

Charity No. 216066

THE MAGISTRATES' ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

THE MAGISTRATES' ASSOCIATION

CONTENTS

	Page
Reference and administrative details	1
Trustees report	2 - 8
Auditor's report	9 - 10
Statement of financial activities	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the financial statements	14 – 33

THE MAGISTRATES' ASSOCIATION

REFERENCE AND ADMINISTRATIVE DETAILS

Name:	The Magistrates' Association
Charity number:	216066
Registered office:	10a Flagstaff House St George Wharf Vauxhall, London SW8 2LE
Trustees:	John Bache JP (Deputy Chairman until 18 November 2017, then Chairman) Malcolm Richardson JP (Chairman until 18 November 2017) Sheena Jowett JP (Deputy Chairman until 18 November 2017) Beverley Higgs JP (Deputy Chairman from 18 November 2017) Alison Spurgeon-Dickson JP (Deputy Chairman from 18 November 2017) Malcolm Jessop JP (Honorary Treasurer until 18 November 2017) Shyam Sharma JP (Honorary Treasurer from 18 November 2017) Fiona Abbott JP Mark Beattie JP John Bacon JP Emir Feisal JP (From 18 November 2017) David Ford JP (From 16 May 2018) Stephen Matthews JP John Stroud-Turp JP (From 18 November 2017)
Chief Executive:	Dr Jo Easton (Until 31 July 2017) Jon Collins (From 1 August 2017)
Auditors:	Price Bailey LLP 7 th Floor, Dashwood House, 69 Old Broad Street, London, EC2M 1QS
Bankers:	National Westminster Bank plc Bloomsbury Parr's Branch, PO Box 158, 214 High Holborn, London, EC1V 7BX CAF Bank Ltd 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ Shawbrook Bank Limited Lutea House, Warley Hill Business Park, The Drive, Great Warley, Brentwood, Essex, CM13 3BE
Investment managers:	Charles Stanley and Company Limited 25 Luke Street, London, EC2A 4AR Mayfair Capital Investment Management Limited 2 Cavendish Square, London, W1G 0PU
Solicitors:	Russell-Cooke LLP 2 Putney Hill, London, SW15 6AB

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2018

Structure, governance and management

The Magistrates Association (MA) was established in 1920 and granted a Royal Charter in 1962. It is currently governed by a Supplemental Charter and Bye-laws approved on 12 February 2013.

The Members of the Association consist of:

- (a) Ordinary Members: any magistrate who makes application for membership in the manner for the time being required by the Board of Trustees and pays such annual subscription or pays or has paid any other such membership fee in either case as is set out from time to time.
- (b) Associated Members: subject to the approval of the Board of Trustees, any other person who makes application for associate membership in any manner as is for the time being required by the Board of Trustees and pays such annual subscription or pays or has paid any other such membership fee in either case as is set out and who satisfies any criteria for admission as are set down by the Board of Trustees from time to time.
- (c) Honorary Members: any one person co-opted by the Annual General Meeting as an Honorary Member, not exceeding ten persons.

The Board of Trustees consists of:

- (a) the Chairman and the Deputy Chairman or Deputy Chairmen, elected by the Ordinary Members from amongst the current Trustees and the current Chairmen of the Standing Committees for the immediately preceding year;
- (b) the Honorary Treasurer appointed by the Board in its discretion
- (c) six other Trustees elected by the Ordinary Members from amongst the Ordinary Members, provided that any person standing for election must be Actively Serving;
- (d) not more than two Members of the Association co-opted at any time by the Board in their absolute discretion. Co-opted Trustees may be removed by the Board at any time and in any case shall retire at each Annual General Meeting but shall be eligible to be co-opted again up to three times.

Where possible, trustees are invited to observe one board meeting prior to the start of their term of office and attend one half day induction training session with the Chairman and Chief Executive. The trustee role and responsibilities, the duties reserved for the Board, the duties delegated to the Standing Committees and the duties delegated to the Chief Executive are detailed in the Standing Orders of Association. The process for determining the remuneration of the Chief Executive is described in Note 8.

The organisational structure consists of the Board of Trustees, four Standing Committees responsible for policy (the Adult Court Committee, the Family Court Committee, the Youth Court Committee and the Training Committee), a Policy Board (which oversees the work of the four standing committees), National Council (which advises the Board of Trustees), 55 local groups spanning England and Wales, and 11 staff in three departments, namely Finance, Membership, and Policy and Research.

The Board of Trustees identifies the major risks to which the charity is exposed, regularly reviews those risks and has established procedures to manage those risks.

Objectives and activities

The MA is established and incorporated to promote the sound administration of the law, including, but not restricted to, educating and instructing magistrates and others in the law, the administration of justice, the treatment of offenders and the prevention of crime.

We influence key decision-makers by:

- representing the magistracy with the senior judiciary, parliamentarians and the government
- responding to consultations and calls for evidence
- forming positive public opinion

We provide information and training by:

- publishing our magazine, email news bulletin and training materials
- organising national, regional and local events
- supporting the MA's 55 local groups

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

We promote public awareness by:

- delivering over 4,000 Magistrates in the Community (MIC) presentations every year
- proactively maintaining a presence in the media
- supporting a website to help site visitors such as journalists, applicants to the magistracy, and students to find information
- providing a Twitter newsfeed
- supporting the running of a mock trial competition

The Board of Trustees has referred to guidance in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning future activities which contribute to the aims and objectives of the MA.

Achievements and performance for 2017-18

The MA's annual report for 2016-17 identified the following priorities for 2017-18:

- *Complete a comprehensive membership survey*
A comprehensive membership survey was carried out in the summer of 2017. At the time of sending out the survey, the MA held 10,569 email addresses for members, constituting 70% of the total membership at the time (15,175 members). 1,071 members responded to the survey. The responses to the survey were broadly very positive, with a significant majority of members reporting that being a member benefitted them as magistrates and the magistracy as a whole. The findings of the survey have informed the development of the membership strategy referred to below.
- *Continue to investigate different membership options*
The survey referred to above did not, however, identify significant support for deliverable new membership options and following further investigation it was decided that work on different membership options should be put on hold, with a focus instead on building up the services offered to existing membership types while also focusing on recruiting more new members to these existing membership types and improving retention.
- *Re-evaluate and restructure support offered through membership department*
The organisation's staffing structure was amended to enable the MA to recruit a new Director of Membership to take forward work to reinvigorate the MA's membership function. This post was filled in March 2018, and a new Membership Strategy for 2018-21 was agreed by the Board of Trustees in May 2018. In addition to work to boost membership recruitment, retention, engagement and satisfaction, this strategy also contained activities to diversify the MA's sources of income. This work is being taken forward by a new joint trustee-staff fundraising and income generation working group.

As this strategy is bedding in, initial steps have been taken to improve our membership offer, including, for example, the development of a new application form and recruitment pack and the creation and dissemination of updated materials for court noticeboards. At the same time, we have continued to produce existing member benefits – for example the MAGISTRATE magazine and MA ENEWS – to the highest standard, held our annual conference for members, and held events enabling our retired members to meet, hear from a variety of engaging speakers and network. Our members also had an opportunity to attend the Royal Garden Parties held at Buckingham Palace in May and June 2018, by invitation of the MA's patron, Her Majesty The Queen.

- *Extend and diversify MIC provision.*
The Membership Strategy referred to above also includes work to further develop the MA's MIC programme. In support of this, the MA has set up a new MIC panel, made up of members with experience as MIC presenters and co-ordinators and chaired by the MA's former National Chairman Richard Monkhouse. It was established to support the future development of MIC and the first task that it has taken on – agreed at the panel's inaugural meeting on 9 November 2017 – was to develop a suite of materials for MIC presenters, with versions for different audiences. These materials will be published in 2018-19.
- *Extend member CPD offering*
Working with the Judicial College, the MA has continued to develop new training materials for magistrates, including work described in the 'Training' section below on in-court review and the Winger Workbooks. Representatives of the MA nationally attended local MA groups to give training sessions on mental health issues and the issues affecting female offenders.
- *Bid for and undertake grant funded research.*
A grant was secured to deliver work on the needs of victims in the magistrates' court. This work, which will primarily be carried out in 2018-19, will involve working with organisations that support and represent victims to crime to identify what steps magistrates could take to ensure that the courts better meet their needs.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

In addition to these activities, the following work was carried out under the three core areas of the MA's annual workplan.

Policy and influencing key decision-makers

The MA plays a key role in the development and delivery of reforms to magistrates' courts, the magistracy and the broader justice system. We speak directly to the senior judiciary, to parliamentarians and to the government on behalf of our members, ensuring that their views are reflected in the policy-making process. This involves a broad range of work.

First, the MA is represented on key standing groups and bodies where decisions about the magistracy and the broader justice system are made. These include, for example, Judges' Council, the Magistrates' Liaison Group, the Magistrates' Engagement Group, the Advisory Board on Female Offenders, the Judges' Council Standing Committee on Communications, the Magisterial Criminal Subcommittee, the National Sentencer-Probation Forum, the London Mayor's Office for Policing and Crime's Victims' Board and the Attorney General's Public Legal Education Panel. These groups all met regularly in 2017-18, enabling the MA to play an important role in discussions and decisions about the future of the magistracy. During 2017-18 the MA also appointed representatives on new regional Judicial Business Groups, which will play an important role in the management of magistrates' courts.

Second, the MA contributes to a range of working groups supporting the development of changes in policy and practice that affect the magistracy. In 2017-18 the MA was, for example, represented on working groups looking at recruitment and retention, the appraisal system, liaison between bench chairs and family panel chairs, judicial wellbeing, direct recruitment to the family jurisdiction, advisory committees, eligibility criteria for new magistrates and the operational structure of the provision of legal advice, as well as the National Digital Practitioners Working Group, the Ministry of Justice Referral Order Working Group and a Department of Education working group developing a protocol on looked after children.

Third, the MA regularly meets with key stakeholders to discuss our priority issues and concerns. During 2017-18 this included the Lord Chancellor and Secretary of State for Justice Rt Hon David Gauke MP, the Courts Minister at the Ministry of Justice Lucy Frazer QC MP, the Lord Chief Justice the Rt Hon the Lord Burnett of Maldon, the Senior Presiding Judge Lady Justice Macur, the Senior District Judge (Chief Magistrate) Emma Arbuthnot, the Director of Public Prosecutions Alison Saunders CB, the Chair of the Justice Select Committee Bob Neill MP, and the Chair of the Independent Advisory Panel on Preventing Deaths in Custody Juliet Lyon CBE.

The MA also met on a regular basis throughout the year with, among others, Susan Acland-Hood, Chief Executive of HM Courts and Tribunal Service (HMCTS), the Magistrates' Leadership Executive, the Youth Justice Board, Cafcass, the Judicial College and a range of civil servants at the Ministry of Justice. In addition, the MA met with organisations with which we have areas of common interest, for example the National Audit Office, the Probation Institute and Revolving Doors Agency.

Fourth, the MA also collaborated with third sector organisations, for example by contributing to the Prison Reform Trust's Care not Custody group and Transforming Lives group, the London Forum on Children and Policing and the Interdisciplinary Alliance for Children. During 2017-18, the MA also contributed to the development and dissemination of a video about the sentencing of women who have offended.

Fifth, the MA continues to respond to consultations and calls for evidence issued by the Government, the Sentencing Council and others. During 2017-18, these included:

- The Judicial Ways of Working 2022 consultations on the crime and family jurisdictions
- A Ministry of Justice and HMCTS consultation on 'Fit for the future: transforming the Court and Tribunal Estate'
- Sentencing Council consultations on sentencing child cruelty and on arson and criminal damage
- A Public Accounts Committee inquiry into the court reform programme
- A consultation on the Government's approach to dealing with domestic abuse
- An HMCTS consultation on mechanisms for overseeing the recruitment and conduct of Justices of the Peace
- An HMCTS consultation on the future structure of Legal Operations at Tiers 3 and 4
- HMCTS proposals on the Flexible Operating Hours Pilots
- A Judicial College consultation on the appraisal system
- Justice Select Committee inquiries on Transforming Rehabilitation and on disclosure of evidence in criminal cases
- A consultation from the Attorney General on 'The Impact of Social Media on the Administration of Justice'
- Law Commission consultations on the proposed draft Sentencing Code and, separately, on the youth sentencing elements of the proposed code
- A London Assembly Police and Crime Committee inquiry on women who have offended

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

- An inquiry run by the All-Party Parliamentary Group for Women in the Penal System looking at the sentencing of women who have offended
- The independent review of the Mental Health Act being led by Professor Wessely
- HM Inspectorate of Probation consultations on their annual plan for inspections and programmes and on their inspection framework
- A government consultation on powers to respond to unauthorised encampments
- A Ministry for Housing, Communities and Local Government and Department for Work and Pensions consultation on short-term supported accommodation
- A Commission on Justice in Wales call for evidence about justice in Wales

Training

The MA's work to inform and influence the provision of training to magistrates and to develop and deliver training to our members has included:

- Producing an interactive eLearning resource on the in-court review process, working with the Judicial College and funded by a Grant in Aid
- Working to update the Winger Workbooks, which are development workbooks for wingers to help them with soft skills and their competences, and produce an accompanying eLearning resource, which will be finalised in 2018-19
- Producing a training film on understanding the implications of Section 53 of the Criminal Justice and Courts Act 2015 for allocation decisions in the youth court
- Carrying out work to update the 'Taking the Chair' workbook for magistrates who are considering becoming a presiding justice.
- Collaborating with the Judicial College and other key stakeholders in the development of a robust and effective appraisal system for magistrates, which was launched in the spring of 2018.
- Updating the MA's Youth Court Protocol document, which was included a refreshed version of the Judicial College's Youth Court Bench Book.
- Contributing to work by the Judicial College to update the Adult Consolidated Training for magistrates.
- Carrying out training days for MA representatives on Training, Approvals, Authorisations and Appraisals Committees.
- Developing proposals for a National Accreditation Framework for Magistrates, for consideration by the Magistrates' Liaison Group.
- Bidding for and being awarded funding for a resource on improving victims' experiences of magistrates' courts, to be developed in 2018-19.
- Bidding for and being awarded funding from the Judicial College for a new project to create an online resource for current presiding justices, to be developed in 2018-19.
- Producing MA guides on a range of issues, including on the proposed sentencing code, domestic abuse, sentencing for illegal trade of wildlife, enforcing council tax payment, applications to adjourn a trial, and what happens in a public law family case.
- Producing 'sentencing steps' on robbery by a young person, non-domestic burglary, theft in the street, taking a mobile phone into a prison, multiple driving offences and bladed articles.

Promoting information about the magistracy

A further key strand of the MA's work is to promote public awareness and understanding of the magistracy. This work included carrying out a comprehensive programme of proactive and reactive engagement with the national, regional and local media on the work of the MA, the magistracy and the broader justice system. In 2017-18 this included carrying out interviews on the Today Programme on BBC Radio 4, Newsnight on BBC 2, the Victoria Derbyshire show on BBC 2, and Unreliable Evidence on BBC Radio 4, as well as numerous interviews on local radio and television, covering issues such as diversity, the use of short prison sentences and the youth justice system. It also included contributing to articles in The Times, the Guardian, the Daily Telegraph, the Sunday Express, BBC's Newsbeat and the Law Society Gazette on topics including diversity in the magistracy, the use of short prison sentences, suspended sentences and court closures. Letters from the MA were published in The Times, the Independent and the Guardian, while the MA also worked with BuzzFeed to highlight the number of litigants in person appearing in magistrates' courts and the impact that this has, based on a survey of our members.

This area of the MA's work also included the MA's Magistrates in the Community programme, which saw members delivering over 4,000 presentations to schools and community and social groups in 2017-18. This is a key programme of work for the MA and steps were taken, described above, to ensure that the materials used are up to date and of the highest quality. The MA also supports the Magistrates' Court Mock Trial competition, which is run by Young Citizens, and the 2017-18 competition was very successful, with 48 local heats and 11 regional heats ahead of the final on Saturday 16 June in Birmingham Magistrates' Court.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The MA also runs a Twitter account with more than 2,500 followers, which promoted issues and information relevant to our members, and answers queries from the general public interested in becoming magistrates or wanting to know more about court procedures. Finally MA representatives spoke regularly at a range of conferences and other events, including, for example a Probation Institute conference for probation practitioners and a conference on 'Victims at the Heart of Criminal Justice', organised by the Mayor's Office for Policing and Crime in London.

Financial review

Income and expenditure

As in the previous year income from annual members fell largely as a result of the continuing decline in overall magistrate numbers. Income for 2017/18 was £627,121 (2016/17: £706,684) and expenditure was £813,352 (2016/17: £786,162), with an overall deficit, before taking into account investments, of £186,231 (2016/17 deficit of £79,478). The net movement in funds for 2017/18 was a deficit of £171,841 (2016/17 surplus of £7,689).

Investments

The MA has an investment portfolio, which at 30 June 2018 was valued at £2,303,214 (2016/17: £1,496,825) and produced an income of £72,562 (2016/17: £71,446). The underlying portfolio's value grew by 4% over the year. The investment portfolio continues to be managed by our professional advisors on a medium risk basis, with a target return designed to produce an income for the MA of 4.6%, while maintaining the capital value of the portfolio after inflation.

Reserves

Historically, the MA has had a policy of having a minimum of £100,000 of free reserves. The free reserve balance at 30 June 2018 was £2,802,307 (2017: £3,064,484). Reserves are significantly in excess of the minimum under the current policy because the trustees of the MA have decided to invest the proceeds of the sale in 2017 of the MA's previous offices in order to provide longterm income to the MA. This will require a change to the reserves policy, which is consequently now being reviewed.

The Trustees can authorise a transfer from the designated fund for life members into free reserves if required. In recognition of the future cost of providing services to life members the Association set up a designated life membership reserve which totals £1,019,433 at 30 June 2018. As per the new FRS102 SORP, we continue to recognise the liability arising in respect of the multi-employer defined benefit scheme as there is an agreed plan to pay off this deficit. The impact of this has reduced our free reserves by £156,823 (2017: £201,697).

Fundraising

The MA understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate, but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns and received no fundraising complaints during the year.

Key risks

The principal risk to the MA remains, as in previous years, one of finance. The decline in the number of magistrates in England and Wales has led to a decrease in the MA's membership income and while the sale of the MA's Fitzroy Square premises has had a significant impact on the financial position, and the proceeds from this sale have been invested to generate income, additional new sources of income will need to be found to ensure the MA can continue to deliver its planned programme of work. Other sources of income are being actively sought, but there is no certainty as to the future level of income derived from these activities. The Board of Trustees are keeping this under regular review, with a new Fundraising and Income Generation Group taking an active role in this work. A second risk is that a lack of engagement with members results in a lack of active participation in the work of the MA nationally and locally. Activities set out in the MA's Membership Strategy are intended to address this. A third significant risk is that data management procedures are insufficiently robust, leading to a failure to comply with the new General Data Protection Regulation. Active steps have been, and are being, taken to prevent this. A Risk Register, including steps necessary to mitigate identified risks, is reviewed by the Board of Trustees annually.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Plans for future periods

Following the successful delivery of the strategic plan for 2013-16, the Board of Trustees identified new strategic priorities for the years 2016-19:

- **Fundraising:** More fundraising opportunities will be pursued with existing members and there will be new member offers for students and legal professionals. Grant funding opportunities will be pursued, both alone and in partnership with other organisations such as academic institutions and other justice charities, to support research ambitions and further develop MIC programmes.
- **Magistrates in the Community:** New materials will be developed for new audiences, including the business sector, wider justice sector, within the brownies, guides, cubs and scouts, and accredited materials will be developed to run formal sessions with university students. Provision to schools will be expanded with the development of new materials for different year groups.
- **Policy, Research and APPG:** CPD provision will be expanded with the development of in-house training provision. Research opportunities will be pursued on areas relevant to the current policy agenda and which investigate common stereotypes and assumptions about the magistracy and magistrates' courts. The All-Party Parliamentary Group will be further developed to increase the profile of the magistracy among Parliamentarians.
- **Member engagement and communications:** Members fulfilling representative roles on behalf of the MA will be better trained, supported, and enabled to network with each other. A member charter will be developed and publicised. Members will be properly recognised and thanked for the work that they do on behalf of the MA.

Specific business plan objectives for 2018-19 include:

- Implementing the MA's Membership Strategy for 2018-21, with the aim during 2018-19 of reviewing and improving our systems, reviewing and developing our promotional and support materials, and developing benchmarks that enable us to better understand our membership. This will contribute to the strategy's key overarching aim of increasing MA membership among sitting magistrates.
- Reviewing and developing the MA's events programme and the MA's communications with our members, including creating a new e-newsletter focused on member news and activity.
- Providing tailored support to MA members in representative roles, including the new MA representatives on regional Judicial Business Groups.
- Identifying potential new sources of income for the MA and beginning work to realise these opportunities, including exploring the potential to secure income from legacy giving, major gifts and advertising.
- Publishing and disseminating new materials to support the MA's MIC programme and holding training events with local coordinators and presenters to promote these new materials.
- Carrying out work in support of the MA's policy priorities for 2018 – improving the morale of magistrates, the reform agenda (including digitisation and court closures), the training and recruitment of magistrates, and responding to the Lammy Review – and identifying and pursuing policy priorities for 2019.
- Raising the profile of the MA and the magistracy in the media, with regular appearances on priority issues in the national and local print and broadcast media.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standard 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 charity will continue in operation.

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

Approved by the Board of Trustees on 12 September 2018 and signed on their behalf by:



John Bache JP
Chairman



Shyam Sharma JP
Honorary Treasurer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MAGISTRATES' ASSOCIATION

Opinion

We have audited the financial statements of The Magistrates' Association (the 'charity') for the year ended 30 June 2018 which comprise Statement of Financial Activities, The Balance Sheet, Cash flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 30 June 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MAGISTRATES' ASSOCIATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our 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.

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

Use of this report

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



Price Bailey LLP
Chartered Accountants
Statutory Auditors
7th Floor Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: 12 September 2018

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE MAGISTRATES' ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Unrestricted		Restricted	Total 2018		Unrestricted		Restricted	Total 2017	
		£	£		£	£	£	£			
		General	Designated		General	Designated	General	Designated		General	Designated
Income and endowments											
Donations and legacies	2	1,967	-	18,000	7,072	-	12,500	-	12,500	19,572	-
Charitable activities	3	504,951	7,054	-	565,332	27,774	-	-	-	593,106	-
Other trading activities	5	22,587	-	-	22,560	-	-	-	-	22,560	-
Investment income	4	7,256	65,306	-	7,145	64,301	-	-	-	71,446	-
Total income		536,761	72,360	18,000	602,109	92,075	12,500	12,500	12,500	706,684	
Expenditure											
Raising funds	6	6,501	-	-	6,471	-	-	-	-	6,471	-
Charitable activities	7	527,108	245,496	-	527,840	239,068	12,783	12,783	12,783	779,691	
Total expenditure		533,609	245,496	-	534,311	239,068	12,783	12,783	12,783	786,162	
Exceptional gain on disposal of property											
Net income/ (expenditure) before investment gains / (losses)		3,152	(173,136)	18,000	4,625,013	(146,993)	(283)	(283)	(283)	4,557,215	4,477,737
Net gains / (losses) on investments	11	720	13,670	-	4,358	82,809	-	-	-	87,167	-
Net income/ (expenditure)		3,872	(159,466)	18,000	4,629,371	(64,184)	(283)	(283)	(283)	4,564,904	4,564,904
Transfers between funds		(13,547)	13,547	-	-	-	-	-	-	-	-
Reconciliation in funds											
Total funds brought forward		4,833,223	1,180,352	31,285	203,852	1,244,536	31,568	31,568	31,568	1,479,956	1,479,956
Total funds carried forward		4,823,548	1,034,433	49,285	4,833,223	1,180,352	31,285	31,285	31,285	6,044,860	6,044,860

All amounts relate to continuing activities of the charity. The Statement of Financial Activities includes all gains and losses recognised in the year. The notes to the accounts are shown on pages 14 to 33.

THE MAGISTRATES' ASSOCIATION

BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible fixed assets	10	2,021,241	1,768,739
Investments	11	2,303,214	1,496,825
TOTAL FIXED ASSETS		4,324,455	3,265,564
CURRENT ASSETS			
Stock		941	1,208
Debtors	12	53,354	97,020
Cash at bank and in hand	18	1,758,876	3,099,731
TOTAL CURRENT ASSETS		1,813,171	3,197,959
LIABILITIES			
Creditors: amounts falling due within one year	13a	(95,955)	(239,471)
NET CURRENT ASSETS		1,717,216	2,958,488
Creditors: amounts falling due after one year	13b	(134,405)	(179,192)
TOTAL NET ASSETS		5,907,266	6,044,860
THE FUNDS OF THE CHARITY			
Unrestricted funds:			
Designated funds	14	1,034,433	1,180,352
Tangible assets	10	2,021,241	1,768,739
Free reserves		2,802,307	3,064,484
Restricted funds	15	49,285	31,285
TOTAL FUNDS		5,907,266	6,044,860

The financial statements were approved and authorised for issue by the Board of Trustees on 12 September 2018 and signed on their behalf by:


.....
J Bache
Chairman


.....
S Sharma
Honorary Treasurer

The attached notes on pages 14 to 33 form part of these financial statements.

THE MAGISTRATES' ASSOCIATION

CASH FLOW STATEMENT AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Cash Flow Statement			
Cash flows from operating activities:	17	(297,567)	(100,384)
Net cash provided by/(used in) operating activities		<u>(297,567)</u>	<u>(100,384)</u>
Cash flow from investing activities			
Purchase of tangible assets		(323,851)	(1,768,801)
Proceeds from sale of property		-	4,722,791
Purchase of investments		(893,135)	(387,627)
Proceeds from sale of investments		94,630	465,412
Movement of cash in the capital account		6,506	(5,324)
Investment income		72,562	71,446
Net cash provided by/(used in) investing activities		<u>(1,043,288)</u>	<u>3,097,897</u>
Change in cash and cash equivalents in the reporting period		(1,340,855)	2,997,513
Cash and cash equivalents at the beginning of the reporting period		3,099,731	102,218
Cash and cash equivalents at the end of the reporting period	18	<u>1,758,876</u>	<u>3,099,731</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

a) General information and basis of preparation

The Magistrates' Association is a charity registered under the number 216066 and a Royal Charter company, incorporated under the number RC000337. The address of the charity is given on page 1 of these financial statements. The nature of the charity's operations and principal activities are to promote the sound administration of the law, including, but not restricted to educating and instructing magistrates and others in the law, the administration of justice, the treatment of offenders and the prevention of crime.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

c) Income

All income is included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations and grant income to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled. Grants and donations receivable for specific purposes are accounted for as restricted funds.

Charitable activities comprise membership subscriptions and life member subscriptions. These are paid in advance for the year and are recognised when the Magistrates' Association has entitlement to the income. Life memberships are recognised in full in the year memberships are paid.

Income received in advance is deferred until there is entitlement to the income.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

c) Income (continued)

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

d) Expenditure and support costs allocation

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure can be categorised as follows:

- Cost of raising funds, which comprises investment management costs.
- Expenditure on charitable activities, which consists of directly incurred costs in furthering the objectives of the charity, and the associated support costs.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is provided in note 7.

e) Tangible fixed assets and depreciation

- i) The leasehold property is depreciated by equal instalments over 50 years.
- ii) Fixtures & fittings and office equipment are depreciated by equal instalments over 5 years.
- iii) Computer equipment, printers and software are depreciated by equal instalments over 3 years.

f) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

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

The charity does not acquire put options, derivatives or other complex financial instruments. All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

g) Stock

Stock consists of retail items and membership materials. Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

i) Cash at bank and In hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

j) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

l) Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. Contributions to the Association's defined contribution pension scheme and to employees' personal pensions are charged to the statement of financial activities in the year in which they become payable.

The Magistrates' Association also make contributions to a defined benefit "multi-employer" scheme. Although it is not possible to separately identify the assets and liabilities of the scheme attributable to the Magistrates Association, a recovery plan with agreed deficit recovery payments has been put in place. The liabilities of this scheme have been recognised as the present value of contributions payable, in line with the terms of the multi-employer plan, in accordance with section 28 of FRS102.

m) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

2 Donations and grants

	2018	2017
	£	£
Donations	1,804	1,554
Judicial College grant	10,000	10,000
Return of local group grants	163	3,518
Judicial College grant - admin	-	2,000
The Patron's Fund	-	2,500
Victim fund	8,000	-
	<u>19,967</u>	<u>19,572</u>

A total amount of £18,000 (2017: £12,500) relates to the training fund, a restricted fund. All other amounts relate to unrestricted and designated funds.

3 Charitable activities

	2018	2017
	£	£
Membership subscriptions	<u>512,005</u>	<u>593,106</u>

All income from charitable activities in both the current and previous year relate to unrestricted funds. Membership subscriptions include Gift Aid income tax recoverable and life member subscriptions.

4 Investment income

	2018	2017
	£	£
Dividends	56,127	55,686
Interest	16,435	15,760
	<u>72,562</u>	<u>71,446</u>

All investment income in both the current and previous year relate to unrestricted funds.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

5 Other trading activities

	2018	2017
	£	£
Magazine advertising revenue	5,778	6,357
Magazine subscriptions	1,305	2,132
Royalties	1,050	811
Board room hire	-	260
Consultancy	63	2,002
MA Awards income	300	300
Sale of merchandise	441	275
Profit/(Loss) on disposal of fixed assets	100	-
500 Club lottery	5,750	2,280
AGM income	4,438	4,149
Retired members' event	1,262	1,647
Royal Garden Party event	2,100	2,347
	<u>22,587</u>	<u>22,560</u>

All income from other trading activities in both the current and previous year relate to unrestricted funds.

6 Raising funds

	2018	2017
	£	£
Investment management costs	<u>6,501</u>	<u>6,471</u>

Investment management costs in both the current and previous year relate to unrestricted funds.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

7a Analysis of expenditure by activity

	Direct costs	Support costs	2018 £
Magistrate event training and support	476,783	295,821	772,604

	Direct costs	Support costs	2017 £
Magistrate event training and support	492,979	286,712	779,691

7b Analysis of direct costs

	2018 £	2017 £
Grants to local groups	28,358	23,587
Other support to local groups	1,726	2,796
Wages and salaries (note 8)	306,595	315,924
Council and committees	26,829	21,479
Production of the "Magistrate"	81,310	83,877
Representation	17,944	17,315
Items sold/events	13,246	11,660
MIC and training	775	16,341
	<u>476,783</u>	<u>492,979</u>

No amount (2017: £12,783) in the MIC and training expenditure relates to the training fund, a restricted fund. All other expenditure relates to unrestricted and designated funds.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

7c Analysis of support costs

	2018	2017
	£	£
Communications	11,886	17,270
Membership	11,679	13,312
Administration	27,812	31,035
Wages and salaries (note 8)	114,973	157,962
Accommodation	24,404	24,082
Depreciation	71,349	3,733
Governance costs (note 7d)	33,718	39,318
	<u>295,821</u>	<u>286,712</u>

7d Analysis of governance costs

	2018	2017
	£	£
AGM & Report	10,995	14,923
Board of Trustees' expenses (note 9)	11,673	13,445
Auditor's remuneration	11,050	10,950
	<u>33,718</u>	<u>39,318</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

8 Analysis of staff costs and key management personnel

	2018	2017
	£	£
Wages and salaries	366,447	399,902
Social security costs	29,281	36,086
Pension costs	25,840	37,898
	<u>421,568</u>	<u>473,886</u>

The average monthly head count was 11 (2017: 12) and analysis of the staff employees in the year was:

	2018	2017
	Actual	Actual
	Number	Number
Management	1	1
Membership	4	4
Policy and research	4	4
Communications	1	2
Finance	1	1
	<u>11</u>	<u>12</u>

The number of employees whose total employee benefits excluding employer pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2018	2017
£60,000-£69,999	<u>1</u>	<u>1</u>

The employer pension contributions made by the Association relating to the above amounted to £4,367 (2017: £6,317).

The key management personnel during the year comprised the Chief Executive, the Director of Policy and Research, the Director of Membership and Communications, the Director of Membership and the Head of Finance. The total remuneration of key management personnel, including pension contributions and a settlement of £10,000, is £198,569 (2017: £232,231). The key management personnel roles have changed during the year hence the decrease in the figure.

The Remuneration Committee reviews the Chief Executive's salary package annually in the light of market forces. The Chief Executive recommends salary adjustments, as necessary, for all other staff and these are reviewed by the Remuneration Committee. Recommendations are then made by the Remuneration Committee to the Board of Trustees for approval when setting the annual budget.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

9 Trustees fees and expenses

No Trustees (2017: none) received fees or payment for professional services supplied to the Association.

Expenditure relating to travel/subsistence, Board of Trustees Elections and minutes of Board meetings totalled £11,673 (2017: £13,445) in relation to 11 Trustees (2017: 11).

10 Tangible fixed assets

	Leasehold Property £	Computers & Printers £	Fixtures & Fittings £	Office Equipment £	Total £
Cost					
At 1 July 2017	1,720,363	51,685	32,212	813	1,805,073
Additions	224,290	6,012	92,932	616	323,850
Disposals	-	-	-	-	-
At end of year	1,944,653	57,697	125,144	1,429	2,128,923
Depreciation					
At 1 July 2017	-	36,271	-	62	36,333
Charge for year	38,892	7,142	25,028	287	71,349
Disposals	-	-	-	-	-
At end of year	38,892	43,413	25,028	349	107,682
Net Book Value					
At 30 June 2018	1,905,761	14,284	100,116	1,080	2,021,241
At 30 June 2017	1,720,363	15,414	32,212	751	1,768,740

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

11 Fixed asset investments

	2018	2017
	£	£
Market value at 1 July 2017	1,496,825	1,482,119
Additions at cost	893,135	387,627
Sale proceeds	(94,630)	(465,412)
Investment gains/(losses)	14,390	87,167
Movement of cash in the capital account	(6,506)	5,324
	<u>2,303,214</u>	<u>1,496,825</u>

At 30 June 2018 the historical cost of these investments was £2,041,636 (2017: £1,255,828).

	2018	2017
	£	£
Investments can be analysed as follows:		
Fixed Income	167,782	140,711
UK equity	439,237	485,590
International equity	635,495	551,356
Property	889,440	57,733
Alternatives	90,225	222,304
Mixed investment	48,410	-
Capital account	32,625	39,131
	<u>2,303,214</u>	<u>1,496,825</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

11 Fixed asset investments (continued)

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2018:

	Units		Market Value	
	2018	2017	2018	2017
			£	£
Aviva Investors UK Services Ltd	90,419	82,558	88,185	92,003
Cullen Funds	7,650	7,650	90,568	90,934
Blackrock Fund Managers Ltd	49,668	49,668	75,148	77,855
Matthews International Fund	4,586	4,586	81,807	77,955
International Public Partnership	32,195	60,605	46,168	95,938

12 Debtors

	2018	2017
	£	£
Trade debtors	480	883
Other debtors	32,243	72,725
Prepayments and accrued income	20,631	23,412
	<u>53,354</u>	<u>97,020</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

13a Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	20,327	164,980
Other creditors	2,568	2,671
Pensions	4,883	5,551
Other taxation and social security	10,434	8,134
Accruals and deferred income	35,325	35,630
Present value of defined benefit scheme liabilities (note 20)	22,418	22,505
	<u>95,955</u>	<u>239,471</u>

13b Creditors: amounts falling due after one year

	2018	2017
	£	£
Present value of defined benefit scheme liabilities (note 20)	<u>134,405</u>	<u>179,192</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

14 Unrestricted funds

	Balance at 01 July 2017	Income and net gains	Expenditure	Transfers	Balance at 30 June 2018
	£	£	£	£	£
General funds	4,833,223	537,481	(533,609)	(13,547)	4,823,548
Provision of services to life members	1,178,899	86,030	(245,496)	-	1,019,433
Provision for repairs & maintenance	1,453	-	-	13,547	15,000
	6,013,575	623,511	(779,105)	-	5,857,981

	Balance at 01 July 2016	Income and net gains	Expenditure	Transfers	Balance at 30 June 2017
	£	£	£	£	£
General funds	203,852	5,431,467	(802,096)	-	4,833,223
Provision of services to life members	1,242,447	174,884	(238,432)	-	1,178,899
Provision for repairs & maintenance	2,089	-	(636)	-	1,453
	1,448,388	5,606,351	(1,041,164)	-	6,013,575

The funds of the charity include the designated reserves which have been set aside out of unrestricted funds by the Trustees for specific purposes.

The provision of services to life members fund is to provide future cost of member services.

The provision for repairs and maintenance fund is to provide cost of any future internal and/or external repairs.

The adequacy of the funds will be reviewed annually.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

15 Restricted funds

	Balance at 1 July 2017	Income	Expenditure	Transfers	Balance at 30 June 2018
	£	£	£	£	£
Training	-	10,000	-	-	10,000
Development fund	31,285	-	-	-	31,285
Victim fund	-	8,000	-	-	8,000
	<u>31,285</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>49,285</u>

	Balance at 1 July 2016	Income	Expenditure	Transfers	Balance at 30 June 2017
	£	£	£	£	£
Training	283	10,000	(10,283)	-	-
Development fund	31,285	-	-	-	31,285
The Patron's fund	-	2,500	(2,500)	-	-
	<u>31,568</u>	<u>12,500</u>	<u>(12,783)</u>	<u>-</u>	<u>31,285</u>

Training refers to grants received for the preparation of training material for magistrates undertaken in accordance with the financial memorandum agreed between the Judicial Studies Board and the Association.

Development Fund represents a member's donation (together with the relevant gift aid uplift) to be used to develop skills and provide training for prospective leaders of the Association. It is intended that this work will commence in the 2018-19 financial year.

Victim fund represents a donation to be used to to develop resources intended to improve victims' experiences of magistrates' courts.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

16 Analysis of net assets between funds

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2018
	£	£	£	£
Tangible fixed assets	2,021,241	-	-	2,021,241
Investments	1,268,781	1,034,433	-	2,303,214
Current assets	1,763,886	-	49,285	1,813,171
Current liabilities	(95,955)	-	-	(95,955)
Long term liabilities	(134,405)	-	-	(134,405)
	<u>4,823,548</u>	<u>1,034,433</u>	<u>49,285</u>	<u>5,907,266</u>

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017
	£	£	£	£
Tangible fixed assets	1,768,739	-	-	1,768,739
Investments	316,473	1,180,352	-	1,496,825
Current assets	3,166,674	-	31,285	3,197,959
Current liabilities	(239,471)	-	-	(239,471)
Long term liabilities	(179,192)	-	-	(179,192)
	<u>4,833,223</u>	<u>1,180,352</u>	<u>31,285</u>	<u>6,044,860</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

17 Reconciliation of net expenditure to net cash flow from operating activities

	2018	2017
	£	£
Net movement in funds	(137,594)	4,564,904
Depreciation charges	71,349	3,733
Decrease/(Increase) in debtors	43,666	(56,480)
(Decrease)/Increase in short term creditors	(143,516)	130,250
(Decrease)/Increase in long term creditors	(44,787)	(27,803)
Decrease/(Increase) in stock	267	840
Net proceeds from sale of property	-	(4,557,215)
Investment income	(72,562)	(71,446)
Net (Gain)/Loss on investments	(14,390)	(87,167)
Net cash provided by / (used in) operating activities	<u>(297,567)</u>	<u>(100,384)</u>

18 Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash and bank	1,758,876	584,457
Short term deposits (60 day notice account)	-	2,515,274
Cash in hand	<u>1,758,876</u>	<u>3,099,731</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

19 Pensions – defined benefit scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Contributions totalling £3,371 (2017: £2,837) were payable to the fund at the balance sheet date and are included in creditors. This is in addition to the short term and long term liabilities.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	30 June 2018 (£000s)	30 June 2017 (£000s)	30 June 2016 (£000s)
Present value of provision	157	172	187

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

19 Pensions – defined benefit scheme (continued)

Reconciliation of opening and closing provisions

	Period Ending 30 June 2018 (£000s)	Period Ending 30 June 2017 (£000s)
Provision at start of start of period	172	187
Unwinding of the discount factor (interest expense)	7	4
Deficit contribution paid	(22)	(21)
Remeasurements – impact of any change in assumptions	-	2
Remeasurements – amendments to the contribution schedule	-	-
Provision at end of period	157	172

Income and expenditure impact

	Period Ending 30 June 2018 (£000s)	Period Ending 30 June 2017 (£000s)
Interest expense	7	4
Remeasurements – impact of any change in assumptions	-	2
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	30 June 2018 % per annum	30 June 2017 % per annum	30 June 2016 % per annum
Rate of discount	4.00	4.00	4.00

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

19 Pensions – defined benefit scheme (continued)

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit Contributions Schedule

Year Ending	30 June 2018 (£000s)	30 June 2017 (£000s)	30 June 2016 (£000s)
Year 1	23	22	21
Year 2	23	23	22
Year 3	24	23	23
Year 4	25	24	23
Year 5	26	25	24
Year 6	26	26	25
Year 7	27	26	26
Year 8	7	27	26
Year 9	-	7	27
Year 10	-	-	7
Year 11	-	-	-
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

19 Pensions – defined benefit scheme (continued)

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

20 Pensions – defined contribution scheme

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £14,022 (2017: £23,587). Contributions totalling £1,512 (2017: £2,714) were payable to the fund at the balance sheet date and are included in creditors.

21 Local groups

The accounts for the Association's local groups, which are listed below, are not consolidated since they are considered to be separate legal entities.

Bedfordshire	Merseyside
Berkshire	Mid & South Glamorgan
Birmingham	Middlesex
Black Country	Norfolk
Bristol & North Avon	North & East Devon
Buckinghamshire	North East & East London
Cambridgeshire	Northumbria
Central & North London	North West Wales
Cheshire	North & West Yorkshire
Cleveland & Durham	Northamptonshire
Clwyd	Nottinghamshire
Cornwall	Oxfordshire
Coventry & Warwickshire	Powys & Herefordshire
Cumbria North	Shropshire
Cumbria South	Somerset
Derbyshire	South & South East London
Dorset	South & West Devon
Dyfed	South West London
East Sussex	South Yorkshire
Essex	Staffordshire
Gloucestershire	Surrey
Greater Manchester	Wessex
Gwent	West Glamorgan
Hertfordshire	West Sussex
Kent	Wiltshire
Lancashire County	Wolds
Leicestershire & Rutland	Worcestershire
Lincolnshire	

22 Related party transactions

There were no related party transactions to report.

