

THE MAGISTRATES' ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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:	Beverley Higgs JP (Chair) Alison Spurgeon-Dickson JP (Deputy Chair) Mark Beattie JP (Deputy Chair) Paul Kemp JP (Honorary Treasurer) Sarah Clarke JP Emir Feisal JP (to 17 October 2020) Louise Fleet JP (to 17 October 2020) David Ford JP Jacqueline MacDonald-Davis JP Luke Rigg JP John Stroud-Turp JP (to 17 October 2020) David Longman JP (from 17 October 2020) Doreen Huijssoon-Prescott JP (From 17 October 2020) Patricia Willmott JP (from 17 October 2020)
Chief Executive:	Tom Franklin (from 24 May 2021) Jonathan Collins (to 18 March 2021)
Auditors:	Price Bailey LLP 3rd Floor, 24 Old Bond Street, Mayfair, London, W1S 4AP
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:	Cazenove Capital Schroder & Co Limited 1 London Wall Place, London, EC2Y 5AU
Solicitors:	Russell-Cooke LLP 2 Putney Hill, London, SW15 6AB

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About the Magistrates Association

Who we are

The Magistrates Association (MA) is an independent charity registered in the UK (Charity Number 216066) 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 more than 13,000 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. 2019 -20 was the first year of the MA's new three-year organisational strategy, which has focused our work around four key aims.

Key aim 1: To influence the policy agenda on behalf of our members and in support of our vision

Our work in 2020-21 to achieve this included:

- Identifying key policy priorities for the year, which were the court reform programme, the training and development of magistrates, the availability of sufficient magistrates, the implementation of the Lammy Review and legal aid.
- Holding 10 meetings with high-level stakeholders, including the President of the Family Division, the Senior Presiding Judge, the Victims' Commissioner and the Chief Executive of HM Courts and Tribunals Service.
- Producing 16 consultation responses and three position statements and public responses.
- Conducting a research project on maturity and producing an e-learning package and other resources on this issue.
- Beginning a research project in partnership with the Commission on Crime and Problem Gambling on sentencers' understanding and treatment of problem gamblers.
- Attending meetings of key policy-making bodies, including the Magistrates' Liaison Group, the Magistrates' Engagement Group and Judges' Council.
- Providing tailored support to MA members in representative roles, including MA representatives on regional Judicial Business Groups, on Training, Approvals, Authorisations and Appraisals Committees, and on an array of working groups on issues relating to the magistracy.

Our successes included:

- Being the leading voice promoting an increase in the retirement age for magistrates, securing ministerial support and a government consultation on the issue.
- Contributing to the important work of the public and private law working groups set up by the President of the Family Division.
- Supporting measures in the Domestic Abuse Bill to prevent the cross-examination of victims of domestic abuse by perpetrators in family proceedings.

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Achievements and performance for 2020-21

Key aim 2: To ensure that the public is better informed about the magistracy and the broader criminal and family justice systems

Our work in 2020-21 to achieve this included:

- Raising the profile of the MA and the magistracy in the media, with nearly forty national media appearances including in The Times, the Daily Telegraph and the Guardian and on Times Radio and BBC Radio 4's Today Programme and Woman's Hour.
- Delivering, until the outbreak of the coronavirus pandemic, 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.
- Continuing to develop new materials for MIC presenters, including new materials for corporate audiences.
- Creating a press toolkit for the MA's branches to enable them to better engage with the local media.
- Growing the MA's social media profile and engaging more actively with other users, including running a Twitter camping to celebrate 100 years of women in the magistracy.

Our successes included:

- Celebrating 100 years of women in the magistracy by instigating and participating in an edition of BBC Radio 4's Woman's Hour on a century of women in law.
- Improving public understanding of the impact of the coronavirus pandemic on the courts by appearing regularly in the media, including on the Today programme on BBC Radio 4 and in the Guardian and the Sunday Times.
- Informing more people about the magistracy and the courts by increasing the MA's number of Twitter followers by more than 20%.

Key aim 3: To provide MA members, and the broader magistracy, with support, information, training and development

Our work in 2020-21 to achieve this included:

- Launching two new special interest groups for our members, a LGBT+ Group and a group for magistrates with disabilities.
- Publishing, in partnership with the Judicial College, a new e-learning resource on becoming a presiding justice.
- Producing a new MA e-learning resource for our members on maturity in the magistrates' court.
- Producing six MA 'cut out and keep' guides and six 'sentencing steps' guides.
- Conducting a training needs analysis survey of our membership to inform our future work.
- Continuing to produce high-quality communications for our members, including MAGISTRATE, MA ENEWS and the TRUNK.

Our successes included:

- Supporting the recruitment and retention of more young magistrates by holding the first national conference for young magistrates, hosted by our Young Magistrates Special Interest Group.
- Improving magistrates' understanding of the issue of maturity by launching our e-learning module on this issue in a specially-themed edition of MAGISTRATE magazine.
- Helping to address shortages of presiding justices by developing – with the Judicial College – training that supports magistrates to take on this role.

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Achievements and performance for 2020-21 (cont)

Key aim 4: To be an effective, well-run and financially sustainable organisation.

Our work in 2020-21 to achieve this included:

- Launching a new business change programme to drive the MA's work to ensure future financial sustainability.
- Implementing a new membership database for the MA and refreshing the MA's website.
- Launching a legacy giving programme to provide additional income to the MA in the future.
- Beginning the development of a programme of work to support staff wellbeing.

Our successes included:

- Beginning a major programme of work to explore ways in which the MA can enhance and diversify our work in support of our aims and vision.
- Implementing a new organisational strategy for the MA, providing structure and focus to the MA's work.
- Supporting staff wellbeing by launching a new employee volunteering programme, which gives all employees three volunteering days a year.

Taken together, this was an important and substantial year for the MA, working with and for our members as the only independent voice of the magistracy.

The impact of Covid-19

As with every organisation, the MA was significantly affected during the latter part of the 2019-20 financial year by the coronavirus pandemic. As a result of this, significant changes had to be made to our workplan. These included:

- Cancelling a number of events due to be held in 2019-20, including the meeting of the MA's Council that was due to take place in May, the Royal Garden Party receptions that we hold every year, and planned events for our retired members at the MA's offices.
- Cancelling a number of planned activities for the MA's centenary, which we were due to take place in 2020-21. These included our 2020 annual conference (which will now take place, in part, online) and a planned art exhibition which was due to take place in four cities and will now only be online.
- Suspending our Magistrates in the Community activities, with no presentations or school visits possible.

In addition, magistrates' recruitment and training was suspended and the vast majority of magistrates ceased sitting temporarily, limiting the MA's recruitment and other local activity. This affected both the recruitment and retention of new members.

The MA's financial position was further affected by the performance of our investment portfolio, which was impacted by the broader financial impact of the coronavirus pandemic.

As a result of this, we made use of the government's Coronavirus Job Retention Scheme to protect staff roles. To compensate for cancelled activities, we worked to improve our online offering to our members, including collating the latest information about the impact of coronavirus on the courts for our members, promoting learning and development opportunities for members, and launching a new webinar series that has proved extremely popular with members. The MA's 2020 annual conference and AGM will also be held online for the first time and the planned centenary art exhibition will also be held online. The key risks have been identified and addressed on page 7.

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Our plans for 2021-22

2021-22 will see the ongoing implementation of the MA's three-year organisational strategy, based around the four key aims set out above.

- 1) To influence the policy agenda on behalf of our members and in support of our vision. Planned activities for 2020-21 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.
 - Carrying out a campaign on a priority issue for the MA and our members.
 - Completing our research project on problem gambling 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.

- 2) To ensure that the public is better informed about the magistracy and the broader criminal and family justice systems. Planned activities for 2021-22 include:
 - Creating and circulating to every branch MIC materials on four new topics.
 - Support MA branches to broaden their MIC offer to new audiences.
 - Securing 20 positive national media appearances for the MA and the magistracy.
 - Increasing the MA's social media reach by increasing the number of followers of the MA's Twitter account by 15% and increasing the engagement rate.

- 3) To provide MA members, and the broader magistracy, with support, information, training and development. Planned activities for 2021-22 include:
 - Delivering an appropriate, national celebration of the MA's centenary.
 - Launching one new special interest group for MA members.
 - Putting on a series of webinars on topics of interest to our members.
 - Publishing, in partnership with the Judicial College, a new resource on the impact of imprisonment.
 - Publishing a training resource on disproportionality in the justice system.
 - Producing six MA 'cut out and keep' guides and six 'sentencing steps' guides.
 - 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 2021-22 include:
 - Completing the first phase of the MA's business change programme and beginning the implementation of ensuing work programmes.
 - Increasing member numbers, through increasing both recruitment and retention.
 - Developing the MA's legacy giving framework and securing two new grants from trusts and foundations.
 - Continuing to developing a programme of work to support staff wellbeing and to ensure that we are operating in an ethically sound manner.

THE MAGISTRATES' ASSOCIATION

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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 By-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 at 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.

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Governance and management (Cont)

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 MA's Standing Orders.

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. Please see pages 3-4 for a summary of the Association's achievements in the 2019-20 financial year, which the Board of Trustees has considered in ensuring the Association is carrying out its purposes for the public benefit.

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 2020-21 was £619,238 (2019-20: £705,590) and expenditure was £813,392 (2019-20: £920,479), with an overall deficit before taking into account investments of £194,153 (2019-20 deficit of £214,889). The net movement in funds for 2020-21 was a surplus of £171,365 (2019-20 deficit of £289,284).

Investments

The Association has an investment portfolio, which at 30 June 2021 was valued at £3,738,915 (2020: £3,574,525) and produced an income of £149,678 (2019-20: £155,814). 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 2021 was £2,871,681 (2020: £2,846,312). 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 £871,613 at 30 June 2021 (2020: £672,022).

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.

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Financial review (Cont)

The aim for 2020-21 was therefore to maintain the MA's free reserves at £2,800,000 by 30 June 2021, in line with the amount held on 30 June 2020. By 30 June 2021 the amount in free reserves was £2,866,507

For 2021-22, as mentioned above the current coronavirus pandemic has affected the MA's ability to carry out some key activities and has had an impact on magistrates' recruitment and retention, which may affect membership income. There may therefore be an additional need to draw on the MA's free reserves to fund day-to-day activities.

As per the Charities SORP 2019 (FRS102), 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 £82,226 (2020: £101,374).

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 Association 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 (2020 – none).

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 impact of Covid-19 on the magistracy and the courts, which may affect the recruitment, retention and engagement of magistrates, and on the broader financial environment, which will have an impact on the MA's investment portfolio. To address this, the MA is managing its financial resources rigorously, moving more activities online and has put in place trigger points that would activate a contingency planning process.
- 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 the MA's 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 via a new business change programme.
- 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.

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.

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FOR THE YEAR ENDED 30 JUNE 2021

TRUSTEES' RESPONSIBILITIES STATEMENT

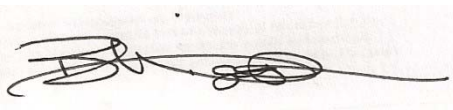
The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2019 (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. The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



.....
Bev Higgs
National Chairman
Date: 4 October 2021



.....
Shyam Sharma
Honorary Treasurer
Date: 4 October 2021

Independent Auditor's Report to the Trustees of the Magistrates' Association

Opinion

We have audited the financial statements of the Magistrates Association (the 'charity') for the year ended 30 June 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the 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

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

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

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

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

the charity has not kept adequate accounting records; or

the financial statements are not in agreement with the accounting records and returns; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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

Independent Auditor's Report to the Trustees of the Magistrates' Association

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting which could have a material impact on the financial statements. In relation to the operations of the Charity this included compliance with the Charities Act, SORP 2019 and GDPR.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Trustee Board meetings, any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Charity and a review of the risk management processes and procedures in place including a review of the risk register maintained by the Charity. We have also reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

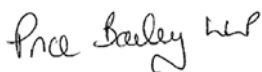
Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.



For and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

3rd Floor,
24 Old Bond St,
Mayfair,
London
W1S 4AP

Date: 15 November 2021

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 FOR THE YEAR ENDED 30 JUNE 2021

	Note	Unrestricted		Restricted	Total 2021	Unrestricted		Restricted	Total 2020
		£	£	£	£	£	£	£	£
		General	Designated			General	Designated		
Income									
Donations and legacies	2	1,212	-	11,800	13,012	1,467	-	42,000	43,467
Charitable activities	3	427,528	-	-	427,528	454,156	-	-	454,156
Other trading activities	5	29,021	-	-	29,021	52,153	-	-	52,153
Investment income	4	14,968	134,710	-	149,678	15,581	140,233	-	155,814
Total income		472,729	134,710	11,800	619,239	523,357	140,233	42,000	705,590
Expenditure									
Raising funds	6	8,766	-	-	8,766	10,351	-	-	10,351
Charitable activities	7	521,965	282,361	300	804,626	562,155	297,730	50,243	910,128
Total expenditure		530,731	282,361	300	813,392	572,506	297,730	50,243	920,479
Net (expenditure) / income before investment gains / (losses)		(58,002)	(147,651)	11,500	(194,153)	(49,149)	(157,497)	(8,243)	(214,889)
Net gains / (losses) on investments	12	18,276	347,242	-	365,518	(3,681)	(70,714)	-	(74,395)
Net movement in funds		(39,726)	199,591	11,500	171,365	(52,830)	(228,211)	(8,243)	(289,284)
Reconciliation in funds									
Total funds brought forward		4,756,469	687,022	36,863	5,480,354	4,809,299	915,233	45,106	5,769,638
Total funds carried forward		4,716,743	886,613	48,363	5,651,719	4,756,469	687,022	36,863	5,480,354

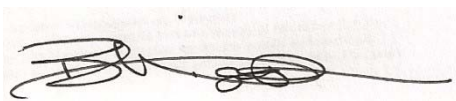
All amounts relate to continuing activities of the charity.
The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes to the accounts are shown on pages 15 to 35.

THE MAGISTRATES' ASSOCIATION

BALANCE SHEET AS AT 30 JUNE 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible fixed assets	10	1,823,217	1,888,285
Intangible fixed assets	11	21,844	21,872
Investments	12	3,738,915	3,574,525
TOTAL FIXED ASSETS		5,583,976	5,484,682
CURRENT ASSETS			
Debtors	13	84,559	62,598
Cash at bank and in hand	19	142,028	113,411
TOTAL CURRENT ASSETS		226,587	176,009
LIABILITIES			
Creditors: amounts falling due within one year	14a	(100,279)	(101,935)
NET CURRENT ASSETS		126,308	74,074
Creditors: amounts falling due after one year	14b	(58,565)	(78,402)
TOTAL NET ASSETS		5,651,719	5,480,354
THE FUNDS OF THE CHARITY			
Unrestricted funds:			
Designated funds	15	886,613	687,022
Tangible fixed assets	10	1,823,218	1,888,285
Intangible fixed assets	11	21,844	21,872
Free reserves		2,871,681	2,846,312
Restricted funds	16	48,363	36,863
TOTAL FUNDS		5,651,719	5,480,354

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



.....
Bev Higgs
National Chairman
Date: 4 October 2021



.....
Shyam Sharma
Honorary Treasurer
Date: 4 October 2021

The attached notes on pages 15 to 35 form part of these financial statements.

THE MAGISTRATES' ASSOCIATION

STATEMENTS OF CASH FLOWS AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Statements of cash flows			
Cash flows from operating activities:	18	(316,749)	(298,989)
Net cash used in operating activities		(316,749)	(298,989)
Cash flow from investing activities			
Purchase of tangible assets		-	(498)
Purchase of intangible assets		(5,440)	(8,387)
Loss on the disposal of fixed assets		-	177
Purchase of investments		(2,006,601)	(47,845)
Proceeds from sale of investments		2,213,023	121,579
Movement of cash in the capital account		(5,294)	89,344
Investment income		149,678	155,814
Net cash provided by investing activities		345,366	310,184
Change in cash and cash equivalents in the reporting period		28,617	11,195
Cash and cash equivalents at the beginning of the reporting period		113,411	102,216
Cash and cash equivalents at the end of the reporting period	19	142,028	113,411
<u>Analysis of changes in net debt</u>			
		2021 £	2020 £
Cash and cash equivalents as at 1 July 2020		113,411	102,216
Cash flows		28,617	11,195
Other non-cash changes		0	0
Cash and cash equivalents as at 30 June 2021		142,028	113,411

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 is a Public Benefit Entity under FRS102.

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 as per the risks identified on page 7.

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 2021

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 and printers 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 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 2021

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) 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 which is at cost, with the exception of:

- Investments are measured at their fair value as at the balance sheet date
- Tangible and intangible fixed assets are measured at cost less depreciation

The investments note 12 details the historical cost of the investments and the unrealised gains to arrive at their fair 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 2021

n) 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.

2 Donations and grants

	2021	2020
	£	£
Donations	1,212	1,467
HMRC JRS Grant	1,956	18,196
Judicial College grant	10,000	10,000
Barrow Cadbury Trust grant	1,800	32,000
	<u>14,968</u>	<u>61,663</u>

A total amount of £11,800 (2020: £42,000) relates to the Judicial College and the Barrow Cadbury Trust grants, which are restricted funds. All other amounts relate to unrestricted funds.

3 Charitable activities

	2021	2020
	£	£
Membership subscriptions	<u>472,728</u>	<u>454,156</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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

4 Investment income

	2021	2020
	£	£
Dividends	149,666	155,662
Interest	12	152
	<u>149,678</u>	<u>155,814</u>

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

5 Other trading activities

	2021	2020
	£	£
Magazine advertising revenue	19,249	16,033
Magazine subscriptions	821	1,260
Royalties	855	1,135
Consultancy	1,750	-
AGM/MA Awards income	-	9,084
Profit/(Loss) on disposal of fixed assets	-	(177)
500 Club lottery	4,390	5,005
Retired members' event	-	1,617
	<u>27,065</u>	<u>33,957</u>

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

6 Raising funds

	2021	2020
	£	£
Investment management costs	<u>8,766</u>	<u>10,351</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 2021

7a Analysis of expenditure by activity

	Direct costs	Support costs	2021 £
Magistrate event training and support	453,881	350,745	804,626

	Direct costs	Support costs	2020 £
Magistrate event training and support	511,374	398,754	910,128

7b Analysis of direct costs

	2021 £	2020 £
Grants to local groups	34,316	43,791
Other support to local groups	-	1,651
Wages and salaries (note 8)	310,230	329,171
Council and committees	65	10,553
Production of MAGISTRATE magazine	94,564	90,422
Representation	97	4,127
Events (including networking opportunities and training)	14,309	21,657
MIC and training	300	10,002
	<u>453,881</u>	<u>511,374</u>

The grants to local groups relate to a maximum of two instalments per local group during the financial year, provided they satisfy the set criteria. Each instalment is a minimum of £250.

Amount of £300 (2020: £10,002) in the MIC and training expenditure relates to the 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 2021

7c Analysis of support costs

	2021	20120
	£	£
Communications	11,490	8,466
Membership	9,860	16,362
Administration	29,592	40,376
Wages and salaries (note 8)	155,115	164,586
Accommodation	18,635	24,741
Depreciation	70,535	77,323
Governance costs (note 7d)	18,052	66,900
Business change programme	37,466	-
	<u>350,745</u>	<u>398,754</u>

7d Analysis of governance costs

	2021	2020
	£	£
AGM and MA Awards	1,914	44,629
Board of Trustees' expenses (note 9)	4,138	10,346
Auditor's remuneration	12,000	11,925
	<u>18,052</u>	<u>66,900</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

8 Analysis of staff costs and key management personnel

	2021	2020
	£	£
Wages and salaries	387,744	415,539
Social security costs	35,839	38,360
Pension costs	47,640	39,858
	<u>471,223</u>	<u>493,757</u>

The average monthly head count was 12 (2020: 12) and analysis of the staff employees in the year was:

	2021	2020
	Actual	Actual
	Number	Number
Management	1	1
Membership	4	4
Policy and research	4	4
Communications	2	2
Finance	1	1
	<u>12</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:

	2021	2020
£70,000-£79,999	<u>1</u>	<u>1</u>

The employer pension contributions made by the Association relating to the above amounted to £5,692 (2020: £7,248).

The key management personnel during the year comprised of 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 was £224,256 (2020: £242,736).

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

9 Trustees fees and expenses

No Trustees (2020: 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 £- (2020: £10,346) in relation to 12 Trustees (2020: 12).

10 Tangible fixed assets

	Leasehold Property £	Computers & Printers £	Fixtures & Fittings £	Office Equipment £	Total £
Cost					
At 1 July 2020	1,953,593	24,865	125,144	1,774	2,105,376
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At end of year	1,953,593	24,865	125,144	1,774	2,105,376
Depreciation					
At 1 July 2020	117,036	23,910	75,086	1,059	217,091
Charge for year	39,072	612	25,029	355	65,068
Disposals	-	-	-	-	-
At end of year	156,108	24,522	100,115	1,414	282,159
Net Book Value					
At 30 June 2021	1,797,485	343	25,029	360	1,823,217
At 30 June 2020	1,836,557	955	50,058	715	1,888,285

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

11 Intangible fixed assets

	Intangible Assets £
Cost	
At 1 July 2020	27,340
Additions	5,440
Disposals	-
At end of year	32,780
Depreciation	
At 1 July 2020	5,468
Charge for year	5,468
Disposals	-
At end of year	10,936
Net Book Value	
At 30 June 2021	<u>21,844</u>
At 30 June 2020	<u>21,872</u>

This represents the net book value of the membership database which was purchased in July 2019 and is amortised over 5 years.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

12 Fixed asset investments

	2020	2019
	£	£
Market value at 1 July 2020	3,574,525	3,811,998
Additions at cost	2,006,601	47,845
Sale proceeds	(2,213,023)	(121,579)
Investment gains/(losses)	365,518	(74,395)
Movement of cash in the capital account	5,294	(89,344)
	<u>3,738,915</u>	<u>3,574,525</u>

At 30 June 2021 the historical cost of these investments was £3,489,072 (2020: £3,525,135).

	2021	2020
	£	£
Investments can be analysed as follows:		
Fixed Income	-	164,653
Equities	2,679,118	1,316,418
International equity	-	677,024
Property	-	731,489
Alternatives	587,675	383,407
Mixed investment	-	46,388
Bonds	321,654	129,004
Multi-asset funds	61,333	46,658
Cash	83,800	79,443
Capital account	5,335	41
	<u>3,738,915</u>	<u>3,574,525</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

12 Fixed asset investments (continued)

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2021:

	Units		Market Value	
	2021	2020	2021	2020
			£	£
Aviva Investors UK Services Ltd	-	90,419	-	89,053
Blackrock Fund Managers Ltd	-	49,668	-	79,842
Matthews International Fund	-	4,586	-	79,743
Polar Capital Technology Trust	-	3,800	-	77,330

13 Debtors

	2021	2020
	£	£
Trade debtors	4,943	3,671
Other debtors	30,899	21,067
Prepayments and accrued income	48,717	37,860
	<u>84,559</u>	<u>62,598</u>

14a Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	30,259	19,563
Other creditors	934	827
Pensions	2,109	6,816
Other taxation and social security	11,577	10,586
Accruals and deferred income	31,739	41,171
Present value of defined benefit scheme liabilities (note 20)	23,661	22,972
	<u>100,279</u>	<u>101,935</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

14b Creditors: amounts falling due after one year

	2021	2020
	£	£
Present value of defined benefit scheme liabilities (note 20)	58,565	78,402

15 Unrestricted funds

	Balance at 01 July 2020	Income and net gains	Expenditure	Transfers	Balance at 30 June 2021
	£	£	£	£	£
General funds	2,846,312	485,565	(460,196)	-	2,871,681
Tangible fixed assets	1,888,285	-	(65,067)	-	1,823,218
Intangible fixed assets	21,872	5,440	(5,468)	-	21,844
Provision of services to life members	672,022	481,952	(282,361)	-	871,613
Provision for repairs & maintenance	15,000	-	-	-	15,000
	5,443,491	972,957	(813,092)	-	5,603,356

	Balance at 01 July 2019	Income and net gains	Expenditure	Transfers	Balance at 30 June 2020
	£	£	£	£	£
General funds	2,830,527	514,472	(498,864)	-	2,846,312
Tangible fixed assets	1,959,819	498	(71,855)	-	1,888,285
Intangible fixed assets	18,953	8,387	(5,468)	-	21,872
Provision of services to life members	900,233	140,233	(368,444)	-	672,022
Provision for repairs & maintenance	15,000	-	-	-	15,000
	5,724,532	663,590	(944,631)	-	5,443,491

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 2021

16 Restricted funds

	Balance at 1 July 2020	Income	Expenditure	Transfers	Balance at 30 June 2021
	£	£	£	£	£
Training	4,000	10,000	-	-	14,000
Development fund	22,531	-	-	-	22,531
Barrow Cadbury Trust	8,579	1,800	(300)	-	10,079
Victim fund	1,753	-	-	-	1,753
	<u>36,863</u>	<u>11,800</u>	<u>(300)</u>	<u>-</u>	<u>48,363</u>

	Balance at 1 July 2019	Income	Expenditure	Transfers	Balance at 30 June 2020
	£	£	£	£	£
Training	6,750	10,000	(12,750)	-	4,000
Development fund	22,531	-	-	-	22,531
Barrow Cadbury Trust	13,634	32,000	(37,055)	-	8,579
Victim fund	2,191	-	(438)	-	1,753
	<u>49,285</u>	<u>42,000</u>	<u>(50,243)</u>	<u>-</u>	<u>36,863</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.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

17 Analysis of net assets between funds

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2021
	£	£	£	£
Tangible fixed assets	1,823,217	-	-	1,823,217
Intangible fixed assets	21,844	-	-	21,844
Investments	2,852,302	886,613	-	3,738,915
Current assets	178,224	-	48,363	226,587
Current liabilities	(100,279)	-	-	(100,279)
Long term liabilities	(58,565)	-	-	(58,565)
	<u>4,716,463</u>	<u>886,613</u>	<u>48,363</u>	<u>5,651,719</u>

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2020
	£	£	£	£
Tangible fixed assets	1,888,285	-	-	1,888,285
Intangible fixed assets	21,872	-	-	21,872
Investments	2,887,503	687,022	-	3,574,525
Current assets	139,146	-	36,863	176,009
Current liabilities	(101,935)	-	-	(101,935)
Long term liabilities	(78,402)	-	-	(78,402)
	<u>4,756,469</u>	<u>687,022</u>	<u>36,863</u>	<u>5,480,354</u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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

	2021	2020
	£	£
Net movement in funds	171,365	(289,284)
Depreciation charges	70,535	77,323
Decrease/(Increase) in debtors	(21,960)	14,009
(Decrease)/Increase in short term creditors	(1,656)	(1,793)
(Decrease)/Increase in long term creditors	(19,837)	(18,196)
Decrease/(Increase) in stock	-	371
Investment income	(149,678)	(155,814)
Net (Gain)/Loss on investments	(365,518)	74,395
Net cash used in operating activities	<u><u>(316,749)</u></u>	<u><u>(298,989)</u></u>

19 Analysis of cash and cash equivalents

	2021	2020
	£	£
Cash and bank	142,028	113,411
Cash in hand	<u><u>142,028</u></u>	<u><u>113,411</u></u>

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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.

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:	£11,243,000 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:

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)

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 2021

20 Pensions – defined benefit scheme (continued)

PRESENT VALUES OF PROVISION

	30 June 2021 (£s)	30 June 2020 (£s)	30 June 2019 (£s)
Present value of provision	82,226	101,626	119,622

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 30 June 2021 (£s)	Period Ending 30 June 2020 (£s)
Provision at start of start of period	101,626	119,622
Unwinding of the discount factor (interest expense)	3,572	4,307
Deficit contribution paid	(22,972)	(22,303)
Provision at end of period	82,226	101,626

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

20 Pensions – defined benefit scheme (continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 30 June 2021 (£s)	Period Ending 30 June 2020 (£s)
Provision at start of start of period	3,572	4,307
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 2021 % per annum	30 June 2020 % per annum	30 June 2019 % per annum
Rate of discount	4.00	4.00	4.00

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 MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

20 Pensions – defined benefit scheme (continued)

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	30 June 2021 (£s)	30 June 2020 (£s)	30 June 2019 (£s)
Year 1	23,661	22,972	23,303
Year 2	24,371	23,661	22,972
Year 3	25,102	24,371	23,661
Year 4	14,970	25,102	24,371
Year 5	-	14,970	25,102
Year 6	-	-	14,970
Year 7	-	-	-

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 £10,792 (2020: £12,774). Contributions totalling £2,184 (2020: £1,400) were payable to the fund at the balance sheet date and are included in creditors.

THE MAGISTRATES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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 (2020: None)