

Charity No. 216066

**THE MAGISTRATES' ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

THE MAGISTRATES' ASSOCIATION

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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 (Chair) Beverley Higgs JP (Deputy Chair) Alison Spurgeon-Dickson JP (Deputy Chair) Shyam Sharma JP (Honorary Treasurer) John Bacon JP Mark Beattie JP Sarah Clarke JP (from 26 November 2018) Emir Feisal JP David Ford JP Tracy Sortwell JP (from 30 June 2019) John Stroud-Turp JP
Chief Executive:	Jon Collins
Deputy Chief Executive:	Dr Jo Easton
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
Investment managers:	Charles Stanley and Company Limited 25 Luke Street, London, EC2A 4AR Mayfair Capital Investment Management Limited 2 Cavendish Square, London, W1G 0PU Cazenove Capital Schroder & Co Limited 1 London Wall Place, London, EC2Y 5AU
Solicitors:	Russell-Cooke LLP 2 Putney Hill, London, SW15 6AB

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

About the Magistrates Association

Who we are

The Magistrates Association (MA) is an independent charity and the membership body for the magistracy. We work to promote the sound administration of the law, including by providing guidance, training and support for our members, informing the public about the courts and the role of magistrates, producing and publishing research on key topics relevant to the magistracy, and contributing to the development and delivery of reforms to the courts and the broader justice system. With 14,000 members across England and Wales, we are a unique source of information and insight and the only independent voice of the magistracy.

Our vision

The MA's vision is a fair and effective justice system, served by a robust and vibrant magistracy.

Our mission

To work with and on behalf of our members to promote the sound administration of the law by informing policy and practice relating to the magistracy, providing support and guidance to magistrates, and informing the public about the magistracy and the broader justice system.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Achievements and performance for 2018-19

During 2018-19, the MA's work to achieve our vision and mission and deliver on our objectives as an organisation was prioritised under five key aims.

Key aim 1: To influence the development of policy in the MA's priority areas

To achieve this, our work included:

- Identifying key policy areas for the year, which were 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.
- Holding 12 meetings with high-level stakeholders, including the Lord Chancellor, the Lord Chief Justice, the Senior Presiding Judge and the Chief Executive of HM Courts and Tribunals Service.
- Producing 29 consultation responses and 15 position statements and public responses.
- Publishing one new policy report, on probation and the provision of community sentences.
- Attending meetings of key policy-making bodies, including the Magistrates' Liaison Group (MLG), the Magistrates' Engagement Group (MEG) and Judges' Council.
- Providing tailored support to MA members in representative roles, including MA representatives on new regional Judicial Business Groups (JBGs), on Training, Approvals, Authorisations and Appraisals Committees, and on an array of working groups on issues relating to the magistracy.

Our successes included:

- Persuading HMCTS to conduct a survey intended to identify issues with the use of video-links in courts. This has led to the development and implementation of an action plan to address areas of poor performance.
- Securing changes in sentencing guidelines through the consultation process, for example the guideline on arson and criminal damage, to ensure that issues and concerns raised by our members were addressed.
- Influencing the development of reforms to the delivery of probation services and ensuring that the views and concerns of sentencers were central to the debate about probation reform.

Key aim 2: To provide training and information to our members to support them in their work as magistrates

To achieve this, our work included:

- Publishing and promoting an interactive e-learning resource on the in-court review process and the updated Winger Workbooks and accompanying e-learning resource.
- Developing, publishing and promoting resources on improving victims' experiences of magistrates' courts.
- Producing six MA 'cut out and keep' guides, on utilities warrants, giving and receiving constructive feedback, suspended sentence orders, using remand provisions for youths in adult courts, human rights in the magistrates' court, and supporting victims in court.
- Producing six 'sentencing steps' guides, on breach of a community order, football banning orders, disclosing private sexual photographs and films with intent to cause distress, going equipped for theft, assaulting a police officer and domestic abuse.

Our successes included, for example:

- Developing magistrates' skills by working collaboratively with the Judicial College to update the Winger Workbooks, develop accompanying e-learning resources and make them available to all magistrates.
- Improving magistrates' understanding of victims' experiences of the justice system through the publication of an issue of MAGISTRATE focused on victims and other specific resources for magistrates.
- Developing a process with HM Courts and Tribunals Service to enable MA branches to apply to have their events designated as training, allowing expenses to be paid to attendees.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Key aim 3: To engage effectively with members and potential members to increase member recruitment and retention

To achieve this, our work focused on implementing the first year of the MA's Membership Strategy for 2018-21 and included:

- Providing new promotional materials and other support materials to every branch, including a recruitment pack, a new members' information pack, and a new branch guides on events, the first in a series.
- Launching the first membership special interest group, for young magistrates.
- Reviewing and revising the MA's communications with our members, including creating the TRUNK, a new e-newsletter on members news, and making changes to MA ENEWS and MAGISTRATE magazine.
- Holding key MA events, including the annual conference and AGM in Manchester in October 2018 and three national events for retired members, and producing six editions of MAGISTRATE and 27 issues of MA ENEWS.
- Undertaking planning and development work to install a new membership database for the MA.

Successes included:

- 599 new members joined the MA in 2018-19, an increase of 199 from the 400 recruited in 2017-18.
- The TRUNK, a new e-newsletter enabling peer-to-peer communications between members, was launched and very positively received by members.
- A survey found that 87% of the 2,700 respondees were satisfied with the overall quality of the MA's communications.

Key aim 4: To improve public understanding of the magistracy, the courts and the broader justice system

To achieve this, our work included:

- Raising the profile of the MA and the magistracy in the media, with twenty-nine national media appearances including in The Times, the Financial Times and the Guardian and on BBC Radio 4's Today Programme and BBC 5 Live.
- Continuing to deliver the MA's Magistrates in the Community (MIC) programme, enabling magistrates to work with schools and community groups to promote understanding of the justice system.
- Publishing and disseminating new materials to support the MA's MIC programme.
- Developing the MA's social media profile by adopting a new tone and approach that supports engagement, posting more frequent content and engaging more actively with other users.

Successes included:

- An article promoting the MA's new position on the retirement age for magistrates appeared on page 2 of The Times. This, along with other activity, resulted in increased interest in this issue, gaining the support of the senior judiciary and culminating in a roundtable hosted by the Lord Chancellor.
- The new MIC materials were promoted across the country, with seventeen training events held with local co-ordinators and presenters and an article on the development of the new materials appearing in the April-May issue of MAGISTRATE.
- In 2018-19, the number of followers of the MA's Twitter account increased from 2,810 to 3,472, an increase of 24% in the year.

Key aim 5: To ensure the sound running and good governance of the MA

To achieve this, our work included:

- Identifying potential new sources of income for the MA and beginning work to realise these opportunities, including introducing advertising into MAGISTRATE, seeking funding from trusts and foundations, and developing a fundable centenary project with funding sought from the Arts Council England.
- Ensuring the good governance of the MA, including by holding four board meetings, two Council meetings and the AGM.
- Developing a new organisational strategy for the MA to provide structure and focus to the MA's work.

Successes included:

- Securing £49,800 from the Barrow Cadbury Trust for a project on maturity in the magistrates' court.
- Achieving revenue of £32,125 by introducing advertising into MAGISTRATE magazine.
- Agreeing a new three-year strategy for the MA, including consultation with the membership and with Council.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Our plans for 2019-20

2019-20 is the first year of the MA's new three-year organisational strategy, which will see our work focused around four key aims.

They are:

- 1) To influence the policy agenda on behalf of our members and in support of our vision. Planned activities for 2019-20 include:
 - Identifying and pursuing our key policy priorities, including holding meetings with 10 key decision-makers in support of these policy priorities and responding to 15 relevant consultations.
 - Completing our research project on maturity – including the publication of a research report on maturity and an e-learning resource on this issue – and commencing a further research project.
 - Attending and impactfully contributing to meetings of key bodies, for example the Magistrates' Liaison Group, Magistrates' Engagement Group and Judicial Business Groups, and promoting MA key issues at targeted meetings.
 - Increasing the proportion of sitting magistrates who are members of the MA from the level at 30 June 2019.
- 2) To ensure that the public is better informed about the magistracy and the broader criminal and family justice systems. Planned activities for 2019-20 include:
 - Creating and circulating to every branch MIC materials on two new topics.
 - Beginning work to enable branches to target MIC activity at new audiences by creating and disseminating a metric that enables them to measure audience diversity.
 - Securing 15 positive national media appearances for the MA and the magistracy and increasing the MA's social media reach by increasing the number of followers of the MA's Twitter account by 20% and increasing the engagement rate.
- 3) To provide MA members, and the broader magistracy, with support, information, training and development. Planned activities for 2019-20 include:
 - Conducting a training needs analysis survey of our membership.
 - Publishing, in partnership with the Judicial College, a new e-learning resource on becoming a presiding justice.
 - Producing six MA 'cut out and keep' guides and six 'sentencing steps' guides.
 - Launching two new special interest groups.
 - Producing to a high standard six editions of MAGISTRATE, 26 issues of MA ENEWS and 12 issues of the TRUNK.
- 4) To be an effective, well-run and financially sustainable organisation. Planned activities for 2019-20 include:
 - Increasing member numbers, through increasing both recruitment and retention.
 - Launching a legacy giving framework and securing two new grants from trusts and foundations.
 - Implementing a new membership database for the MA and ensuring that it is meeting organisational need.
 - Developing a programme of work to support staff wellbeing and beginning work to ensure that we are operating in an ethically sound manner.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Governance and management

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.

The 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 MA 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 Chair and the Deputy Chair or Deputy Chairs, elected by the Ordinary Members from among 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 among the Ordinary Members, provided that any person standing for election must be Actively Serving; and
- (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 National Chair 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 organisational structure consists of the Board of Trustees, four Standing Committees responsible for policy (Adult Court Committee, Family Court Committee, Youth Court Committee, Training Committee), a Policy Board (which oversees the work of the four standing committees), National Council (which advises the Board of Trustees), 54 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.

The Board of Trustees has referred to 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 Association.

The Board of Trustees also regularly assesses the Association's achievements and reviews the activities that have been completed, in order to ensure that they have been delivered as planned and judge their impact and the extent to which they have contributed to achieving the aims and objectives of the Association.

THE MAGISTRATES' ASSOCIATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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 2018-19 was £701,693 (2017-18: £627,121) and expenditure was £854,952 (2017-18: £779,105), with an overall deficit before taking into account investments of £153,259 (2017-18 deficit of £151,984). The net movement in funds for 2018-19 was a deficit of £137,628 (2017-18 deficit of £137,594).

Investments

The Association has an investment portfolio, which at 30 June 2019 was valued at £3,811,998 (2018: 2,303,214) and produced an income of £150,159 (2017-18: £72,562). A further £1,500,000 was invested over the year. The investment portfolio continues to be managed by our professional advisors on a medium risk basis, which produced an income for the Association of 3.9% with a target of 4%, while maintaining the capital value of the portfolio after inflation.

Reserves

The free reserve balance at 30 June 2019 was £2,830,527 (2018: £2,802,307). 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 £900,233 at 30 June 2019.

The MA's Board of Trustees has decided that the MA should, as far as possible, aim to maintain its current level of unrestricted reserves, which should be invested to ensure that they deliver an annual income to the MA to contribute to our running costs, while protecting the capital against inflation. The Board of Trustees has decided that this approach best supports the MA in meeting its charitable objectives now and in the future by providing consistent income for the MA at a time when the number of magistrates has been declining, affecting income from membership subscriptions. Each year the Board of Trustees assesses, however, as part of the annual budgeting process, whether it is appropriate to authorise expenditure from unrestricted reserves to meet the annual running costs of the MA and/or any specific projects.

The aim for 2018-19 was therefore to maintain the MA's free reserves at £2,800,000 by 30 June 2019, in line with the amount held on 30 June 2018. By 30 June 2019 the amount in free reserves was £2,830,527.

As per the 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 £119,402 (2018: £156,823).

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. The Charity 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

A Risk Register, including steps necessary to mitigate identified risks, is reviewed by the Board of Trustees annually. The most significant risks facing the MA are:

- The financial and other impacts of the continuing decline in the number of magistrates in England and Wales, which both affects the MA's membership income and our influence. To address this the MA is (a) directly and indirectly supporting the recruitment of more magistrates; (b) working to increase the proportion of magistrates who are members; and (c) pursuing additional new sources of income (with a Fundraising and Income Generation Group taking an active role in this work).
- A lack of engagement with members results in a lack of active participation in the work of the MA nationally and locally, including key activities such as MIC and membership of the MA's policy committees. Activities set out in the MA's Membership Strategy are intended to address this.
- Turnover in the staff team affects the organisation's capacity to deliver the organisation's workplan and impacts on institutional memory. To address this, promoting staff wellbeing has been identified as a priority in the new organisational strategy, as has training and development.

**THE MAGISTRATES' ASSOCIATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

Staff remuneration

The Remuneration Committee reviews the Chief Executive's salary annually in 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.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

The law applicable to charities in England and Wales requires the 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 10 September 2019 and signed on their behalf by:



John Bache JP
National Chair



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 2019 which comprise the Statement of Financial Activities, 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 2019, 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 our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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

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

Date: *10 September 2019*

**THE MAGISTRATES' ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Unrestricted		Restricted	Total 2019		Unrestricted		Restricted	Total 2018	
		£	£		£	£	£	£			
		General	Designated		General	Designated	General	Designated		General	Designated
Income and endowments											
Donations and legacies	2	1,579	-	26,000	1,967	-	18,000	-	19,967		
Charitable activities	3	470,962	1,360	-	504,951	7,054	-	-	512,005		
Other trading activities	5	51,633	-	-	22,587	-	-	-	22,587		
Investment income	4	15,016	135,143	-	7,256	65,306	-	-	72,562		
Total income		539,190	136,503	26,000	536,761	72,360	18,000	-	627,121		
Expenditure											
Raising funds	6	9,131	-	-	6,501	-	-	-	6,501		
Charitable activities	7	553,695	270,552	21,574	527,108	245,496	-	-	772,604		
Total expenditure		562,826	270,552	21,574	533,609	245,496	-	-	779,105		
Net (expenditure) / income before investment gains / (losses)		(23,636)	(134,049)	4,426	3,152	(173,136)	18,000	-	(151,984)		
Net gains / (losses) on investments		782	14,849	-	720	13,670	-	-	14,390		
Net (expenditure) / income	12	(22,854)	(119,200)	4,426	3,872	(159,466)	18,000	-	(137,594)		
Transfers between funds		8,605	-	(8,605)	(13,547)	13,547	-	-	-		
Reconciliation in funds											
Total funds brought forward		4,823,548	1,034,433	49,285	4,833,223	1,180,352	31,285	-	6,044,860		
Total funds carried forward		4,809,299	915,233	45,106	4,823,548	1,034,433	49,285	-	5,907,266		

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 34.

THE MAGISTRATES' ASSOCIATION

BALANCE SHEET AS AT 30 JUNE 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible fixed assets	10	1,959,819	2,021,241
Intangible fixed assets	11	18,953	-
Investments	12	3,811,998	2,303,214
TOTAL FIXED ASSETS		<u>5,790,770</u>	<u>4,324,455</u>
CURRENT ASSETS			
Stock		371	941
Debtors	13	76,607	53,354
Cash at bank and in hand	19	102,216	1,758,876
TOTAL CURRENT ASSETS		<u>179,194</u>	<u>1,813,171</u>
LIABILITIES			
Creditors: amounts falling due within one year	14a	(103,728)	(95,955)
NET CURRENT ASSETS		<u>75,466</u>	<u>1,717,216</u>
Creditors: amounts falling due after one year	14b	(96,598)	(134,405)
TOTAL NET ASSETS		<u>5,769,638</u>	<u>5,907,266</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds:			
Designated funds	15	915,233	1,034,433
Tangible fixed assets	10	1,959,819	2,021,241
Intangible fixed assets	11	18,953	-
Free reserves		2,830,527	2,802,307
Restricted funds	16	45,106	49,285
TOTAL FUNDS		<u><u>5,769,638</u></u>	<u><u>5,907,266</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 10 September 2019 and signed on their behalf by:


.....
J Bache
Chairman


.....
S Sharma
Honorary Treasurer

The attached notes on pages 14 to 34 form part of these financial statements.

THE MAGISTRATES' ASSOCIATION

CASH FLOW STATEMENT AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Cash Flow Statement			
Cash flows from operating activities:	18	(284,091)	(297,567)
Net cash used in operating activities		<u>(284,091)</u>	<u>(297,567)</u>
Cash flow from investing activities			
Purchase of tangible assets		(29,575)	(323,851)
Purchase of investments		(2,192,925)	(893,135)
Proceeds from sale of investments		756,491	94,630
Movement of cash in the capital account		(56,719)	6,506
Investment income		150,159	72,562
Net cash used in investing activities		<u>(1,372,569)</u>	<u>(1,043,288)</u>
Change in cash and cash equivalents in the reporting period		(1,656,660)	(1,340,855)
Cash and cash equivalents at the beginning of the reporting period		1,758,876	3,099,731
Cash and cash equivalents at the end of the reporting period	19	<u>102,216</u>	<u>1,758,876</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

After making appropriate enquiries, the Board of Trustees considers that the Association is a going concern for the next 12 months and into the foreseeable future, due to the regular income received from its members, the level of free reserves held, and the fact that the MA owns its own premises. There are no material uncertainties which would cast doubt on the Association's ability to continue as a going concern. The financial statements are therefore prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The Board of Trustees are aware of the budgeted deficit for the next financial year, as they have authorised the budget, and action is being taken to reduce the deficit and balance the budget in due course.

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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

c) Income (continued)

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).

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) Intangible fixed assets and depreciation

The membership database (SubscriberCRM) is depreciated by equal instalments over 5 years.

g) 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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

g) Investments (continued)

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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) Key judgements and estimates policy

No significant judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the company and the environment in which it operates. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual outcome.

THE MAGISTRATES' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

2 Donations and grants

	2019	2018
	£	£
Donations	1,579	1,804
Judicial College grant	10,000	10,000
Return of local group grants	-	163
Barrow Cadbury Trust grant	16,000	-
Victim fund	-	8,000
	<u>27,579</u>	<u>19,967</u>

A total amount of £26,000 (2018: £18,000) relates to the Judicial College grant and the Barrow Cadbury Trust grant, which are restricted funds. All other amounts relate to unrestricted and designated funds.

3 Charitable activities

	2019	2018
	£	£
Membership subscriptions	<u>472,322</u>	<u>512,005</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

	2019	2018
	£	£
Dividends	149,835	56,127
Interest	324	16,435
	<u>150,159</u>	<u>72,562</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 2019

5 Other trading activities

	2019	2018
	£	£
Magazine advertising revenue	32,125	5,778
Magazine subscriptions	1,239	1,305
Royalties	842	1,050
Consultancy	1,973	63
MA Awards income	2,822	300
Sale of merchandise	50	441
Profit/(Loss) on disposal of fixed assets	-	100
500 Club lottery	6,120	5,750
AGM income	3,253	4,438
Retired members' event	1,392	1,262
Royal Garden Party event	1,817	2,100
	<u>51,633</u>	<u>22,587</u>

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

6 Raising funds

	2019	2018
	£	£
Investment management costs	<u>9,131</u>	<u>6,501</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 2019

7a Analysis of expenditure by activity

	Direct costs	Support costs	2019 £
Magistrate event training and support	502,527	343,294	845,821

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

7b Analysis of direct costs

	2019 £	2018 £
Grants to local groups	40,098	28,358
Other support to local groups	4,850	1,726
Wages and salaries (note 8)	292,958	306,595
Council and committees	23,872	26,829
Production of MAGISTRATE magazine	92,558	81,310
Representation	7,674	17,944
Events (including networking opportunities and training)	14,184	13,246
MIC and training	26,333	775
	<u>502,527</u>	<u>476,783</u>

£21,574 (2018: £Nil) 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 2019

7c Analysis of support costs

	2019	2018
	£	£
Communications	8,858	11,886
Membership	26,297	11,679
Administration	15,863	27,812
Wages and salaries (note 8)	167,404	114,973
Accommodation	25,331	24,404
Depreciation	72,043	71,349
Governance costs (note 7d)	27,498	33,718
	<u>343,294</u>	<u>295,821</u>

7d Analysis of governance costs

	2019	2018
	£	£
AGM and report	10,901	10,995
Board of Trustees' expenses (note 9)	5,147	11,673
Auditor's remuneration	11,450	11,050
	<u>27,498</u>	<u>33,718</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

8 Analysis of staff costs and key management personnel

	2019	2018
	£	£
Wages and salaries	389,802	366,447
Social security costs	36,779	29,281
Pension costs	33,781	25,840
	<u>460,362</u>	<u>421,568</u>

The average monthly head count was 11 (2018: 11) and analysis of the staff employees in the year was:

	2019	2018
	Actual	Actual
	Number	Number
Management	1	1
Membership	4	4
Policy and research	3	4
Communications	2	1
Finance	1	1
	<u>11</u>	<u>11</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:

	2019	2018
£60,000-£69,999	<u>1</u>	<u>1</u>

The employer pension contributions made by the Association relating to the above amounted to £6,924 (2018: £4,367).

The key management personnel during the year comprised the Chief Executive, the Director of Policy and Research/Deputy Chief Executive, the Director of Membership and the Head of Finance. The total remuneration of key management personnel, including employer national insurance and pension contributions is £233,286 (2018: £198,569).

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

9 Trustees fees and expenses

No Trustees (2018: 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 £5,147 (2018: £11,673) in relation to 11 Trustees (2018: 11).

10 Tangible fixed assets

	Leasehold Property £	Computers & Printers £	Fixtures & Fittings £	Office Equipment £	Total £
Cost					
At 1 July 2018	1,944,653	57,697	125,144	1,429	2,128,923
Additions	8,940	1,337	-	345	10,622
Disposals	-	(33,604)	-	-	(33,604)
At end of year	1,953,593	25,430	125,144	1,774	2,105,941
Depreciation					
At 1 July 2018	38,892	43,413	25,028	349	107,682
Charge for year	39,072	7,588	25,029	355	72,044
Disposals	-	(33,604)	-	-	(33,604)
At end of year	77,964	17,397	50,057	704	146,122
Net Book Value					
At 30 June 2019	<u>1,875,629</u>	<u>8,033</u>	<u>75,087</u>	<u>1,070</u>	<u>1,959,819</u>
At 30 June 2018	<u>1,905,761</u>	<u>14,284</u>	<u>100,116</u>	<u>1,080</u>	<u>2,021,241</u>

THE MAGISTRATES' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

11 Intangible fixed assets

	Intangible Assets (Work in Progress)
	£
Cost	
At 1 July 2018	-
Additions	18,953
Disposals	-
At end of year	18,953
Depreciation	
At 1 July 2018	-
Charge for year	-
Disposals	-
At end of year	-
Net Book Value	18,953
At 30 June 2019	<u>18,953</u>
At 30 June 2018	<u>-</u>

This represents the cost of a new membership database which will be capitalised over 5 years. The asset as at the balance sheet date is work in progress.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

12 Fixed asset investments

	2019	2018
	£	£
Market value at 1 July 2018	2,303,214	1,496,825
Additions at cost	2,192,925	893,135
Sale proceeds	(756,491)	(94,630)
Investment gains/(losses)	15,631	14,390
Movement of cash in the capital account	56,719	(6,506)
	<u>3,811,998</u>	<u>2,303,214</u>

At 30 June 2019 the historical cost of these investments was £3,517,379 (2018: £2,041,636).

	2019	2018
	£	£
Investments can be analysed as follows:		
Fixed Income	134,405	167,782
UK equity	1,411,472	439,237
International equity	664,826	635,495
Property	803,061	889,440
Alternatives	419,678	90,225
Mixed investment	48,134	48,410
Bonds	62,298	-
Multi-asset funds	122,637	-
Cash	56,143	-
Capital account	89,344	32,625
	<u>3,811,998</u>	<u>2,303,214</u>

THE MAGISTRATES' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

12 Fixed asset investments (continued)

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2019:

	Units		Market Value	
	2019	2018	2019	2018
			£	£
Aviva Investors UK Services Ltd	90,149	90,419	87,299	88,185
Blackrock Fund Managers Ltd	49,668	49,668	77,060	75,148
Matthews International Fund	4,586	4,586	78,413	81,807

13 Debtors

	2019	2018
	£	£
Trade debtors	60	480
Other debtors	22,332	32,243
Prepayments and accrued income	54,215	20,631
	<u>76,607</u>	<u>53,354</u>

14a Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	27,605	20,327
Other creditors	1,983	2,568
Pensions	6,394	4,883
Other taxation and social security	10,917	10,434
Accruals and deferred income	34,025	35,325
Present value of defined benefit scheme liabilities (note 20)	22,804	22,418
	<u>103,728</u>	<u>95,955</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

14b Creditors: amounts falling due after one year

	2019	2018
	£	£
Present value of defined benefit scheme liabilities (note 20)	<u>96,598</u>	<u>134,405</u>

15 Unrestricted funds

	Balance at 01 July 2018	Income and net gains	Expenditure	Transfers	Balance at 30 June 2019
	£	£	£	£	£
General funds	2,802,307	519,002	(490,782)	-	2,830,527
Tangible fixed assets	2,021,241	10,622	(72,044)	-	1,959,819
Intangible fixed assets	-	18,953	-	-	18,953
Provision of services to life members	1,019,433	151,352	(270,552)	-	900,233
Provision for repairs & maintenance	15,000	-	-	-	15,000
	<u>5,857,981</u>	<u>699,929</u>	<u>(833,378)</u>	<u>-</u>	<u>5,724,532</u>

	Balance at 01 July 2017	Income and net gains	Expenditure	Transfers	Balance at 30 June 2018
	£	£	£	£	£
General funds	3,064,483	537,481	(533,609)	(13,547)	4,823,548
Tangible fixed assets	1,768,740	-	-	-	2,021,241
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
	<u>6,013,575</u>	<u>623,511</u>	<u>(779,105)</u>	<u>-</u>	<u>5,857,981</u>

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 2019

16 Restricted funds

	Balance at 1 July 2018	Income	Expenditure	Transfers	Balance at 30 June 2019
	£	£	£	£	£
Training	10,000	10,000	(12,000)	(1,250)	6,750
Development fund	31,285	-	(8,754)	-	22,531
Barrow Cadbury Trust	-	16,000	-	(2,366)	13,634
Victim fund	8,000	-	(820)	(4,989)	2,191
	<u>49,285</u>	<u>26,000</u>	<u>(21,574)</u>	<u>(8,605)</u>	<u>45,106</u>

	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>

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

Barrow Cadbury Trust project represents a grant to be used to develop and promote understanding of defendants' and offenders' maturity in the magistrates' court.

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

The transfer of funds from the restricted fund represents the transfer of administrative costs related to these projects into general income, in line with what is set out in the relevant grant agreements. There were no transfers of this type in 2017-18 as there was no expenditure of this type on these funds during that period.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

17 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £
Tangible fixed assets	1,959,819	-	-	1,959,819
Intangible fixed assets	18,953	-	-	18,953
Investments	2,896,765	915,233	-	3,811,998
Current assets	134,088	-	45,106	179,194
Current liabilities	(103,728)	-	-	(103,728)
Long term liabilities	(96,598)	-	-	(96,598)
	4,809,299	915,233	45,106	5,769,638

	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)
	4,823,548	1,034,433	49,285	5,907,266

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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

	2019	2018
	£	£
Net movement in funds	(137,628)	(137,594)
Depreciation charges	72,043	71,349
Decrease/(Increase) in debtors	(23,253)	43,666
(Decrease)/Increase in short term creditors	7,773	(143,516)
(Decrease)/Increase in long term creditors	(37,806)	(44,787)
Decrease/(Increase) in stock	570	267
Investment income	(150,159)	(72,562)
Net (Gain)/Loss on investments	(15,631)	(14,390)
Net cash used in operating activities	<u>(284,091)</u>	<u>(297,567)</u>

19 Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash and bank	102,216	1,758,876
Cash in hand	<u>102,216</u>	<u>1,758,876</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

20 Pensions – defined benefit scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 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 £4,874 (2018: £3,371) 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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. 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 2019 to 31 January 2025:	£22,804 per annum	(payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

20 Pensions – defined benefit scheme (continued)

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 2019 (£000s)	30 June 2018 (£000s)	30 June 2017 (£000s)
Present value of provision	120	157	172

Reconciliation of opening and closing provisions

	Period Ending 30 June 2019 (£000s)	Period Ending 30 June 2018 (£000s)
Provision at start of start of period	157	172
Unwinding of the discount factor (interest expense)	6	7
Deficit contribution paid	(22)	(22)
Remeasurements – impact of any change in assumptions	-	-
Remeasurements – amendments to the contribution schedule	(21)	-
Provision at end of period	120	157

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

20 Pensions – defined benefit scheme (continued)

Income and expenditure impact

	Period Ending 30 June 2018 (£000s)	Period Ending 30 June 2017 (£000s)
Interest expense	6	7
Remeasurements – impact of any change in assumptions	-	-
Remeasurements – amendments to the contribution schedule	(21)	-
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 2019 % per annum	30 June 2018 % per annum	30 June 2017 % 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 2019

20 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 2019 (£000s)	30 June 2018 (£000s)	30 June 2017 (£000s)
Year 1	22	23	22
Year 2	23	23	23
Year 3	24	24	23
Year 4	24	25	24
Year 5	25	26	25
Year 6	15	26	26
Year 7	-	27	26
Year 8	-	7	27
Year 9	-	-	7
Year 10	-	-	-
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 2019

20 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 as detailed in note 14.

21 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 £12,487 (2018: £14,022). Contributions totalling £1,520 (2018: £1,512) were payable to the fund at the balance sheet date and are included in creditors.

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

23 Related party transactions

There were no related party transactions to report.