

IX (B) Squadron Association

Report and Financial Statements

Year Ended

31 March 2017

Registered Charity Number 1153852



IX (B) Squadron Association

Report of the trustees
for the year ended 31 March 2017

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Board of Trustees

Nicholas Hay	Chair
Andy Turk	Vice Chair
Stuart Evans	President
Alan Ferguson	Vice President
Paul Lenihan	Treasurer
Andrew Holland	Secretary to the Board

Advisory Members to the Board

Ian Sharrocks (1 Apr 16 – 12 Jan 17)	Officer Commanding IX(B)
James Heeps (12 Jan 17- 31 Mar 17)	Officer Commanding IX(B)
Dean Wood (1 Apr 16 – 03 Jan 17)	Warrant Officer IX(B) Squadron
Mike Inder (03 Jan 17 – 31 Mar 17)	Warrant Officer IX(B) Squadron
Robert Swanson	Deputy Secretary

Era Secretaries

Lancaster	– Harry Irons
Lincoln	– Harry Brittlebank
Canberra	– Michael Milligan
Vulcan	– Alan Ferguson
Tornado	– Richard James

Charity number

1153852

IX (B) Squadron Association

Report of the trustees
for the year ended 31 March 2017 (*continued*)

Registered Address

	Mr Paul Lenihan
	Royal Air Force Marham
	Marham
	King's Lynn
	Norfolk
	PE33 9NP
Telephone no:	01206835171
Email:	association.sec@9sqn.co.uk
Website:	http://www.9sqn.co.uk/

Independent Financial Advisor

Finance Manager, Action Duchenne Limited Epicentre, 41 West Street, London, E114LJ

Bankers

Bank of Scotland, 33 Old Broad Street London Branch PO Box 1000, BX2 1LB

IX (B) Squadron Association

Report of the trustees for the year ended 31 March 2017 (*continued*)

Introduction

This Financial Year (2016/17) saw the culmination of two years of sustained fundraising for the memorial to be placed in the National Arboretum. The Association delivered two major events within the financial year: the first, a formal dinner at the RAF Museum Hendon that represented the final fundraising event and attracted over 200 attendees and the second was the Association's first attendance at the National Service of Remembrance at the Cenotaph in London. The Association continued its annual memorial service at Bardney, its spiritual home since the Second World War, to commemorate those fallen in Service of the Squadron

The Association

Formed in 1975, the Association was formed from the backbone of Second World War veterans who had been meeting informally in London from 1966. The Association grew in numbers, encompassing the era of aircraft flown by the Squadron and due to its increased membership and the diverse activities applied for, and was granted, charitable status in 2013.

Impact and achievements for the public benefit

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the guidance published by the Charities Commission. In line with the Memorandum and Articles of Association, the Charity's aims for the last year were:

- **To promote the efficiency of the RAF by preserving its traditions and esprit-de-corps**
 - The Charity has now completed its major two-year fundraising initiative to purchase a memorial to its fallen members; this to be placed at the National Arboretum. The Association delivered a formal dinner at the RAF Museum at Hendon and the Association marched past the Cenotaph during the National Service of Remembrance ceremony in London.
- **To maintain contact with past members of the Squadron.**
 - The Charity has a current membership list of over 450 members: a 10% increase over the previous FY. These comprise active and retired members of the Squadron, their spouses and supporters. It also contains members who have no service background, but have become members through the camaraderie displayed by the Association. Of this membership, there are 196 wholly active members, again reflecting a 10% increase in activity, with the remainder semi or intermittently active within the Association.
 - The Association also publishes an annual booklet that highlights Association and Squadron events. This is distributed to all Association members and is made available to the general public.
- **To educate and inform the general public about the work of RAF Bomber Command, Strike Command, Air Command and their subordinate formations,**
 - The Association continues to fund and promote its web site. Listed here are all Association meeting notices, history and research posts. It contains archives of historical and current aircraft and posts articles from historians, Association and Squadron members.
- **To make grants to, and supporting charities, projects or appeals associated with the above commands.**
 - The Association made a grant of £100 in support of Air Command in providing transport for serving airmen to attend the funeral of Jack Linaker – a Lancaster veteran.

Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the Trustees to prepare accounts for each financial year that give a true and fair view of the state of affairs of the charitable company and of the results of the company for that period. In preparing those

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Report of the trustees for the year ended 31 March 2017 (*continued*)

accounts, the Trustees are required to: select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

As far as the Trustees are aware, there is no relevant audit information (information needed by the Charity's financial assessor in connection with preparing this report) of which the Charity's assessor is unaware;

Each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's assessor is aware of that information.

The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of internal control across the whole organisation. These systems of internal control, put in place by the Trustees, are designed to provide reasonable but not absolute assurance against material misstatement or loss and include:

- The Charity's treasurer keeps full accounting records of all financial records and provides copies of the bank statements at regular intervals.
- Consult with the trustees before making any financial transactions.
- Provide an annual set of accounts.
- Ensuring that the Charity submits Annual Reports to the Charity Commission and Companies House in line with current standard reporting procedures.

The Board of Trustees of the Association shall meet no less than once a year: a trustee can serve no longer than 5 years and all must be re-elected at each and every AGM.

Management of Risk

The Trustees manage risk through governance (formal Committee meetings, e-mail correspondence) and close control of any expenditure.

Grant Making Policy

The Association sets all grant making against the requirements of its financial security and the needs of the grant applicant. To date, one grant has been approved.

Trustee Training and Induction

New and current Trustees are briefed on their legal obligations under charity and company law, the content of the Constitution of the committee and decision making processes. This includes the delivery of Charity Commission publications explaining their role.

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Financial Review for the year ended 31 March 2017 (*continued*)

Financial review

This Financial Year (2016/17) sees the Association's holdings increase to £33995.04, which represents the culmination of two years fundraising for funds for the Memorial at the National Arboretum. It is particularly pleasing to see a 9% increase in the level of subscriptions to £1990; this reflecting members changing their subscriptions to the correct level.

Income was £32,119.07; a 17% increase over the previous year that resulted in a surplus of £4891.34 (2015/16: surplus of £18,620.95). Whilst this will appear to be a drop in financial income, it is worthy of note that the large surplus in the previous FY was through payments received in the FY 15/16 for events held in the FY 16/17. This surplus attributed to both Squadron and Association members fundraising activities. This is the first year the Charity has benefitted from Gift Aid; it is noted by the Trustees that this very high return reflects the high number of previous donations for the memorial and that future year's HMRC income will not be as high.

Expenditure on charitable activities was £7,730.90 in year, including allocated support costs; which is very slightly down (£7,802.60 FY15/16) from last year and represents a 1% drop on last year. Of this, £2,285.35 supplemented costs for the Association dinner. The Bardney Remembrance Day lunch was a cost neutral event this FY.

Reserves

The treasurer, on behalf of the Board of Trustees, monitors the level of unrestricted and restricted reserves in the general fund: this based on the expected charity expenditure to provide:

- Sufficient funds to deliver the Association's annual dinner and memorial service.
- Restricted funds to provide for a memorial at the National Arboretum.
- Restricted funds to provide maintenance costs for the memorial at the National Arboretum
- To allow the Charity to meet its objectives.
- To ensure the General funds are allocated to meet the Charity's Aims and Objectives.

Unrestricted reserves have decreased slightly to £7,078.70 (£7,628.70 in March 2016) however, restricted reserves are up to a total of £26,916.34 (£21,525.00 in 2016). £26,416.34 is reserved for the memorial and £500 for in year maintenance costs. The full cost of the memorial, and its maintenance, has still to be confirmed. The total raised for the memorial is in excess of that set by the trustees (£20,000) and it is intended to restrict all of the memorial funds until a full financial plan is agreed. It is not anticipated that the final cost will be in excess of the total raised; hence, the balance of memorial funds, less that restricted for maintenance, can be released back to the unrestricted reserves. To that end, the unrestricted reserves meet the minimum required to deliver next year's activities.

Plans for the future

In addition to continuing the much-valued existing activities, particularly in providing information and support for Association members, their families and the public, the Association seeks to increase its baseline in year income by 15% (traditionally £6500). There will be a large reduction in income for FY17/18 due to the absence of fundraising activities and thus baseline income levels need to increase in order to provide funds for core activities and for maintenance for the memorial.

Independent External Assessment

All of the trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charity's external assessors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Signed on behalf of the Board of Trustees on

P Lenihan

IX (B) Squadron Association

Independent External Review for the year ended 31 March 2017 (*continued*)

Independent External Assessment

The independent assessor noted that this accounting period saw a reduction in the level of financial reporting and governance. Focus was placed on income generation at the beginning of the FY, with an associated drop in governance and accounting standards. Early financial activity saw income collected and managed by four sources with no overall control being exercised. Nevertheless, there is clear evidence that during the final quarter, the Association has taken remedial steps (through a series of email trails that confirm previous income and expenditure trails) that reinforces the accuracy of the accounts as presented.

The accounting software used by the association is clearly not fit for purpose and the Treasurer struggled to deliver clear accounting on a quarterly basis – his efforts no doubt hampered by income being held and managed by four differing people with each showing differing appreciation of the accounting standards required by the Association. The treasurer has demonstrated that a new accounting spreadsheet has been developed with new operating procedures to underpin its population. Additionally, it is noted that money-handling procedures has been reviewed and revised by the treasurer. This spreadsheet is deemed appropriate for the level of financial activity demonstrated by the Charity.

The Association failed to deliver evidence of quarterly financial meetings. Whilst capital expenditure was tracked and authorised via a quantifiable e-mail trail that provided financial authorisation, recording and reconciliation, cash handling procedures reverted to the standard seen at the first assessment and there was one clear example of cash being received, not independently verified, and used for payment of services delivered. Retrospective emails demonstrated reconciliation; however, these emails were not supported by receipts.

It is clear that the treasurer is well aware of the drop in accounting standards and he has demonstrated that steps have already been implemented to ensure that the Association returns to its previously delivered best accounting practices. However, the board has yet to deliver a full financial plan against which to gauge its financial targets: this is a failing highlighted in the previous two accounting reviews. Furthermore, the external assessor notes that there is no clear financial plan that underpins the new financial liabilities undertaken by the Charity. A short and long-term financial plan must be delivered by the trustees from which future financial fidelity can be demonstrated.

It is noted that the following years' financial income will reduce to the Charity's historical norms and, as such, the Charity anticipated that it would drop below the required threshold at which an independent financial assessment is required. However, due to the inaccuracies and the breakdown in financial governance seen during the first 3 quarters of this reporting period, it is recommended that this Charity presents its accounts for independent external assessment for FY 17/18. To that end, the assessor recommends that the board ensures that:

- A budget is prepared for FY 17/18. (*Outstanding recommendation from the previous FYs*).
- The Charity returns to its previous practice of quarterly financial reviews.
- The Charity reviews and implements cash handling practices.
- Receipts are presented for all cash transactions.

The assessor is therefore content that the accounts as presented are an accurate record of the 2016/17 FY but recommends that the Charity presents its accounts for independent external assessment regardless of income generated in the following FY.

K Ferguson Finance Manager
Action Duchenne Ltd

IX (B) Squadron Association

Balance sheet
for the year ended 31 March 2017 (*continued*)

STATEMENT FOR PERIOD 1 APR 16 TO 31 Mar 17			
INCOME	£	EXPENDITURE	£
Balance Brought Forward	29153.70		
Direct Donations	4701.85		
Subscriptions	1990.00		
Bardney Lunch	120.00	Bardney Lunch	120.00
Assn Dinner	4436.50	Assn Dinner	6721.85
Memorial Dinner Hendon	20098.42	Memorial Dinner Hendon	19546.83
		Postage and Delivery	318.60
		Printing and Reproduction	28.45
		TABS	442.00
		Trustee Expenses	100.00
HMRC	700.30		
Assn Shop	72.00	Assn Shop	
		Subtotal	27277.73
		Balance Carried Forward	33995.04
Total	61272.77	Total	61272.77