

**The Household
Cavalry
Foundation**
**Annual Report and
Financial statements**

31 March 2021

Charity Registration Number
1151869

Company Registration Number:
08236363 (England and Wales)

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Reference and administrative details

Trustees	Colonel C A Lockhart, MBE, ADC (Chairman) Lieutenant Colonel (Retired) J P Eyre (Deputy Chairman) Colonel (retired) J D A Gaselee E D J Goodchild, Esq. Lady J M Grosvenor
Director	Lieutenant Colonel (Retired) G G E Stibbe, OBE
Company Secretary and Secretary to the Trustees	Lieutenant Colonel (Retired) R R D Griffin
Principal office	Headquarters Household Cavalry Horse Guards Whitehall London SW1A 2AX
Charity registration number	1151869
Company registration number	08236363 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Accountant	C P Harmsworth FCCA Wick Meadows Wickford Essex SS12 9RP
Bankers	Royal Bank of Scotland plc Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR

Reference and administrative details

Investment managers

Cazenove Capital Management Limited
1 London Wall Place
London
EC2Y 5AU

Waverton Investment Management Limited
16 Babmaes Street
London
SW1Y 6AH

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

The trustees present their statutory report together with the financial statements of the Household Cavalry Foundation ("the charity" or HCF) for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 32 and comply with the charity's Articles of Association and applicable law. The requirements of 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 United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and financial statements.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governing Documents

The charity is governed by its Articles of Association dated 2 October 2012 (amended by a special resolution dated 16 April 2013 and 3 November 2016) and by a Charity Commission Order dated 2 May 2013.

The Household Cavalry Serving Officers' Trust was transferred to the Household Cavalry Foundation on 21 December 2016; and this transfer was confirmed by Deed of Amendment on 22 December 2016.

Objects

The Household Cavalry Foundation exists to provide charitable and pastoral support to all the members of the Household Cavalry family; whether they are serving Soldiers, Casualties, Veterans or their dependants.

The charity supports the protection and development of the Household Cavalry's history and heritage, and the welfare of retired horses.

The objects for which the charity is established are:

- ◆ the promotion of the military efficiency of the Household Cavalry by any charitable means the trustees may decide, including without limitation by fostering and preserving the traditions of the Household Cavalry and of any component of predecessor regiment or unit;
- ◆ to promote and protect the health of those that have been wounded or injured, whether on active service or otherwise, whilst serving in the Household Cavalry, or at the trustees' discretion;
- ◆ the relief of hardship or distress among members and former members of the Household Cavalry, members of their families and other dependants, including without limitation by providing financial support to families or other dependants of those who have lost their lives on active service;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Objects (continued)

- ♦ to advance the education of the public and of members and former members of the Household Cavalry in the history, heritage, traditions of the military accomplishments of the Household Cavalry including without limitation by supporting a museum or museums, archives and collections;
- ♦ to promote humane behaviour towards serving or retired Household Cavalry Horses by providing appropriate care, protection, treatment and security for horses in need of care and attention; and
- ♦ such other exclusively charitable purposes relating to the Household Cavalry as the trustees in their absolute discretion think fit.

The charity's operational stakeholders include the following:

- ♦ Headquarters Household Cavalry;
- ♦ Household Division;
- ♦ Unit Welfare Officers;
- ♦ Household Cavalry Museum Trust Limited; and
- ♦ The Life Guards' Regimental Association; and
- ♦ The Blues & Royals' Regimental Association.

Trustees

The following trustees were in office at the date the financial statements were approved, and served throughout the year, except where shown.

Trustees

Colonel C A Lockhart, MBE, ADC (Chairman)
Lieutenant Colonel (Retired) J P Eyre (Deputy Chairman)
Colonel (retired) J D A Gaselee
E D J Goodchild, Esq.
Lady J M Grosvenor

No trustee received any remuneration for services as a trustee. No expenses were reimbursed to the trustees during the year.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustee recruitment and appointment

The charity regularly reviews the skills necessary at board level and identifies where there are gaps. Proposed trustees individually meet all existing trustees in advance and are invited to attend a trustees' meeting prior to being appointed, so that they may be assessed by the trustees for suitability and, where appropriate, relevant professional qualifications, diversity and experience. New trustees also sign a declaration confirming that they are not ineligible to be charity trustees. The trustees each serve for at least three years and are deliberately chosen to represent all aspects of Household Cavalry life and provide relevant governance expertise.

The Foundation's Articles of Association dated 3 November 2016 state:

- ◆ "No Trustee may serve for a period longer than six consecutive years without retiring for at least one complete year... Trustees shall always aspire to, but not be obliged to, achieve a majority of serving or retired officers of the Household Cavalry on the board of Trustees" and...
- ◆ "No Trustee may serve for a period longer than six consecutive years without retiring for at least one complete year. Where a majority of the other Trustees agree it would assist with the work of the charity, this rule may be disapplied in respect of a particular Trustee ..."

Trustee induction and training

New trustees receive a comprehensive pack of information including a copy of the charity's governing document. Board members attend training, where possible, to refresh knowledge of board governance matters and charity law.

Trustees' responsibilities statement

The trustees (who are also directors of the Household Cavalry Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the income and expenditure of the charitable company 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's Articles of Association. 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.

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis are considered to be the trustees of the charity and the Director. All strategic and other key decisions are made by them. None of the trustees are remunerated for their role as trustees nor in their role as a member of the key management team. The Director's salary is set by the trustees and is reviewed annually with consideration given to charity sector salaries and pay indices.

Organisational structure and management reporting

The trustees are ultimately responsible for the charity and meet at least twice a year, in spring and autumn.

Day-to-day functions are delegated to the Director. The appointment of the Director is undertaken by the trustees. The trustees are responsible for agreeing objectives for the Director and monitoring these on a regular basis. The Director reports to the trustees on a regular basis, both formally and informally.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Organisational structure and management reporting (continued)

The Director provides the operational delivery of transparent and accurate administration, implementation of procedures and controls, along with regular reporting. This enables the trustees to take reasonable and informed steps to detect or prevent any irregularities including misappropriation of funds or fraud.

Risk management

The charity, like any organisation, is exposed to a number of risks. Some of these are particular to the charity and its work; many are generic. It is the responsibility of the trustees to anticipate these risks and to ensure that procedures are in place to mitigate them.

The charity has implemented efficient systems, including operational and financial controls, to mitigate risk and enable the trustees, on a regular basis, to review any major risks with regard to operational areas, finances and reserve levels.

A new generic risk continued throughout this financial year: **The Coronavirus (Covid-19) pandemic**. This has had an unprecedented social and economic effect across the world on a scale not seen for at least 75 years. The Foundation continues to face three immediate and ongoing challenges and risks, which have been exacerbated by the pandemic:

- ◆ **Latent Staff resilience.** Inherent strength-in-depth is proved despite the fact that there is only one full-time employee, the Director, with a primary financial budgetary and fundraising role. The Chairman of the Trustees is the alternate director. Formal authorisation for invoice payment is electronic. The management accounts are formally checked on a monthly basis by representatives of the trustees. The transparency of these documents facilitates review and oversight of the Director's role by any of the trustees.
- ◆ **Lack of investment income.** This year, the charity undertook a periodic Review of Fund Managers. This resulted in an amount equal to The Life Guards' Association's stake in a fund managed by Waverton Investment Management being transferred to Waverton's direct management with the balance continuing to be managed by Cazenove Capital Management by being invested in Cazenove's Charity Multi-asset Fund. The result of this Periodic Review of Fund Managers was considered a risk-reducing measure. Stakes held in both funds remain proportionate to original and subsequent investments.

As a result of this Periodic Review the trustees are content that they have a resilient management strategy in respect to the charity's investments, and that they monitor the performance of the current manager regularly especially in these unprecedented times which are inherently dynamic.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

- ♦ **Lack of income from donors.** Possible donor fatigue, which is exacerbated by an unpredictable economy, is mitigated by the trustees' focus on building enduring relationships with regular donors, who, so far, have proved to be less affected by the prevailing economic situation. State ceremonial duties naturally keep the Household Cavalry in the "public eye" and organised visits to both our regiments (service and ceremonial) ensure that our donors can meet our soldiers. This is a proven and effective strategy because extant and potential donors meet soldiers who have deployed on war-fighting operations and ceremonial duties which demonstrates the scope of our work.

The trustees aim always to match demand for assistance from the charity with their ability to raise follow-on funding in order to meet other priority needs that arise. This prioritisation underpins the support for all members of the Household Cavalry "family" that the charity offers to our operational casualties, our serving soldiers, our veterans and their dependents but also, when applicable, to our heritage and the welfare of our retired horses.

Our risk management framework encourages smaller targeted fundraising events which do not bear significant up-front capital outlay. Our usual fundraising events' programme has been compromised by Covid-19 restrictions. Therefore, it is reassuring to record resilient and loyal support both to and from our Household Cavalry "family" by Donors and family members as all four of our antecedent regiments mark their 360th anniversaries.

ACTIVITIES AND PUBLIC BENEFIT

The charity provides public benefit by the provision of welfare grants and donations which assist Regimental personnel both past and present, as well as their dependants, who are in need, hardship or distress.

In addition, the charity enables Regimental personnel to more effectively perform their roles within the Armed Forces of The Crown. It does this by supporting educational, sporting and adventure training activities.

This assistance enables Regimental personnel to develop and maintain teamwork, skills, fitness, confidence, character and morale. This is especially important after operational tours as they face the consequences of their military service, particularly Post-Traumatic Stress Disorder (PTSD).

The charity promotes the efficiency of the Armed Forces of The Crown by enhancing the British Army's capability to undertake the roles demanded of it, including the defence of the United Kingdom and its international interests.

The funds to support the above activities are generated in part from investments, encouraging donations to the charity, and also from events.

In formulating the aims of the charity and in planning its activities, the trustees have regard to the Charity Commission's general guidance on public benefit, ensuring that the work undertaken by the charity is in line with its charitable objects and aims.

ACHIEVEMENTS FOR THE YEAR

Direction

This reporting period's experience of lockdown confirms the "Donors before Events" policy since 2016 is resilient. Our donors' loyalty and generosity has ensured financial resilience during this reporting period as our planet's nations faced peacetime challenges unprecedented for at least a century, if not throughout recorded history. It has been especially reassuring to continue to receive funds and pledges from both our serving and veteran communities.

Both show an increasing awareness of HCF's two key priorities, which remain:

1. To prepare for the gradual emergence of latent Post-Traumatic Stress Disorder (PTSD). Research by King's College, London University claims 88/1,000 (9%) of service personnel deployed will suffer future PTSD. During this reporting period, the charity helped five Household Cavalrymen; all of them had been on operations during the past thirty years.
2. To ensure the continual quality of prosthetics for our Wounded, Injured and Sick (WIS). The charity helped two operational casualty amputees during this reporting period.

Fundraising

As noted above, the periods of lockdown during this reporting period confirm a "Donors first" policy is resilient.

The charity is especially grateful to new institutional and personal donors, and Ascot's War Horse Memorial Charity; their first "Scholar" is an Operational Casualty, and we are helping with their wooden horse project at The Guards' Chapel.

This Foundation's key fundraising message remains "every little helps". 2019's CastleTrek fundraiser set a superb example and it is wonderful to see new initiatives, such as StrengthWorks and Head Up, linked to both serving soldiers and veterans.

Examples, by Serving Soldiers include "Charlie's Challenge", Strengthworks, Twisted Barbell, Carwash and "3 Bar"; and, by Veterans, Head Up and The Guards' Veterans' Mountaineering Club. This new venture is pioneered by former Household Cavalrymen. One of them climbed Mont Blanc in September 2020 to raise funds for the Charity and other causes.

ACHIEVEMENTS FOR THE YEAR (continued)

Fundraising (continued)

All these projects have been enhanced by two more factors: the Stock Market's recovery and donations. Every month during the successive Lockdowns since March 2020, our Donors have been updated on the Household Cavalry's current and historic achievements. Carefully targeted fundraising events are planned to enhance serving Household Cavalrymen's lives and donors are invited to events run by our regiments.

Welfare

Despite Covid-19, this reporting period saw continuing progress in helping our beneficiaries, namely our operational casualties, serving soldiers, veterans and their dependants by securing donors to support our regimental "family" of c.10,000 people.

Our regimental "family" exemplifies this in London, Bulford (for its first financial year) and Windsor, and also via our annual regimental dinners matched by an increasing number of similar regional events; and, above all, by our "mission critical" nationwide postcode-based network of Old Comrade volunteers who are our welfare frontline. Their invaluable work usefully links to other Household Cavalry veteran volunteers working for the Soldiers, Sailors, Airmen and Families Association (SSAFA) or the Royal British Legion. For example, a recent Operational Casualty living in Wales was supported by a Household Cavalry veteran who is a SSAFA volunteer. This has resulted in this Operational Casualty starting a university course that will enhance his proposed future career.

Support is also often immeasurably enhanced by Household Cavalrymen working in the Ministry of Defence Recovery Capability's nationwide network of Personnel Recovery Centres (PRC). There serving and veteran soldiers mentor each other and boost morale as they face the challenges associated with the transition from military to civilian life. PRC have been partially funded by tri-service Help for Heroes where this Foundation has proven and successful links.

These are exemplified by the triumphs of operational casualty double-amputee Corie Mapp. He is the first Briton to claim a European Para-bobsleigh title. Now a policeman, Corie featured on the cover of the February 2021 edition of The Royal British Legion's Journal and, following the charity's year end, its centenary celebrations in May 2021.

Moreover, established Household Cavalry links have confirmed their tenacity to other tri-service charities such as The Royal British Legion, Haig Homes and SSAFA, the single service Army Benevolent Fund, and specialist charities BLESMA and Blind Veterans UK.

Serving soldiers

Annual per capita payments were maintained for our operational and ceremonial regiments, our recruits, our Band and pan-Household Cavalry activities.

The charity's deliberately short Welfare and Educational Support Guides (respectively two pages with a one-page pictorial flow chart, and one-page) have proved to be user-friendly. Both Guides are deliberately unclassified to ensure the widest possible distribution.

ACHIEVEMENTS FOR THE YEAR (continued)

Serving soldiers (continued)

Both Guides also link to Operation Gideon – this is “the Household Cavalry's new programme to help, educate, reiterate and express the importance of mental health.” Its founders are a Regimental Corporal-Major and a Regimental Administration Officer who state:

“This encompasses all our soldiers and officers in the HCav no matter their position in the regiment or in the world. We are after all a family. Why Gideon? Well much like the 300 Spartans at Thermopylae, Gideon has become symbolic of military success of a small elite force against overwhelming numerical odds. This basically sums up the Household Cavalry in one sentence. As we are a small family which sits firmly on a high pedestal within the military and country. Whether it's tactically on operations or ceremonially on horseback, we are well regarded on the international stage.”

Current and past digital editions of the Operation Gideon newsletter can be found on the Defence Gateway.

Our education support initiative tops up Personal Learning Credits and contributions. These credits are helpfully flexible because they can be used by all serving soldiers and veterans who are eligible. Most recently Household Cavalry versatility has been proved by a young sniper who has started a degree to help towards his proposed second career.

It was extremely kind of our Band to continue to donate royalties from the sale of their superb first recording as a joint band: Shining Sword. We also hope to renew our work via our Band with joint ventures involving the Orion Youth Orchestra and Rick Wakeman.

Other popular activities include Lockdown Physical Training, Fun Runs on Armistice Day and during the festive season through Bulford's Married Quarters, marathons planned in London, Northampton, Lulworth and Bexhill, as well as runs throughout the year by a Household Cavalry wife and mother.

Heritage

The charity jointly donated, with both Household Cavalry Regimental Associations, to The Guards' Parachute Association's new memorial at the National Memorial Arboretum. With its Foot Guard equivalents, this Foundation is funding The Guards' Chapel Organ repairs. This Foundation also supported the restoration of the monument to a former Gold Stick of the Royal Horse Guards (The Blues) Earl Haig, at Montreuil, France, and continues to pay for our Zandvoorde Memorial's annual maintenance by the Commonwealth War Graves Commission.

Funding continues for Gate Guardians such as the Falklands' War trophy Panhard that is being restored for the 40th anniversary of that conflict.

ACHIEVEMENTS FOR THE YEAR (continued)

Heritage (continued)

The Serving Officers' Trust (a restricted fund within the charity since 2016) is rationalising and conserving its pictures, silver and albums.

The charity has offered similar conservation support to both Warrant Officers' and Non-Commissioned Officers' Messes.

Horses

Key links remain to the Defence Animal Centre, World Horse Welfare, the Stirling Trust, the Horse Trust and Raystede Horse Sanctuary; and welfare was quickly coordinated on the two occasions during this reporting period when help was sought.

Finance and administration

- ◆ This charity's two staff remain one full-time Director, and one part-time Finance Administrator
- ◆ Annual reviews ensure this Foundation's audit, banking and insurance costs remain competitive.
- ◆ Gift Aid is applied whenever possible.
- ◆ The majority of The One Day's Pay Scheme (paid voluntarily by serving officers and soldiers) is paid to The Life Guards' and The Blues & Royals' Regimental Associations.
- ◆ The fundraising process for this Foundation and both Regimental Associations remains user-friendly and easy: entry fees and kit are subsidised.
- ◆ Serving soldiers apply via their Chain-of-Command, and Veterans either directly or via the Home HQ of their Regimental Associations.
- ◆ All retail activities remain coordinated by the Household Cavalry Museum's shop. The only exceptions are some specific uniform items supplied by Quartermasters, and cards and diaries marketed by Home Headquarters Household Cavalry.
- ◆ Only The Life Guards' Regimental Association remains outside the charity's investment portfolio, but it is included in all relevant welfare case considerations.
- ◆ This Foundation and The Life Guards' and The Blues & Royals' Regimental Associations all pay similar annual amounts on welfare.

FINANCIAL REVIEW

Results for the year and financial position

Total income for the year amounted to £342,977 (2020 – £498,754). Expenditure totalled £308,166 (2020 – £378,636). Of the total expenditure, £65,196 (2020 – £105,426) was spent on raising funds, £26,211 (2020 – £27,250) being in respect to investment manager's fees and the balance generating donations of £193,949 (2020 – £173,183). Net realised and unrealised investment gains for the year totalled £609,835 (2020 – net losses of £379,641) following the recovery of the global stock markets from the crash after the initial impact of the Covid-19 pandemic.

Therefore, the net movement in funds for the year was an increase of £644,646 (2020 – a decrease of £259,523).

Total funds at 31 March 2021 amounted to £4,249,932 (2020 – £3,605,286) of which £2,164,161 were restricted (2020 – £1,787,851) and £2,085,271 were unrestricted or general funds (2020 – £1,817,435). Included within unrestricted funds is a designated fund of £120,000 (2020 – £90,000) which has been set aside to help towards the cost of the next Standards Parade where the Monarch, as Colonel in Chief of the Household Cavalry, will present new Standards. The Parade is anticipated to take place in 2024. Free reserves at 31 March 2021 therefore amounted to £1,965,271 (2020 – £1,727,435).

Investment policy

The portfolio has benefited from the recovery of global stockmarkets following the onset of the pandemic. The charity's investments are managed by professional investment managers who were reviewed formally during the year. There are no restrictions on the charity's power to invest.

The investment strategy is set by the trustees with advice from their investment managers. The strategy takes into account the charity's income requirements for the year, the appropriate risk profile and the investment managers' view of the market prospects in the medium term.

The policy is to maximise total return through a diversified portfolio whilst providing a level of income as advised by the trustees from time to time. The performance of the portfolios and the charity's investment strategy are reviewed by the trustees whose representatives meet with the investment managers every six months.

Included within investments are monies advanced to the charity by the Household Cavalry and its associated funds. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected within the creditor figures in the attached financial statements.

FINANCIAL REVIEW (continued)

Reserves policy

It is the trustees' intention to build up sufficient reserves within the charity, through fundraising initiatives and returns on investments, in order to meet liabilities as they fall due and to enable the continued development of the charity's objectives to support the Household Cavalry.

The charity generates income largely through fundraising and investments and, therefore, it is subject to fluctuation from year to year. As a result, the trustees believe the charity should hold reserves of between 12 months and 36 months of operating expenditure to provide protection against such fluctuations and enable it to continue operating in all circumstances and following all eventualities, including any significant unexpected fall in income.

The reserves policy is, and will continue to be, reviewed annually by the Trustee. The total value of free reserves at 31 March 2021 of £1,965,271 (2020 – £1,727,435) is in excess of this policy at the current time. The trustees are conscious of the fact that income generation in the current climate is difficult, yet the need for the charity's support remains as high as ever.

Therefore, for the time being the trustees consider the charity's free reserves to be adequate but not excessive and at a level appropriate to cover the charity's commitments and guard against any reasonably foreseeable downturn in income.

Fundraising policy

The charity is committed to following the Code of Fundraising Practice and the fundraising promise as administered by the Fundraising Regulator. HCF raises funds in three main ways:

- ◆ From its investment portfolio, as administered by professional investment managers;
- ◆ Donations from individuals;
- ◆ Holding occasional fundraising events; and
- ◆ Through applications to grant-giving trusts.

The charity does not routinely make direct approaches to the general public for fundraising purposes. Contact with individual donors is usually at their instigation but occasionally the charity does approach those already engaged with the charity.

The charity occasionally engages third party fund raisers to approach individuals on its behalf. Where this occurs, contracts are drawn up with a clear and specific remit and the charity closely monitors any fundraising activity undertaken on its behalf.

From time-to-time, individuals may independently undertake to raise funds on our behalf, for example sponsored sports activities. Such activities are undertaken independently of the HCF. The charity has not received any complaints about its fundraising activity.

FUTURE PLANS

The charity is planning a period of consolidation and re-invigoration post-Pandemic and after withdrawal from Afghanistan, especially given the long-identified risk of a possible increase in latent PTSD. It will focus on adapting a proven fundraising process of carefully targeted events and new and extant donors. This will exploit suitably innovative opportunities such as more cooperation with similar mutually supporting charities as exemplified by annual support for our operational casualty and world para-bobsleigh champion Corie Mapp.

Signed on behalf of the trustees



Trustee

Approved on: 2nd December 2021

Colonel Crispin A. Lockhart

2nd December 2021

Independent auditor's report to the members of the Household Cavalry Foundation

Opinion

We have audited the financial statements of the Household Cavalry Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements.

Other information (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing risks the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006) and those that relate to the Code of Fundraising Practice issued by the Fundraising Regulator.

Independent auditor's report 31 March 2021

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ♦ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing of expenditure including the authorisation thereof;
- tested journals to identify unusual transactions; and
- assessed whether the judgements and the assumptions made in determining the probability of the receipt of legacy income and the value of the listed investments payable to other organisations on demand were indicative of potential bias

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report 31 March 2021

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bzzacott LLP

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

16 December 2021

Statement of financial activities Year to 31 March 2021
(Including an income and expenditure account)

	Notes	Un- restricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Un- restricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income and expenditure							
Income from:							
Donations and legacies	1	167,096	103,237	270,333	372,765	10,037	382,802
Investments and interest receivable	2	37,630	35,014	72,644	60,161	55,791	115,952
Total income		204,726	138,251	342,977	432,926	65,828	498,754
Expenditure on:							
Raising funds	3	52,542	12,654	65,196	92,271	13,155	105,426
Charitable activities							
Assisting service personnel and dependants	4	196,809	46,161	242,970	255,566	17,644	273,210
Total expenditure		249,351	58,815	308,166	347,837	30,799	378,636
Net (expenditure) income before investment gains (losses)		(44,625)	79,436	34,811	85,089	35,029	120,118
Net gains (losses) on investments		315,461	294,374	609,835	(196,365)	(183,276)	(379,641)
Net income (expenditure) for the year		270,836	373,810	644,646	(111,276)	(148,247)	(259,523)
Transfers between funds	14	(3,000)	3,000	—	(1,000)	1,000	—
Net movement in funds	5	267,836	376,810	644,646	(112,276)	(147,247)	(259,523)
Fund balances at 1 April 2020		1,817,435	1,787,851	3,605,286	1,929,711	1,935,098	3,864,809
Fund balances at 31 March 2021		2,085,271	2,164,661	4,249,932	1,817,435	1,787,851	3,605,286

The charity has no recognised gains or losses other than those shown above. All the above results were derived from continuing operations.

Balance sheet 31 March 2021

		2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	10		6,726,893		5,654,521
Current assets					
Debtors	11	60,488		135,881	
Cash at bank and in hand		410,964		255,922	
		<u>471,452</u>		<u>391,803</u>	
Liabilities					
Creditors: amounts falling due within one year	12	(2,943,413)		(2,431,038)	
Net current liabilities			<u>(2,471,961)</u>		<u>(2,039,235)</u>
Total assets less current liabilities			4,254,932		3,615,286
Creditors: amounts falling due in more than one year	13		<u>(5,000)</u>		<u>(10,000)</u>
Total net assets			<u>4,249,932</u>		<u>3,605,286</u>
Represented by:					
The funds of the charity:					
Restricted funds	14		2,164,661		1,787,851
Unrestricted funds					
- General funds			1,965,271		1,727,435
- Designated funds	15		<u>120,000</u>		<u>90,000</u>
			<u>4,249,932</u>		<u>3,605,286</u>

Approved by the trustees
and signed on their behalf by:

Trustee



Colonel Crispin A. Lockhart

Approved on:

2nd December 2021

2nd December 2021

The Household Cavalry Foundation:

Charity Registration Number 1151869, Company Registration Number 08236363 (England and Wales)

Statement of cash flows Year to 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	104,566	(71,896)
Cash flows from investing activities:			
Investment income and interest received		72,644	115,952
Proceeds from the disposal of investments		7,700,894	1,256,080
Purchase of investments		(7,743,812)	(1,351,924)
Net cash provided by investing activities		29,726	20,108
Change in cash and cash equivalents in the year		134,292	(51,788)
Cash and cash equivalents at 1 April 2020	B	289,507	341,295
Cash and cash equivalents at 31 March 2021	B	432,799	289,507

Notes to the statement of cash flows for the year to 31 March 2021.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	644,646	(259,523)
Adjustments for:		
(Gains) losses on investments	(1,050,204)	651,541
Investment income and interest receivable	(72,644)	(115,952)
Decrease (increase) in debtors	75,393	(56,652)
Increase (decrease) in creditors	507,375	(291,310)
Net cash provided by (used in) operating activities	104,566	(71,896)

B Analysis of changes in net debt

	2020 £	Cash flows £	2021 £
Cash at bank and in hand	255,922	155,042	410,964
Cash held by investment managers	33,585	(20,750)	12,835
Total cash and cash equivalents	289,507	134,292	423,799

Principal accounting policies 31 March 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2021 with comparative information provided in respect to the year to 31 March 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The principal areas in the financial statements where these judgements and estimates have been made relate to:

- ◆ the allocation of support costs between expenditure headings;
- ◆ determining the value of listed investments held on behalf of associated Household Cavalry organisations;
- ◆ assessing the probability of the receipt of legacy income; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern.

As set out in these accounting policies under the going concern section, below, the trustees have considered the continuing impact of the Covid-19 pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The challenges presented by the Coronavirus (Covid-19) pandemic have been met due partly to the three resilient risk-mitigation measures described in the risk management section of the trustees' report and the recovery of international stock markets during the latter half of the year. The charity's free reserves are currently in excess of its reserves policy (standing at over five years' worth of total expenditure).

As a result of the above, the trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The key areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (please see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises transfers from other registered charities, donations and legacies, income from fundraising events and investment income and interest receivable.

Donations and transfers from other registered charities amounting to donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation 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.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. 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 of the asset having being transferred to the charity.

Income from fundraising events is measured at fair value and accounted for on an accruals basis.

Investment income comprising dividends and similar income from listed investments is recognised once the dividend has been declared and notification has been received of the dividend due.

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.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and comprises:

- ◆ Expenditure on raising funds, including all expenditure associated with raising funds for the charity by way of donations or fundraising events together with investment management fees.

Expenditure recognition (continued)

- ◆ Expenditure on charitable activities including all direct and indirect costs in relation to assisting service personnel and their dependants. Such expenditure includes the provision of donations and grants to service personnel and/or their dependants. These grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the financial statements.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment, and general administration.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. Governance costs are included as a specific category within support costs.

Both support and governance costs are allocated to the cost of assisting service personnel and their dependants.

Heritage assets

Certain assets owned by the charity meet the definition of heritage assets in the Charities SORP FRS 102 and are not valued for the purposes of these financial statements. Further details are provided in note 9 to these financial statements.

Investments

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

As noted above 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.

Investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is 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 at that date.

Included within investments are monies advanced to the charity by the Household Cavalry and its associated funds which are repayable on demand. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected within the creditors figures in note 12 to these financial statements.

All other realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

1 Income from: Donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	90,712	103,237	193,949	113,146	10,037	123,183
Legacies	20,845	—	20,845	110,000	—	110,000
Income from events	17,142	—	17,142	112,216	—	112,216
The Day's Pay Scheme	38,397	—	38,397	37,403	—	37,403
Total funds	167,096	103,237	270,333	372,765	10,037	382,802

The income from events represents donations received at events that were organised by third parties and held on behalf of the Household Cavalry Foundation.

The Day's Pay Scheme is a voluntary payroll giving scheme where participating members of the Household Cavalry Regiments contribute one day's pay per month to the charity.

2 Income from: Investment income and interest receivable

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Investment income	37,509	35,009	72,518	59,738	55,755	115,493
Interest receivable	121	5	126	423	36	459
Total funds	37,630	35,014	72,644	60,161	55,791	115,952

3 Expenditure on: Raising funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Staff costs	24,105	—	24,105	23,894	—	23,894
Events and fundraising costs	13,221	—	13,221	41,135	—	41,135
Website costs	948	—	948	1,173	—	1,173
Investment management fees	13,557	12,654	26,211	14,095	13,155	27,250
UK entertainment	711	—	711	11,974	—	11,974
Total funds	52,542	12,654	65,196	92,271	13,155	105,426

4 Expenditure on: Assisting service personnel and their dependants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Grants and donations	68,050	36,467	104,517	129,374	9,276	138,650
Staff costs and honoraria	59,828	—	59,828	56,777	—	56,777
Promotion of military efficiency	19,629	—	19,629	21,385	—	21,385
Accountancy	9,407	—	9,407	14,920	—	14,920
Publishing costs – Household Cavalry Journal (2021) ^a	8,633	—	8,633	—	—	—
Publishing costs – Household Cavalry Journal (prior years) ^a	21,084	—	21,084	12,703	—	12,703
Website development	947	—	947	1,174	—	1,174
Professional fees	—	—	—	1,056	—	1,056
Office and administration costs	1,376	—	1,376	1,851	—	1,851
Insurance	—	9,694	9,694	602	8,168	8,770
Governance costs: auditor's remuneration	7,278	—	7,278	6,477	—	6,477
Other costs	577	—	577	9,247	200	9,447
Total funds	196,809	46,161	242,970	255,566	17,644	273,210

^a There have previously been immaterial inconsistencies in the recognition of the costs of producing the Household Cavalry Journal. Following the agreement that costs would be recognised in the year of production of the journal from 2020/21 onwards, this has led to a small distorting effect in the expenditure recognised in 2020/21.

5 Net movement in funds

This is stated after charging

	2021 £	2020 £
Staff costs, excluding honoraria (note 6)	72,314	71,682
Auditor's remuneration		
Current year	6,690	6,477
Non-audit services	588	—

6 Staff costs

Staff costs, excluding honoraria, are as follows:

	Total funds 2021 £	Total funds 2020 £
Wages and salaries	52,572	52,620
Social security costs	5,639	5,659
Employer's pension contribution	1,743	1,403
	59,954	59,682
Contribution in respect to Regimental Adjutant	12,360	12,000
	72,314	71,682

6 Staff costs (continued)

The average number of employees during the year was:

	2021 No.	2020 No.
	2	2

No employee earned more than £60,000 per annum during the year, including taxable benefits but excluding pension contributions (2020 – none).

7 Trustees' expenses and remuneration and transactions with trustees

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Director. The total cost to the charity of employing key management was £52,205 (2020 – £52,409).

No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees or members of key management (2020 – none).

8 Taxation

Household Cavalry Foundation is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Heritage assets

The charity has title to a number of unique artefacts including silverware and paintings which form part of the heritage of the Household Cavalry and the nation generally and which the charity intends to preserve for the enjoyment of future generations.

One of the principal objectives of the charity is *"to advance the education of the public and of members and former members of the Household Cavalry in the history, heritage, traditions of the military accomplishments of the Household Cavalry including without limitation by supporting a museum or museums, archives and collections"*. As such, the assets meet the definition of heritage assets in the Charities SORP FRS 102 and are not valued for the purposes of these financial statements. It is not possible to place any meaningful valuation on the collection for the purposes of these financial statements and details of specific items are not given for security reasons.

10 Investments

	Total funds 2021 £	Total funds 2020 £
Listed investments		
Market value as at 1 April 2020	5,620,936	6,176,633
Additions at cost	7,743,812	1,351,924
Disposals at opening market value (proceeds £7,700,894; losses £19,888)	(7,720,782)	(1,247,542)
Net unrealised investment gains (losses)	1,070,092	(660,079)
Market value as at 31 March 2021	6,714,058	5,620,936
Cash held for reinvestment	12,835	33,585
	6,726,893	5,654,521
Historical cost of listed investments as at 31 March 2021	6,585,455	5,252,678

During the year, the charity's investment portfolio was restructured and investments are now managed by two investment managers compared to once previously. At 31 March 2021 listed investments comprised the following:

	Total funds 2021 £	Total funds 2020 £
UK equities	—	1,450,569
Overseas equities	—	2,107,697
Fixed interest	—	362,739
Unitised funds	5,690,655	548,376
Alternatives	1,023,403	1,151,555
Total	6,714,058	5,620,936

All listed investments were dealt in on a recognised stock exchange.

At 31 March 2020, listed investments included investments with a market value of £2,855,035 (2020 – £2,379,785) representing amounts due to the Household Cavalry regiments and associated funds (note 12). Included within these investments are total net unrealised gains of £1,070,093 and realised losses of £19,888 which arose during the year ended 31 March 2021. Those losses and gains which relate to the investments which represent part of the amount due to the Household Cavalry regiments and associated funds are not reflected through the statement of financial activities.

10 Investments (continued)

The following individual investment holdings as at 31 March 2021 were deemed material in the context of the market value of the portfolio as at that date:

Holding	2021 Market Value £	2021 Percentage %
Cazenove Charity Multi-Asset Fund	4,336,750	64.6%
Waverton Charity Growth and Income Fund	1,343,903	20.0%
Savills Investment Management – Charities Property Fund	763,690	11.4%

Holding	2020 Market Value £	2020 Percentage %
Trojan Investment Fund	310,830	5.5%
ASI UK All Share Tracker Fund	388,454	6.9%
Vanguard S&P 500 UCITS ETF	404,357	7.2%
Trojan Income Fund	432,609	7.7%
Savills Investment Management – Charities Property Fund	782,574	13.9%

11 Debtors

	Total funds 2021 £	Total funds 2020 £
Other debtors	4,854	4,154
Legacies receivable	30,000	60,000
Accrued investment income	24,174	56,297
Prepayments	1,460	15,430
	60,488	135,881

12 Creditors: amounts falling due within one year

	Total funds 2021 £	Total funds 2020 £
Amounts due to the Household Cavalry Regiments and associated funds (see below)		
· Listed investments	2,855,035	2,379,785
· Investment income payable	29,823	11,351
Grants payable	10,000	5,000
Tax and Social Security	—	6,653
Accruals	31,555	11,249
Deferred income	17,000	17,000
	2,943,413	2,431,038

12 Creditors: amounts falling due within one year (continued)

Included above are monies advanced to the charity by the Household Cavalry Regiments and associated funds. Income and gains (or losses) accruing from these monies are added (or deducted) from these funds and the balances due are reflected in the creditors figures above. At 31 March 2021, the amounts owed were as follows:

	2021 £	2020 £
Listed investments		
The Blues and Royals Association	1,335,668	1,101,620
Oliver Montague Fund	1,237,729	1,037,371
Household Cavalry Regiment (Bulford Camp, Salisbury Plain)	146,013	124,838
Household Cavalry Mounted Regiment (Knightsbridge)	135,625	115,956
	2,855,035	2,379,785
	2021 £	2020 £
Investment income payable		
The Blues and Royals Association	12,060	5,846
Oliver Montague Fund	11,175	5,505
Household Cavalry Regiment (Bulford Camp, Salisbury Plain)	3,416	—
Household Cavalry Mounted Regiment (Knightsbridge)	3,173	—
	29,823	11,351

Deferred income relates to monies received in advance of an event taking place following the year end:

	2021 £	2020 £
At 1 April 2020	17,000	16,000
Amount released to income from charitable activities	(17,000)	(16,000)
Amount deferred in year	17,000	17,000
At 31 March 2021	17,000	17,000

13 Creditors: amounts falling due in more than one year

	Total funds 2021 £	Total funds 2020 £
Grants payable	5,000	10,000

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purpose.

Year ended 31 March 2021	Operational Casualties Fund 2021 £	Children's Fund 2021 £	Serving Officers Trust Fund 2021 £	Total 2021 £
At 1 April 2020	1,384,211	99,100	304,540	1,787,851
Income	29,058	3,999	105,194	138,251
Expenditure	(22,726)	(361)	(35,728)	(58,815)
Net investment gains	244,333	8,400	41,641	294,374
Transfer from unrestricted funds	—	3,000	—	3,000
At 31 March 2021	1,634,876	114,138	415,647	2,164,661

Year ended 31 March 2020	Operational Casualties Fund 2020 £	Children's Fund 2020 £	Serving Officers Trust Fund 2020 £	Total 2020 £
At 1 April 2019	1,509,375	101,114	324,609	1,935,098
Income	46,277	2,591	16,960	65,828
Expenditure	(19,320)	(375)	(11,104)	(30,799)
Net investment losses	(152,121)	(5,230)	(25,925)	(183,276)
Transfer from unrestricted funds	—	1,000	—	1,000
At 31 March 2020	1,384,211	99,100	304,540	1,787,851

Operational Casualties Fund

The Operational Casualties Fund is used to alleviate hardship of injured Household Cavalry service personnel and their families.

Children's Fund

The Children's Fund is used to provide money to orphans of deceased Household Cavalry personnel who have died during conflict. Donations are made each year by each of the Regimental Associations and an amount equal to those donations is transferred from unrestricted to restricted funds by the charity.

Serving Officers Trust Fund

The Serving Officers Trust Fund is used to promote the efficiency of the Household Cavalry by fostering and preserving traditions and increasing the efficiency of its serving officers by making provision for participation in a wide range of sports, purchasing learned periodicals, paying educational fees, assisting with purchase of items of uniform and paying for refurbishment, acquisition and insurance of regimental property.

15 Designated funds

The trustees have set aside or designated certain monies for specific purposes as follows.

	1 April 2020 £	New design- ations £	Utilised £	31 March 2021 £
Standards Parade Fund	90,000	30,000	—	120,000

	1 April 2019 £	New design- ations £	Utilised £	31 March 2020 £
Standards Parade Fund	60,000	30,000	—	90,000

The Standards Parade Fund comprises monies set aside to help towards the cost of the next Standards Parade where the Monarch, as Colonel in Chief of the Household Cavalry, will present new Standards. The Parade is anticipated to take place in 2024.

16 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total Funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total Funds 2020 £
Fund balances at 31 March 2021 are represented by:						
Investments	4,852,773	1,874,120	6,726,893	4,062,280	1,592,241	5,654,521
Net current (liabilities) assets	(2,762,502)	290,541	(2,471,961)	(2,234,845)	195,610	(2,039,235)
Creditors: amounts falling due in more than one year	(5,000)	—	(5,000)	(10,000)	—	(10,000)
Total net assets	2,085,271	2,164,661	4,249,932	1,817,435	1,787,851	3,605,286

	Total 2021 £	Total 2020 £
Unrealised gains included above		
On investment assets	128,603	368,258

Reconciliation of movements in unrealised gains:

Total unrealised gains at 1 April 2020	368,258	1,242,484
Movement in respect of disposals in the year	(1,309,747)	(214,147)
Net gains (losses) arising on revaluations in the year	1,070,092	(660,079)
Total unrealised gains at 31 March 2021	128,603	368,258

The total unrealised gains as at 31 March 2021 constitute movements on the revaluation of listed investments.

17 Related parties

One trustee is a serving Household Cavalryman (2020 – two trustees were serving members) and so may have benefitted indirectly from grants made during both 2021 and 2020. No trustees received grants directly as individual beneficiaries (2020 – one trustee received a direct grant of £275).

During the year ended 31 March 2020, a total of £178 was paid to Household Cavalry Museum Enterprises Limited in relation to guidebooks and literature for distribution to prospective donors to the Foundation. Colonel J. D. A. Gaselee, a trustee, is a director of Household Cavalry Museum Enterprises Limited. No such amounts were paid during the year ended 31 March 2021.

Donations amounting to £1,000 were received from trustees during the year (2020 – £nil). The trustee who is a serving member of the Household Cavalry contributed to the Day's Pay Scheme, which made payments to the charity during the year.