirements of the Financial Framework.

Our responsibility is to audit and express an opinion on the financial statements in accordance with 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the requirements of the Financial Framework. We also report to you if, in our opinion, the Association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman and Chief Executive's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures included 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 Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chairman and Chief Executive; and the overall presentation of the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. We planned and performed our audit so as to obtain all the information and

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Independent Auditors Report for the Year Ended 31 March 2019

explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions are in conformity with the authorities which govern them.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Association as at 31 March 2019 and of its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Financial Framework; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Clive Owen LLP

Date

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

Statement of Chairman's and Chief Executive's Responsibilities

The Chairman, representing the Association, and the Chief Executive are responsible for ensuring the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the requirements of the Financial Framework. They are responsible for ensuring the assets of the Association are safeguarded and for ensuring reasonable steps are taken concerning the prevention and detection of fraud and other irregularities.

Chairman

Chief Executive

Date

Date

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Income and Expenditure Report for the Year Ended 31 March 2019

	Note	2019		2018	
		£	£	£	£
<u>INCOME</u>					
Funding via Council of RFCAs	2	11,511,136		10,744,508	
Funding received direct from funders	2	-		-	
Receipts generated by the RFCA	2	778,001		1,570,241	
Total Income			12,289,137		12,314,749
<u>EXPENDITURE</u>					
ESTATES MANAGEMENT					
Statutory & Mandatory		576,636		634,022	
Planned Maintenance		110,615		707,163	
Reactive Maintenance		1,666,932		1,804,770	
Incidental Work		4,362		-	
Life Cycle Replacement		11,100		-	
Condition Grade Improvement		298,601		83,288	
Injections / Projects RDEL and MNW		1,274,903		601,803	
Prof Fees/Ext Assistance		150,686		91,938	
Works in Aid of Disposal		-		-	
Sub Total			4,093,835		3,922,984
CAPITAL EXPENDITURE					
Land & Buildings		-		-	
Assets in the Course of Construction		928,225		603,643	
Sub Total			928,225		603,643
STAFF COSTS					
	3				
LE NI Civ Staff Pay		2,271,798		2,354,982	
UK NI Civ ERNIC		213,065		223,542	
LE Civ Ind Staff Pay		307,798		308,124	
UK Ind Civ ERNIC		25,791		26,386	
Non PCSPS Pens Payments		291,128		279,968	
Redundancy Payment		63,922		50,915	
Sub Total			3,173,502		3,243,917

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Income and Expenditure Report for the Year Ended 31 March 2019

	Note	2019		2018	
		£	£	£	£
INFRASTRUCTURE					
Heating Oil		-		-	
Gas		13,285		4,824	
Electricity		138,184		154,525	
Water & Sewage		-		-	
Estate & FMS Accommodation Stores		479,629		116,022	
Energy Cons & Environmental Change		259,870		243,806	
Rates/NDR		1,401,428		1,418,380	
Sub –Letting Costs		201,358		163,367	
Rents/Leases/Alarms/Lettings		373,592		402,123	
Sub Total			2,867,346		2,503,047
IT & COMMS					
IT Minor Equipment HW/SW		75,131		48,411	
IT Maintenance Services & Contracts		38,986		61,848	
Line & Tel Rental		26,519		41,727	
Sub Total			140,636		151,986
TRANSPORT & MOVEMENT					
Depreciation		224,871		217,801	
Loss on sale of vehicle		1,768		62	
Lease of Vehicles		-		-	
Vehicle Maint		52,163		31,084	
Fuel (Non Utilities)		11,131		9,203	
Sub Total			289,933		258,150
RECRUITING SUPPORT					
Employer Support (DRM)		32,750		13,657	
Recruiting Support		44,406		60,254	
Sub Total			77,156		73,911

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Income and Expenditure Report for the Year Ended 31 March 2019

	Note	2019		2018	
		£	£	£	£
GRANTS					
CRFCA Payment		113,776		105,761	
Payments to Welfare Assoc		131,491		157,605	
ACF Travel & Consolidated Grants		254,012		158,523	
Arms Reserve Establishment & Band Grant		6,800		-	
RAuxAF Admin & PR		4,115		4,181	
Sub Total			510,194		426,070
ADMINISTRATION					
Office/General Administration		163,335		192,880	
Education/Training		20,027		4,981	
Professional Fees		41,972		44,119	
Legal Costs		500		-	
Insurance		14,970		27,748	
Travel & Subsistence		53,657		44,155	
Entertainment		-		-	
Sub Total			294,461		313,883
HR SUPPORT					
HR & Recruiting – Civilian Assoc Staff		7,870		9,536	
Sub Total			7,870		9,536
TOTAL EXPENDITURE			<u>12,383,158</u>		<u>11,507,127</u>
Excess (Expenditure)/Income for the Year			<u>(94,021)</u>		<u>807,622</u>

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Balance Sheet for the Year Ended 31 March 2019**

	Note	2019		2018	
		£	£	£	£
NON CURRENT ASSETS					
Vehicles (net book value)	5		1,004,600		1,007,993
CURRENT ASSETS					
Deposit Account	6	4,601,462		4,322,436	
Petty Cash		600		600	
Sundry Debtors	7	1,261,351		214,350	
Prepayments & Accrued Income	7	124,281		135,356	
			5,987,694		4,672,742
CURRENT LIABILITIES					
Current Account	8	173,794		671,933	
Sundry Creditors	8	121,864		139,445	
Accruals/Deferred Payments	8	1,376,250		584,789	
Advance Receipts	8	2,389,137		1,265,393	
			(4,061,045)		(2,661,560)
NON CURRENT LIABILITIES					
Creditors due in more than one year	9		-		-
TOTAL ASSETS LESS TOTAL LIABILITIES			<u>2,931,249</u>		<u>3,019,175</u>
FINANCED BY					
Capital reserves	12	1,004,600		1,007,993	
General reserves	12	1,926,649		2,011,182	
			<u>2,931,249</u>		<u>3,019,175</u>

The financial statements were approved by the

and signed on its behalf by:

on

Chairman

Chief Executive

Reserve Forces and Cadets Association for The North West of England and the Isle of Man

Notes to the Accounts for the Year Ended 31 March 2019

1 Statement of Accounting Policies

1.1 Introduction

The financial statements are prepared in accordance with applicable law and the requirements of the Financial Framework and the regularity and propriety of the public finances.

1.2 Accounting convention

The financial statements are prepared on an accruals basis under the historical cost convention.

1.3 Basis of preparation of RFCA accounts

The financial statements comprise a consolidation of Stakeholder accounts (list detailed at 2.1). Fixed assets, other than vehicles, are included on the Balance Sheet at HQ Army level and accounted for using both historic cost accounting and modified historic cost accounting.

1.4 Vehicle fixed assets and depreciation

Vehicle fixed assets are accounted for at cost less accumulated depreciation modified to include the MoD indexation revaluation by applying Modified Historical Cost Accounting (MHCA). MHCA ceased for FY 13/14 onwards but re-applied from FY 16/17. Depreciation is provided on a straight line basis to write off the cost less estimated residual value over the expected useful economic life. Depreciation rates vary between different vehicles depending on the estimated useful economic lives of the assets but typically fall within the range 10% to 25%.

1.5 Net operating costs

Costs and expenses are charged to the Operating Cost Statement in the period in which they are incurred and matched to any related recoveries. Recoveries are determined generally by reference to the cost of goods supplied and services rendered during the period, including attributable overhead costs.

1.6 Investments

Investments may either be equity investments, or medium or long term loans made with the intention of providing working capital or commercial support. Investments classified as fixed asset investments are stated at cost.

1.7 Provision for liabilities

Environmental Liabilities. Measurement of liabilities is based on current legal requirements and related extant technical knowledge. The provision for liabilities is regularly reviewed and adjusted, as appropriate, for changed in law or technical knowledge.

Restructuring Provisions. These provisions should only be recognised when the entity has a detailed plan for, and is inextricably committed to reorganisation.

Provisions should only include expenditure, which is both necessarily entailed by a reorganisation, and not associated with ongoing or new activities. Examples include redundancy and relocation costs.

1.8 Operating leases

Operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

1.9 Reserves

Reserves comprise of a general and a capital reserve.

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Notes to the Accounts for the Year Ended 31 March 2019

1.10 Non-public funds and assets

Non-public funds and assets are not included within these accounts and are identified and accounted for separately

2 Income

2.1 Funding via Council of RFCAs	2019	2018
	£	£
Regional Command – Grant in Aid	4,275,924	3,624,650
Regional Command – Grants to RF and Cadets (RDEL)	8,232	9,169
Regional Command – Vehicles	173,255	212,690
Defence Infrastructure Organisation (DIO) - Infrastructure	1,842,262	1,984,916
Defence Infrastructure Organisation (DIO) – Maintenance	1,635,084	1,917,049
DIO – RDEL and MNW	1,785,942	1,464,576
DIO– CDEL and MCW	817,908	603,643
RF&C (DRM)	145,500	119,479
Funding Sundry – ACF Adult Instructor Grant	175,384	95,833
Funding Sundry – RF&C Projects	-	-
Fleet	-	-
Fleet CDEL	-	-
RAF RDEL	-	-
RAF CDEL	-	-
RAuxAF	4,115	4,181
RAuxAF CDEL	-	-
ATC (Input)	513,317	520,305
ATC RDEL	2,723	30,412
ATC CDEL	-	-
DInfra – RDEL	131,490	157,605
DInfra – CDEL	-	-
	11,511,136	10,744,508
2.2 Funding received direct from funders	2019	2018
	£	£
	-	-
2.3 Receipts generated by the RFCA	2019	2018

Reserve Forces and Cadets Association for The North West of England and the Isle of Man Notes to the Accounts for the Year Ended 31 March 2019

	£	£
Rent Receipts - Land	129,644	172,752
Rent Receipts - Buildings	501,197	441,353
Bank Interest	19,026	9,305
Receipts – Misc (inc of NDR relief/rebates)	103,864	337,745
Sale of Land & Buildings	-	608,300
Sale of Other Equipment	-	-
Employer Support Events	-	-
Recruiting Events	-	-
Gains on Sales of Vehicles	24,270	786
	<u>778,001</u>	<u>1,570,241</u>

3 Staff numbers and costs

3.1 The average number of persons employed during the year was as follows:

	2019	2018
Civilian	102	110

3.2 The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Salaries – Civilian	2,579,596	2,681,784
Social Security/ERNIC Costs	238,856	249,928
Pension Costs	291,128	284,668
Redundancy Payment	63,922	-
	<u>3,173,502</u>	<u>3,211,680</u>

3.3 Salaries include, where appropriate, reserved rights to London Weighting or London Allowances, Recruitment and Retention Allowances and Private Office Allowances. Bonuses paid in respect of the year are also included.

4 Pensions

Present and past employees are mainly covered by the Council of RFCA Retirement and Death Benefits plan which receives contributions from employers and employees. For 2018/19 the employer contributions were 13% (2017/18: 13%) of pensionable payroll and employee contributions were 5% (2017/18: 5%) of pensionable salary.

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

5	Non-current assets - vehicles	2019	2018
		£	£
	Cost		
	At 1 April 2018	2,035,893	1,726,932
	Prior Year Adjustment	-	-
	MHCA	12,312	99,547
	Additions	288,579	229,038
	Disposals	(325,972)	(19,624)
	At 31 March 2019	<u>2,010,812</u>	<u>2,035,893</u>
	Depreciation		
	At 1 April 2018	1,027,900	780,949
	Prior Year Adjustment	-	-
	MHCA	6,216	45,017
	Charge for the year	224,871	217,801
	On disposals	(225,775)	(15,867)
	At 31 March 2019	<u>1,006,212</u>	<u>1,027,900</u>
	Net Book Value		
	At 31 March 2019	<u><u>1,004,600</u></u>	<u><u>1,007,993</u></u>
6	Cash at bank	2019	2018
		£	£
	Net current account	-	-
	Deposit account	2,064,466	2,301,519
	Other account	2,536,996	2,020,917
		<u>4,601,462</u>	<u>4,322,436</u>
7	Debtors	2019	2018
		£	£
	Sundry debtor (note 7.1)	1,261,351	214,350
	Prepayments and accrued income (note 7.2)	124,281	135,356
		<u>1,385,632</u>	<u>349,706</u>

There are no debtors falling due after more than one year.

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

7.1 Other debtors	2019	2018
	£	£
Due from MoD	1,160,754	53,682
Sundry debtors	41,744	92,076
Employees' pension/AVC contributions	52,040	62,271
Sub-letting rent receivable	6,813	6,321
	<u>1,261,351</u>	<u>214,350</u>

7.2 Prepayments and accrued income	2019	2018
	£	£
Pension contributions	86,653	91,535
Rents, leases and alarms	24,530	25,153
Sundry prepayments	13,098	18,668
Accrued income - interest	-	-
	<u>124,281</u>	<u>135,356</u>

8 Creditors (due within one year)	2019	2018
	£	£
Bank overdrafts	173,794	671,933
Other creditors (note 8.1)	121,864	139,445
Accruals (note 8.2)	1,376,250	584,789
Advance receipts (note 8.3)	2,389,137	1,265,393
	<u>4,061,045</u>	<u>2,661,560</u>

8.1 Other creditors	2019	2018
	£	£
Due to MOD	16,186	-
CIS tax	22,294	12,479
HMRC	64,667	66,554
Unit lettings shares due	-	-
Sundry creditors	18,717	60,412
	<u>121,864</u>	<u>139,445</u>

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

8.2 Accruals	2019	2018
	£	£
Estates management	824,632	97,104
Utilities	84,755	50,469
Other infrastructure	28,143	-
Legal and professional fees	-	13,500
Sundry accruals	438,720	423,716
	<u>1,376,250</u>	<u>584,789</u>

8.3 Advance receipts	2019	2018
	£	£
Grant-in-aid	-	-
Grants	2,387,260	1,265,393
Regionally generated income	1,877	-
Other deferred income	-	-
	<u>2,389,137</u>	<u>1,265,393</u>

9 Creditors (due in more than one year)	2019	2018
	£	£
	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

9 Commitments under operating leases

	2019	2018
RC – Assn HQ, RF, ACF, CCF & UOTC	£	£
Land and buildings		
Within one year	59,544	56,012
Between 2 and 5 years	134,873	25,455
Over 5 years	194,538	825
	<u>388,955</u>	<u>82,292</u>
RC– Assn HQ, RF, ACF, CCF & UOTC		
Within one year	-	-
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>-</u>	<u>-</u>
	2019	2018
HQ Air – ATC, RAF & RAuxAF	£	£
Land and buildings		
Within one year	96,276	118,034
Between 2 and 5 years	319,862	68,988
Over 5 years	765,033	2,112
	<u>1,181,171</u>	<u>189,134</u>

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

9 Commitments under operating leases (continued)	2019	2018
	£	£
HQ NC - RMR, RNR, URNU & SCC		
Land and buildings		
Within one year	-	-
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other		
Within one year	-	-
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11 Contingent liabilities

Work is currently being done to review leases committed to by the Association to identify any dilapidation provisions that may arise in the future. It is likely to be the policy in the future that the Association will disclose the maximum potential liability that could occur for dilapidations. This will be an estimate in some cases due to the length of time that the lease has been in place. Further estimates will be given in the year ending 31 March 2020.

12 Reserve memorandum	Revenue	Capital
	£	£
Balance as at 1 April 2018	2,011,182	1,007,993
MHCA adjustment	-	6,096
Prior Year Adjustment	-	-
Excess income / (expenditure) for the year	94,022	(9,489)
Balance as at 31 March 2019	<u>1,926,649</u>	<u>1,004,600</u>

12.1 Breakdown of revenue reserves	Reserves carried forward	Current year's grant	Maximum permitted balance (2% of grant)
------------------------------------	--------------------------------	----------------------------	--

**Reserve Forces and Cadets Association for The North West of England and the Isle of Man
Notes to the Accounts for the Year Ended 31 March 2019**

	£		£
RC– Grant in Aid	83,672	4,275,924	85,518
DIO - Infrastructure	40,233	1,842,262	36,845
RC – Grants to RF and Cadets (RDEL)	-		
RC – Vehicles	-		
DIO – Maintenance	32,990	1,635,084	32,702
DIO – RDEL and MNW	(101)		
DIO – CDEL and MCW	-		
RF&C (DRM)	-		
CRG	-		
Fleet	-		
Funding Sundry	3,332		
RAF RDEL	-		
RAF CDEL	-		
RAuxAF	-		
RAuxAF CDEL	-		
ATC (Input)	-		
ATC RDEL	-		
ATC CDEL	-		
DInfra – RDEL	-		
DInfra – CDEL	-		
Regionally generated income	1,766,523		
Total revenue reserves balance	<u>1,926,649</u>		