

NATIONAL RIFLE ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NATIONAL RIFLE ASSOCIATION

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NATIONAL RIFLE ASSOCIATION

STATEMENT BY THE CHAIRMAN FOR THE YEAR ENDED 31 DECEMBER 2012

2012 has been another difficult year for the NRA. Two issues that dominated in 2011 continued to dominate in 2012 namely the restructuring and further changes to the financial processes and procedures.

A further 6 staff were made redundant in the early part of 2012 and a number of others resigned or retired during the year.

Work on changing the way we use the Dimensions accounting package continued throughout the year using contractors. This included changes to the processes linking the cost centres to Dimensions. We again had to employ contractors to prepare our accounts for audit due to staff changes in the accounts department. Considerable work was expended in chasing debtors and reviewing insurance while work on reviewing leases and the obligations therein continues.

These one off costs are the main reason for the overall loss of about £65K after gains on investments which was as budgeted and represents less than 1% of turnover. I now believe the worst is over and am delighted to welcome Andrew Mercer as our new Chief Executive who joined us in November 2012. In 2013 we are planning a budget surplus of £150K and expect to improve the service to members.

In 2012 we were very grateful to be awarded a grant of about £79K (£50,500 received in 2012) from Sport England via British Shooting to allow RCO and coaching courses throughout England to be subsidised and to invest in helping disabled shooters at Bisley. 2012 was the first full year of operation of the revamped British Shooting which presents a single point of contact for target shooting with UK Sport and Sport England.

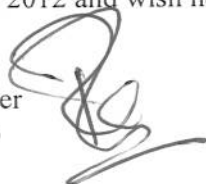
During the year we lost 4 trustees; Mik Maksimovic and Charles Murton under the 6 year rule and David Frank and Derrick Mabbott who were not re-appointed by General Council at the end of their 3 year term. Debbie Meredith resigned with effect from 23 February 2013. I would like to thank all of them for their valuable contributions which in some cases were not well known. This is an issue that Council and General Council need to address.

Steve Wallis was co-opted to the Membership Committee and became their chairman and thus a trustee in January 2012. John Webster was co-opted as a trustee in June 2012. Richard Bailie was elected a trustee in September 2012.

Given what has been uncovered in the last three years, it is now incumbent on Council and General Council to review and change the selection, appointment and appraisal of trustees to ensure that Council always has a collective skill set that is appropriate to the circumstances.

Lastly I must thank wholeheartedly the staff who have had a very worrying year but who have worked to very tight budgets and helped us to turn the corner. I would particularly like to thank Libby Gendall who retired at the end of 2012 and wish her and her husband an enjoyable retirement.

Robin Pizer
May 2013



NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The trustees present their report and the financial statements of the National Rifle Association ("the NRA" or "the Association") for the year ended 31 December 2012.

REFERENCE AND ADMINISTRATIVE DETAILS

The Patron of the National Rifle Association is Her Majesty The Queen, and the non-executive President of the National Rifle Association is HRH The Prince of Wales KG, KT, GCB, AK, QSO, CD, PC, ADC(P).

The trustees of the charity are the members of the Council appointed in accordance with Rule 4 of the Rules of the Association which came into effect on 2 May 2003. The present trustees are:

| | |
|-----------------------|---|
| Dr. R. Pizer | Chairman of the General Council |
| Mr. C.J. Murton | Vice-Chairman until September 2012 |
| Mr J.G.M Webster | Vice-Chairman from September 2012 |
| Mrs D. Meredith | Treasurer until February 2013 |
| Mr D. Lowe | Treasurer from May 2013 |
| Mr. J.P.S. Bloomfield | Chairman of the Shooting Committee |
| Mr. D.G.F. Evans | Chairman of the Disciplinary Body |
| Mr. S. Wallis | Chairman of Membership Committee |
| Mr. D.T. Frank | Co-opted until September 2012 |
| Mr. D. Mabbott | Co-opted until September 2012 |
| Mr B. Morgan | Co-opted from February 2013 |
| Mr. P.H. Hobson | Elected from the General Council |
| Mr H.R.M. Bailie | Elected from the General Council from September 2012 |
| Mr. M. Maksimovic | Elected from the General Council until September 2012 |
| Mr G.K. Alexander | Elected from the General Council from February 2013 |

The principal address of the charity is the offices of the NRA at Bisley, National Shooting Centre, Brookwood, Surrey GU24 0PB. The charity is registered under the charity number 219858.

The trustees have made the following professional appointments:

| | |
|----------------------|---|
| Solicitors: | Barlow Robbins LLP, 55 Quarry Street, Guildford, Surrey GU1 3UE Bates Wells & Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH |
| Auditors: | Saffery Champness, Chartered Accountants, Lion House 72-75 Red Lion Street, London WC1R 4GB |
| Surveyors: | Strutt & Parker LLP, 42 Milford Street, Salisbury, Wiltshire SP1 2BP |
| Bankers: | Barclays Bank PLC, Town Gate House, Church Street East, Woking, Surrey GU21 1AE |
| Investment Managers: | Investec Wealth & Investment Ltd, 43 London Road, Reigate, Surrey RH2 9PW |

The following key senior members of staff, who are the Executive of the Association, are or have been responsible for the day-to-day management of the charity, and its subsidiary undertaking, National Shooting Centre Limited in the course of 2012:

| | |
|----------------|---|
| Mr D. Mabbott | Acting Chief Executive until 19 th November 2012 |
| Mr A.J. Mercer | Secretary General and Group Chief Executive from 19 th November 2012 |

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status & History

The National Rifle Association was founded in 1859 to provide a focus for marksmanship for the newly formed Corps of Volunteers, which had been raised to meet a perceived threat of invasion.

The National Rifle Association of the United Kingdom is now the governing body of fullbore rifle and centre-fire pistol target shooting in Great Britain and Northern Ireland.

The Association was incorporated in England and Wales by Royal Charter dated 21 October 1890, and became a registered charity on 21 March 1963. It is governed by the rules and regulations set down in its Royal Charter of 1890, and the Rules of the Association as last updated on 16 June 2006.

The Association's principal regulator is the Charity Commission for England and Wales. However, it is also registered with the Privy Council Office and with Companies House under company number RC000372 and RC000791.

Organisational Structure

The overall strategic direction of the charity is determined by the trustees, who are members of the Council of the Association appointed in accordance with Rule 4 of the Rules of the Association.

Under the terms of the Royal Charter, the direction of the affairs and concerns of the Association and the entire management of the property and funds are vested in the Council, subject to the Rules of the Association. The principal committees of the Council are the Remuneration Committee and the Investment Committee.

Remuneration Committee

| | |
|-------------------|---|
| Mr. C.J. Murton | Chairman until September 2012 |
| Mrs D. Meredith | Chair from September 2012 until February 2013 |
| Mr J.G.M. Webster | Chairman from February 2013 |
| Mr. R. Neighbour | |
| Mr S. Wallis | |

Investment Committee

| | |
|--------------------|-----------------------------|
| Mrs D. Meredith | Chair until February 2013 |
| Mr J. G.M. Webster | Chairman from February 2013 |
| Mr D. Mabbott | Resigned September 2012 |
| Mr M.K. Townsend | |
| Mr R.W. Stafford | |

The General Council consists of up to 72 members including the Chairman, the Treasurer, 15 elected Ordinary members, 15 elected Regional members, 12 elected Shooting Discipline members, up to 19 Ex-officio members and up to 9 Co-opted members. The role of the General Council and its principal committees is to advise and make recommendations to the Council and provide representation of the membership of the Association.

The principal committees of the General Council are Shooting and Membership. The General Council also appoints the Disciplinary Body.

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

The trading activities of the NRA are operated by its wholly owned subsidiary, National Shooting Centre Limited ("the NSC"). A formal services agreement defines the responsibilities and authority of the board of directors of the NSC in managing the day-to-day operations of the Bisley Estate and ranges under the direction of the Council and in the interest of the NRA. Where appropriate, outside independent professional advice is sought.

The Charity (NRA) and the NSC are managed by a newly created role of Group Chief Executive which incorporates the Secretary General responsibilities. With permission from the Charity Commission, Mr Derrick Mabbott, one of the Trustees, undertook this role on an interim basis until being replaced by Mr Andrew Mercer on a permanent basis on 19th November 2012.

Method of Recruitment, Appointment, Election, Induction & Training of Trustees

The trustees of the charity are the members of the Council of the Association.

Recruitment

Vacancies are published in the NRA Journal sent to all members of the Association or advertised more widely if thought appropriate for co-opted trustees who need not be members of the General Council. Co-opted members are sought to provide expertise to supplement that of the trustees elected by or through the General Council as set out below.

Appointment & Election

Under the Rules of the Association, the Council is made up of not less than 9 nor more than 12 members comprising the Chairman of the General Council, the Treasurer, the Chairman of the Shooting Committee, the Chairman of the Membership Committee, the Chairman of the Disciplinary Body, 3 members each elected by the General Council from among its members and not less than 1 or more than 4 co-opted members approved by the General Council. The trustees elect a Vice Chairman of Council from among their number. (The General Council members also elect a Vice Chairman of the General Council from among their number, but the Vice Chairman of the General Council is not a trustee.)

Elected trustees are proposed by, and from within the body of, the General Council – election is by simple majority vote. Co-opted trustees are proposed by the Council and approved by the General Council, also by simple majority vote. The Chairmen of the Shooting Committee, Membership Committee and Disciplinary Body are ex-officio trustees.

Induction & Training

Members of the Council have agreed to a standard code of conduct.

There is a formal induction process for new trustees incorporating prior briefing of all candidates and detailed briefing upon appointment including an explanation of proceedings and duties in practice. In addition further continuing training is provided to all trustees, as and when a need arises.

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

RISK MANAGEMENT

The agenda of matters for consideration at each trustee meeting is largely determined by an assessment of the risks affecting the charity and the need for trustees to consider means by which those risks may be mitigated. Consideration of risks and their mitigation is therefore a routine part of the business of Council.

The trustees have started work on the creation of an all-encompassing risk register and this work is set to progress throughout 2013.

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The charitable objectives for which the charity was established are as follows:

To promote and encourage marksmanship throughout the Queen's dominions in the interests of defence and the permanence of the volunteer and auxiliary forces, naval, military and air.

The NRA achieves its objective by:

- Encouraging people to take up target shooting and to develop their skill by providing use of ranges and by running a variety of training courses to its members and others;
- Providing a centre of target shooting excellence at Bisley for use by civilians, Regular Services, Reserve Forces, Police Services and Cadets.

Public benefit

The trustees have paid due regard to the Charity Commission's general guidance on public benefit, and believe that the activities and achievements as set out below amply demonstrate the benefit that the charity's operations provide to the public.

Despite the huge advances in military technology during the period since the founding of the National Rifle Association, expertise with small arms remains an essential skill within our defence and security services and marksmanship is a key element of that expertise. In what continues to be a troubled world it is self-evident that the maintenance of efficient and skilled defence and security services is of immense benefit to the public of the United Kingdom and the populations in the many other corners of the world where our armed forces may be deployed.

The NRA Council, its staff, its members and the wider shooting community all recognise that safety in the use of firearms is of paramount importance. There are obvious risks of harm associated with the careless use, or deliberate misuse, of firearms. The NRA firmly believes that by encouraging participants to undergo organised training, and by the maintenance of a rigorous disciplinary code for its membership, it helps to minimise the chances of accidental harm arising from the use of such equipment. The NRA works with Government and the Police and does all it can to ensure that firearms legislation is sensibly drafted and properly implemented. In so doing it helps to minimise the chances of the deliberate misuse of legally held firearms.

There are, as with many activities, incidental harms associated with target shooting, such as a degree of noise pollution, contamination of small areas of land by spent projectiles and restrictions on access to range danger areas. All of these are kept to a minimum by the NRA's operational procedures.

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Public benefit (continued)

In addition to those of military service age, target shooting is an activity in which the young, the elderly, the able-bodied and those with physical disabilities can all participate. There are extraordinarily few constraints on involvement except for those arising out of firearms legislation. It provides an activity which can be, and is, continued by members of the armed services who have been injured in the course of duty – to the considerable benefit of participants' morale.

There are costs associated with involvement in target shooting. These include costs of acquiring equipment, buying ammunition and hire of range space, any or all of which may pose barriers to participation by those on low incomes. The NRA strives to reduce these cost barriers by making firearms available for hire by its members, by bulk purchase of ammunition and by ensuring efficient range operation.

There can be a degree of private benefit arising out of our activities. In particular the NRA, on occasion, provides reduced-cost facilities and/or grants to individuals or teams competing at high level both in the UK and abroad. The trustees consider that high level competition contributes substantially to the achievement of its aims and that private benefit arising in this way is completely incidental.

Charitable Activities and Achievements

In pursuance of its overall objective:

- The charity encourages entry to the sport, furtherance within the sport, and provides for the use of ranges under the direction of civilian shooters, by running a variety of training courses.

During the year the following courses were held:

| Type of Course | Participants 2012 | Participants 2011 |
|------------------|-------------------|-------------------|
| Probationary | 105 | 46 |
| Skills/Coaching | 89 | 124 |
| RCO/HME/Assessor | 446 | 243 |

Additionally, under Home Office approval, the charity held two "Open Days" at the National Shooting Centre, Bisley which were attended by a total of over 1,800 registered participants.

- The charity works with Government and the Police and does all it can to ensure that firearms legislation is sensibly drafted and properly implemented so as to minimise the chances of deliberate misuse of legally held firearms.
- The charity strives towards the creation of a single National governing body for all forms of target shooting.
- The charity attempts to assist with the provision of suitable facilities, both at Bisley and around the country. In service of this, the NRA makes grants and loans available to affiliated clubs. No new loans were made in 2012.

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Charitable Activities and Achievements (continued)

- The NRA continues to maintain a close dialogue with the Ministry of Defence (MoD) in an attempt to enable civilian use of MoD ranges to the greatest extent possible and with the least difficulty to both civilians and the MoD. Additionally, the NRA has reached agreement that the MoD will notify them of any impending range closures so that early negotiations can take place over their feasibility, and the potential for the lease or purchase of such ranges to enable their continued use by civilians, cadets and reserve forces in support of marksmanship nationally.
- The charity maintains its governance of the sport of full bore target shooting, partly by the upkeep and publication of the rules and regulations of the sport. These are set out in the "Bisley Bible", which is published in the spring of each year, and in a number of ancillary publications.
- The charity encourages the sport of full bore target shooting by organising, or causing to be organised, competitions at various levels.

The major "Flagship" events held during 2012 were as follows:

| Event | Participants |
|-------------------|--------------|
| Imperial Meeting: | |
| - Cadets | 541 |
| - Civilian | 1212 |
| Trafalgar Meeting | 231 |
| Phoenix Meeting | 523 |

- The charity provides, and continually attempts to improve, a centre of excellence at Bisley for the use of all its members and the Regular Services, Reserve Forces and Cadets.

Over the last few years the NRA has, of necessity, had to restrict its investment in maintaining and upgrading the facilities at Bisley. A number of developments and improvements have indeed taken place, but these have been largely to improve or maintain the shooting facilities, and tend not to be so noticeable to the casual observer. The financial position of the Association has limited this work.

- The charity seeks to promote membership of the Association to enable the benefits of membership to be as widely available as possible. The movements in the membership numbers over the year were as follows:

| Membership type | 31/12/11 | Net movement | 31/12/12 |
|------------------|----------|--------------|----------|
| Individual | 4032 | 209 | 4241 |
| Standard | | | |
| Individual | 1341 | 27 | 1368 |
| Reduced | | | |
| Individual Life | 961 | -3 | 958 |
| Individual Other | 199 | 125 | 324 |
| Individual Total | 6533 | 358 | 6891 |
| Clubs | 730 | 8 | 738 |
| Schools | 55 | -3 | 52 |
| Associations | 59 | 0 | 59 |

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Charitable Activities and Achievements (continued)

- The charity seeks to establish and maintain a sound financial base.

The financial results for the year, as set out below, show a significant improvement in the NRA's financial position compared with the preceding year end. The improvement shown in these accounts is insufficient for the needs of the organisation; whether that be to fund the refurbishment of Bisley, or the role of the NRA in the rest of the country.

Restructuring

The operational distinctions between NRA and NSC staff have been eliminated. As of April 2012, all staff were employed on a single contract as NRA employees with appropriate amounts being recharged to NSC. Further, a number of organisational distinctions have been removed, together with a number of senior roles. This much more integrated management structure has resulted in:

- A flatter management structure, with clearer management responsibility
- A much higher level of efficient cooperation between senior management within the combined NRA/NSC entity.

In the year significant progress has been made on improving:

- Health & Safety regulatory compliance and equipment
- Site security
- Financial controls and reporting
- Setting of staff objectives and training
- HR processes.

FINANCIAL REVIEW

The NRA's consolidated incoming resources for the year to 31 December 2012 amounted to £4,910,402 (2011: £4,417,643). Outgoing resources increased to £4,999,672 (2011: £4,527,398). This has resulted in a consolidated deficit for the year of £65,204 (2011 deficit: £127,714) including gains on the market value of investments of £24,066 (2011 loss: £17,959).

Principal income sources are, as in previous years; membership subscriptions, fees for range use, fees for entry into competitions, revenue from sales of ammunition and rents receivable.

The improvement in our results is driven by increases in revenues although offset by a substantial increase in estate costs.

Good progress has been made in implementing new financial controls around the improved accountancy system "Access Dimensions". Considerable work lies ahead to integrate many ad hoc and specialised IT systems to improve the accuracy and timeliness of management and financial reporting.

POLICY ON RESERVES

At 31 December 2012 the group had negative free reserves amounting to £527,691 (2011, negative: £425,398). Free reserves comprise assets that are available for expenditure in furtherance of the overall objects of the charity and the figure therefore excludes any restricted or endowment funds and any unrestricted funds which are tied up in tangible fixed assets.

NATIONAL RIFLE ASSOCIATION

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Charitable Activities and Achievements (continued)

The trustees consider that the charitable group needs to hold free reserves in order to:

- a. ensure continued achievement of its charitable objects during an unforeseen temporary reduction in income and to mitigate the impact of other risks, and
- b. accumulate funds for major projects which cannot be financed out of annual income.

The trustees consider that there is a need to generate additional funds which will be used for these purposes.

INVESTMENT POLICY

The Association segregates its restricted and endowment funds from its unrestricted funds and invests them separately. The trustees have wide ranging powers, conferred upon them by the Association's Royal Charter, to invest and divest the funds of the charity at their discretion and as they think fit. In practice, the trustees take professional advice on the suitability of investments within their portfolio from their investment managers, Investec.

Primarily, the trustees seek to protect and preserve the capital value of their investments, but at the same time achieve a combination of annual investment income adequate for the purposes of the funds involved, and controlled capital growth on average taking one year with another. These financial return and risk criteria are the only ones considered by the trustees.

PLANS FOR FUTURE PERIODS

The charity will continue to pursue its overall objective as set out above. Apart from its continuing day-to-day activities it will:

- Continue in its discussions with MoD with the goal of ensuring the maximum possible availability of ranges for civilian use;
- Take all steps necessary to improve its financial position;
- Progress the opportunities to improve the usage of, and the income from, the Bisley asset, and in particular to conclude arrangements with the Civil Nuclear Constabulary to that end.

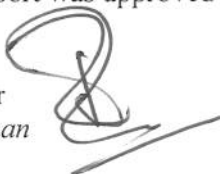
AUDITORS

Saffery Champness have expressed their willingness to be reappointed as auditors to the NRA for the next year.

The trustees at the date of approval of this Trustees' Annual Report confirm that so far as each of them is aware, there is no relevant audit information of which the charity's auditors are unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the trustees on 25 May 2013, and was signed on its behalf by

R. Pizer
Chairman



NATIONAL RIFLE ASSOCIATION

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees are responsible for preparing the Annual 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 Group and the charity and of the incoming resources and application of resources, including income and expenditure for that period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. 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 and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NATIONAL RIFLE ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements on pages 13 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2012 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.

NATIONAL RIFLE ASSOCIATION

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient 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.



Saffery Champness

Chartered Accountants
Statutory Auditors

30 May 2013

Lion House
Red Lion Street
London
WC1R 4GB

NATIONAL RIFLE ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including an Income & Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Unrestricted Funds General £ | Unrestricted Funds Designated £ | Restricted Funds £ | Endowment Funds £ | 2012 Total £ | 2011 Total £ |
|--|-------|------------------------------------|---------------------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Incoming resources | | | | | | | |
| Incoming resources from generated funds: | | | | | | | |
| Voluntary income | 1 | 841,912 | - | 66,033 | - | 907,945 | 871,068 |
| Activities for generating funds: | | | | | | | |
| Commercial trading operations | 2 | 2,067,603 | - | - | - | 2,067,603 | 1,733,052 |
| Estate | 3 | 939,859 | - | - | - | 939,859 | 813,705 |
| Investment income | | - | - | 4,001 | 8,182 | 12,183 | 3,178 |
| Incoming resources from Charitable shooting activity | 4 | 982,812 | - | - | - | 982,812 | 996,640 |
| Total incoming resources | | 4,832,186 | - | 70,034 | 8,182 | 4,910,402 | 4,417,643 |
| Resources expended | | | | | | | |
| Costs of generating funds: | | | | | | | |
| Commercial trading operations | 2 | 1,743,170 | 49,462 | - | - | 1,792,632 | 1,643,933 |
| Estate | 5 | 1,043,302 | - | - | - | 1,043,302 | 791,192 |
| | | 2,786,472 | 49,462 | - | - | 2,835,934 | 2,435,125 |
| Net incoming resources available for Charitable Application | | 2,045,714 | (49,462) | 70,034 | 8,182 | 2,074,468 | 1,982,518 |
| Charitable activity | 6 | 2,060,887 | - | 61,300 | 6,690 | 2,128,877 | 2,072,462 |
| Governance costs | 7 | 31,688 | - | 1,681 | 1,492 | 34,861 | 19,811 |
| Total resources expended | | 2,092,575 | - | 62,981 | 8,182 | 2,163,738 | 2,092,273 |
| Net (outgoing)/incoming Resources | | (46,861) | (49,462) | 7,053 | - | (89,270) | (109,755) |
| Other recognised gains and Losses | | | | | | | |
| Gains/(losses) on investment Assets | | - | - | 3,635 | 20,431 | 24,066 | (17,959) |
| Net movement in funds | 8 | (46,861) | (49,462) | 10,688 | 20,431 | (65,204) | (127,714) |
| Reconciliation of funds | | | | | | | |
| Fund balances brought forward at 1 January 2012 | | 5,556,784 | 1,310,023 | 168,361 | 211,949 | 7,247,117 | 7,374,831 |
| Total funds carried forward at 31 December 2012 | | 5,509,923 | 1,260,561 | 179,049 | 232,380 | 7,181,913 | 7,247,117 |

All incoming resources and resources expended are derived from the group's continuing activities.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been recognised in the Statement of Financial Activities

NATIONAL RIFLE ASSOCIATION

GROUP AND CHARITY BALANCE SHEETS 31 DECEMBER 2012

| | Notes | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|--|-------|--------------------|--------------------|----------------------|----------------------|
| Tangible fixed assets | | | | | |
| Fixed assets | 11 | 7,298,175 | 7,292,205 | 5,759,301 | 5,728,166 |
| Investments | 12 | 322,198 | 297,663 | 410,586 | 386,051 |
| Loans to Clubs > 1 year | 13 | 51,297 | 59,840 | 51,297 | 59,840 |
| | | <u>7,671,670</u> | <u>7,649,708</u> | <u>6,221,184</u> | <u>6,174,057</u> |
| Current assets | | | | | |
| Loans to clubs | 13 | 11,834 | 10,634 | 11,834 | 10,634 |
| Stocks | 14 | 338,295 | 343,690 | 22,418 | 69,269 |
| Debtors | 15 | 526,009 | 395,683 | 852,764 | 602,377 |
| Cash at bank and in hand | | 181,143 | 270,335 | 131,267 | 199,437 |
| | | <u>1,057,281</u> | <u>1,020,342</u> | <u>1,018,283</u> | <u>881,717</u> |
| Creditors | | | | | |
| Amounts falling due within one year | 16 | (1,304,660) | (1,145,987) | (1,124,802) | (990,805) |
| Net current (liabilities)/assets | | <u>(247,379)</u> | <u>(125,645)</u> | <u>(106,519)</u> | <u>(109,088)</u> |
| Total assets less current Liabilities | | | | | |
| | | <u>7,424,291</u> | <u>7,524,063</u> | <u>6,114,665</u> | <u>6,064,969</u> |
| Deferred income | 17 | <u>(242,378)</u> | <u>(276,946)</u> | <u>(242,378)</u> | <u>(276,946)</u> |
| Net assets | | <u>7,181,913</u> | <u>7,247,117</u> | <u>5,872,287</u> | <u>5,788,023</u> |
| Funds of the Charity | | | | | |
| Unrestricted Funds | | | | | |
| General Fund | 19 | 5,509,923 | 5,556,784 | 5,460,858 | 5,407,713 |
| Designated Fund | 19 | 1,260,561 | 1,310,023 | - | - |
| Restricted Funds | | | | | |
| Overseas Team Fund | 20 | 141,637 | 131,828 | 141,637 | 131,828 |
| Young Shooters Fund | 20 | 37,412 | 36,533 | 37,412 | 36,533 |
| Endowment Fund | | | | | |
| Special Prizes Fund | 21 | 232,380 | 211,949 | 232,380 | 211,949 |
| Total Charity Funds | | <u>7,181,913</u> | <u>7,247,117</u> | <u>5,872,287</u> | <u>5,788,023</u> |

The financial statements on pages 13 to 32 were approved by the Council and authorised for issue on 25 May 2013 and are signed on its behalf by:

.....
Robin Pizer
Chairman of the Council

.....
John Webster
Vice Chairman of the Council

NATIONAL RIFLE ASSOCIATION

CONSOLIDATED CASH FLOW STATEMENT
31 DECEMBER 2012

| | Note | 2012 | | 2011 | |
|--|------|-----------|-----------|-----------|-----------|
| | | £ | £ | £ | £ |
| Net cash inflow/(outflow) from operating activities | 26 | | (31,378) | | 340,421 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | | | 3,178 | |
| Interest paid | | (9,134) | | (1,406) | |
| | | | (9,134) | | 1,772 |
| Capital expenditure and financial investment | | | | | |
| Payments to acquire tangible fixed assets | | (211,574) | | (108,743) | |
| Payments to acquire investments | | (15,990) | | - | |
| Sale of investments | | | | - | |
| | | | (227,564) | | (108,743) |
| (Decrease) / Increase in cash | 26 | | (268,076) | | 233,450 |

NATIONAL RIFLE ASSOCIATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2012

The principal accounting policies that have been adopted in the preparation of these accounts are as follows:

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain fixed assets and in accordance with United Kingdom Generally Accepted Accounting Practice. The financial statements comply with all current statutory requirements, the Royal Charter and By-Laws of the Association. The recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) issued by the Charity Commission in March 2005 have been followed.

The trustees consider that the going concern basis for preparation of the charitable group's financial statements remains appropriate. In arriving at this conclusion they have taken into consideration the deficit incurred in the year ended 31 December 2012, the budget for the year ending 31 December 2013, and cash flow projections for the period of twelve months from the date of approval of these accounts. They have also taken into account the substantial positive net assets position of the charitable group and the availability of bank finance.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking National Shooting Centre Limited.

No separate Statement of Financial Activities has been presented for the charity alone as permitted by paragraph 397 of Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005).

Comparative figures

Due to changes in the accounting systems not all results are presented on the same basis as their comparatives. This particularly impacts Note 3 and Note 7. Due to the information available it has not been possible to restate the comparatives to be on the same basis as the current year results.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income, and the amount can be quantified with reasonable accuracy. Donations are normally brought into account when received, and are stated gross of any attributable tax recoverable. Government and institutional grants are accounted for on a receivable basis. Donations and grants given for specific purposes are treated as restricted income.

All other income, including investment income, is accounted for on a receivable basis as and when earned.

Resources expended and allocation of costs

All expenditure is accounted for on an accruals basis and is allocated as direct costs in the statement of financial activities where the costs can be identified as being directly related to generating funds, to a charitable activity, or to governance matters. Where costs cannot be directly attributed, they are allocated to expenditure headings in the manner most appropriate to the activity involved.

Since the property at Bisley is the Association's major asset, the income and expenditure relating to the Estate is shown separately.

Irrecoverable value added tax

Where expenditure relates to specific events, the relevant irrecoverable Value Added Tax is charged to that event. Irrecoverable Value Added Tax on attributable purchases is charged to Support Costs.

NATIONAL RIFLE ASSOCIATION

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Gift Aid payments

The charity encourages all donors to provide funds to the group by way of tax efficient Gift Aid payments wherever possible.

Pension contributions

The group makes contributions into money purchase pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the group, being invested with independent insurance companies.

The amount charged against income in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Being a registered charity, the Association is not a taxable entity. However, the Association's wholly owned trading subsidiary is liable to UK corporation tax on its profits after deduction of payments made under gift aid.

In respect of the trading subsidiary, deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred in the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Fixed assets and depreciation

Individual fixed assets costing more than £500 are capitalised at cost. Fixed assets are written off over their estimated useful lives by depreciation through the Statement of Financial Activities on the following basis:

| | |
|--|---|
| Freehold land | Not depreciated |
| Long leasehold land | Over the period of the lease |
| Buildings | 2% on cost or valuation |
| Range modifications, plant & equipment | 2%, 5%, 10% or 25% on cost or valuation |
| Fixture, fittings & equipment | 25% on cost |
| Historical assets / Rifles for hire | Not depreciated |

The group has taken advantage of the transitional rules relating to the implementation of Financial Reporting Standard Number 15 – Tangible Fixed Assets (FRS15), and has retained certain fixed assets at their book amounts arrived at with reference to valuations dated 1 October 1990 that have not been subsequently updated.

The NRA's collection of firearms, paintings, books and ephemera artefacts is reported in the Balance Sheet at a historic valuation to which additions have been added at cost. Valuation information is not readily available and the Trustees believe the benefits of obtaining valuations for these items would not justify the cost.

Investments

Investments are stated at market value at the balance sheet date. Realised and unrealised gains and losses on investments are taken to the Statement of Financial Activities in the period in which they arise.

NATIONAL RIFLE ASSOCIATION

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete and slow-moving items.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”) the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are “operating leases” and the annual rentals are charged to the profit and loss on a straight-line basis over the lease term.

Rent-free periods received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Life & term members fund

Life and term membership subscriptions received are credited to the Life & Term Members Fund in full. These subscriptions are then amortised, and released to the Statement of Financial Activities as income, over 20 years for life members, over 8 years for junior life members, or over the number of years applicable for term membership on the sliding scale.

Accounting for grants

All grants are credited to income in the period to which they relate.

Fund accounting

General funds comprise the accumulated surplus of unrestricted incoming resources over resources expended as adjusted for other recognised gains and losses, other than those allocated to the Designated Fund. They are available for use in furtherance of the general objectives of the group.

Designated funds comprise the accumulated capital grants received less the accumulated depreciation on the assets acquired with those grants.

Restricted funds are subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the accounts. Amounts unspent at the year-end are carried forward in the balance sheet, and the underlying assets are segregated from the Association’s general funds.

Endowment funds are capital funds, which are held in trust to provide a continuing income stream. The income is then used subject to any specific conditions imposed by the donors of the original capital funds. The underlying assets are also segregated from the Association’s general funds.

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Voluntary income

| | Unrestricted funds £ | Restricted funds £ | Total 2012 £ | Total 2011 £ |
|---------------|----------------------------|--------------------------|--------------------|--------------------|
| Subscriptions | 653,352 | - | 653,352 | 659,033 |
| Gift aid | 67,175 | - | 67,175 | 70,129 |
| Course income | 119,805 | 50,500 | 170,305 | 109,916 |
| Donations | 1,580 | 15,533 | 17,113 | 31,990 |
| | 841,912 | 66,033 | 907,945 | 871,068 |

2 Commercial trading operations

The charity owns 100% of the issued share capital of National Shooting Centre Limited (“NSC”), which carries on the trading operations of the group. Audited financial statements for NSC are filed annually with the Registrar of Companies.

A summary of the trading results of the subsidiary is set out below:

| | 2012 £ | 2011 £ |
|---|-------------|-------------|
| Turnover | 2,067,603 | 1,733,052 |
| Costs | | |
| Cost of sales | 1,310,235 | 1,031,254 |
| Other operating expenses | 430,723 | 541,472 |
| Interest payable | 2,212 | 3,596 |
| Taxation | - | - |
| | (1,743,170) | (1,576,322) |
| Gift Aid payment to the National Rifle Association | (443,295) | (156,730) |
| (Loss)/profit on ordinary activities after taxation to be retained | (118,862) | - |

A summary of the balance sheet of the subsidiary is set out below:

| | | |
|--------------------------|-----------|-----------|
| Fixed assets | | |
| Tangible assets | 1,538,874 | 1,564,039 |
| Current assets | | |
| Stocks | 315,877 | 274,420 |
| Debtors | 122,424 | 92,764 |
| Cash at bank and in hand | 49,875 | 70,898 |
| Carried forward | 488,176 | 438,082 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

| | | | | | |
|---|--|---------------------------|-------------------------|-------------------|-------------------|
| 2 | Commercial trading operations (continued) | | | 2012 | 2011 |
| | | | | £ | £ |
| | Brought forward | | | 488,176 | 438,082 |
| | Creditors | | | | |
| | Amounts falling due within one year | | | (678,499) | (503,394) |
| | Net current (liabilities)/assets | | | (190,323) | (65,312) |
| | | | | | |
| | Total assets less current liabilities | | | 1,348,551 | 1,498,727 |
| | | | | | |
| | Creditors | | | | |
| | Amounts falling due after more than one year | | | - | - |
| | Deferred income | | | (1,211,099) | (1,242,413) |
| | | | | 137,452 | 256,314 |
| | | | | | |
| | Capital & Reserves | | | | |
| | Called up share capital | | | 88,388 | 88,388 |
| | Profit and loss account | | | 49,064 | 167,926 |
| | Shareholders' funds | | | 137,452 | 256,314 |
| 3 | Estate income | Unrestricted funds | Restricted funds | Total 2012 | Total 2011 |
| | | £ | £ | £ | £ |
| | Rents | 574,446 | - | 574,446 | 521,895 |
| | Services and utilities recovered | 238,141 | - | 238,141 | 202,209 |
| | Other | 127,272 | - | 127,272 | 89,601 |
| | | 939,859 | - | 939,859 | 813,705 |
| 4 | Charitable shooting activity | Unrestricted funds | Restricted funds | Total 2012 | Total 2011 |
| | | £ | £ | £ | £ |
| | Imperial meeting | 585,850 | - | 585,850 | 604,037 |
| | Range hire | 262,500 | - | 262,500 | 259,970 |
| | Other shooting events | 133,277 | - | 133,277 | 131,982 |
| | Other | 1,185 | - | 1,185 | 651 |
| | | 982,812 | - | 982,812 | 996,640 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

5 Costs of generating funds - Estates

| | Unrestricted funds £ | Restricted funds £ | Total 2012 £ | Total 2011 £ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Permanent staff costs | 147,800 | - | 147,800 | 144,715 |
| Maintenance | 268,734 | - | 268,734 | 161,743 |
| Utilities | 265,329 | - | 265,329 | 248,854 |
| Rents, rates and cleaning | 31,109 | - | 31,109 | 25,701 |
| Professional fees | 17,875 | - | 17,875 | 27,066 |
| Development consultancy | - | - | - | - |
| Depreciation | 65,765 | - | 65,765 | 53,614 |
| Other | 1,174 | - | 1,174 | 7,753 |
| Rent charged to National Shooting Centre Limited | (41,000) | - | (41,000) | (41,000) |
| | <u>756,786</u> | <u>-</u> | <u>756,786</u> | <u>628,446</u> |
| Support costs (see note 7) | 286,516 | - | 286,516 | 162,746 |
| | <u>1,043,302</u> | <u>-</u> | <u>1,043,302</u> | <u>791,192</u> |

6 Charitable activity

| | Unrestricted funds £ | Restricted funds £ | Endowment fund £ | Total 2012 £ | Total 2011 £ |
|--------------------------------------|----------------------------|--------------------------|------------------------|--------------------|--------------------|
| Permanent staff costs | 691,997 | - | - | 691,997 | 689,193 |
| Target costs | 1,100 | - | - | 1,100 | 220,036 |
| Imperial Meeting | 438,495 | - | - | 438,495 | 375,748 |
| Imperial Meeting prizes | - | - | 6,690 | 6,690 | 18,119 |
| Range maintenance | - | - | - | - | 25,989 |
| Courses and other NRA events | 69,319 | 50,500 | - | 119,819 | 58,657 |
| Support of young shooters | - | - | - | - | 6,050 |
| Support of other bodies and teams | 27,308 | - | - | 27,308 | 12,663 |
| Team travel | - | 10,800 | - | 10,800 | 51,317 |
| Journal | 25,020 | - | - | 25,020 | 26,466 |
| Membership insurance | 80,491 | - | - | 80,491 | 103,652 |
| Other membership support | 259 | - | - | 259 | 2,668 |
| Circulars to members | - | - | - | - | - |
| Insurance | 95,445 | - | - | 95,445 | 94,729 |
| Rents | - | - | - | - | - |
| Depreciation | 58,420 | - | - | 58,420 | 61,683 |
| | <u>1,487,854</u> | <u>61,300</u> | <u>6,690</u> | <u>1,555,844</u> | <u>1,746,970</u> |
| Support costs (see note 7) | 573,033 | - | - | 573,033 | 325,492 |
| | <u>2,060,887</u> | <u>61,300</u> | <u>6,690</u> | <u>2,128,877</u> | <u>2,072,462</u> |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

7 Support and governance costs

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| General fund | | |
| Permanent staff costs | 172,465 | 168,863 |
| Membership support | 6,594 | 1,190 |
| Information technology costs | 76,913 | 39,022 |
| Communications | 256 | 5,290 |
| Motor and travel | | - |
| Office and banking costs | 122,068 | 187,639 |
| Professional fees | 425,619 | 78,891 |
| Depreciation | 22,271 | 20,766 |
| VAT not recoverable | 57,567 | 6,016 |
| Bank interest | 9,134 | 1,405 |
| Interest charged to National Shooting Centre Limited | (1,650) | (2,844) |
| Allocated to: | | |
| - Cost of generating funds | (286,516) | (162,746) |
| - Charitable activity | (573,033) | (325,492) |
| Governance | 31,688 | 18,000 |
| Restricted fund | | |
| Investment management charges | 1,681 | 387 |
| Endowment fund | | |
| Investment management charges | 1,492 | 1,424 |

8 Net movement in funds

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Net movement in funds is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets: | | |
| - Owned assets | 205,602 | 195,549 |
| - Other leased assets | - | - |
| Rent receivable under operating leases | (262,499) | (284,100) |
| Operating lease rentals payable: | | |
| - Land and buildings | 12,846 | 12,500 |
| - Plant and machinery | 14,793 | 12,299 |
| Auditor's remuneration: | | |
| - Audit fees | 19,850 | 19,850 |
| - Fees for other services | 9,700 | - |
| Bank interest payable | 9,134 | 1,405 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Staff costs

| | 2012 Number | 2011 Number |
|---|----------------|----------------|
| The average monthly number of persons employed by the group during the year was: | | |
| Office, maintenance, range staff and instructors | 52 | 57 |
| Total emoluments for the period for all the Association's and its trading subsidiary's employees, including temporary staff and markers employed during the Imperial Meeting, were: | | |
| | 2012 £ | 2011 £ |
| Wages and salaries | 1,476,181 | 1,561,709 |
| Social security costs | 124,839 | 122,860 |
| Other pension costs | 30,498 | 45,262 |
| Other benefits | 9,641 | 16,805 |
| | 1,641,159 | 1,746,636 |

The group pays an employer's contribution of 5% of basic salary into the personal pension funds of certain of its employees, and contracted in national insurance contributions are paid in respect of all staff.

Based on remuneration and benefits in kind, as defined for income tax purposes, one (2011: one) employee's annual emoluments were between £100,001 and £110,000 (2011: £70,001 and £80,000). Pension contributions paid in the period by the group on behalf of this individual amounted to £nil (2011: £2,982).

10 Transactions relating to trustees

Trustees' costs

One Trustee (2011: one) received remuneration for acting as Chief Executive. Pay, travel and subsistence expenses totalled £111,451 (2011: £52,482). This temporary appointment was approved by the Charity Commission.

No Trustees (2011: three) received reimbursements (2011: £1,089) for out of pocket travel and subsistence expenses.

One (2011: two) non-executive director of the National Shooting Centre received payments in 2012. Mr R Neighbour was paid £56,118 (2011: £11,111) for various Estate and related construction projects in support of the Chief Executive.

Property transactions

Five (2011: four) Trustees occupy accommodation at Bisley for shooting purposes at rentals available to all members of the Association with total rental income during the year of £6,143 (2011: £4,213).

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Fixed assets

| Group | Freehold land & buildings £ | Leasehold land & buildings £ | Range modifications, plant & machinery £ | Fixtures fittings & equipment £ | Historical assets £ | Total £ |
|-------------------------|--------------------------------------|---------------------------------------|--|--|---------------------------|-------------------|
| Cost or valuation: | | | | | | |
| 1 January 2012 | 5,694,336 | 1,021,256 | 2,948,758 | 423,371 | 258,000 | 10,345,721 |
| Reclassification | - | - | (12,358) | 12,358 | - | - |
| Additions | 58,734 | - | 126,325 | 26,514 | - | 211,573 |
| 31 December 2012 | 5,753,070 | 1,021,256 | 3,062,725 | 462,243 | 258,000 | 10,557,294 |
| Depreciation | | | | | | |
| 1 January 2012 | 1,043,259 | 297,709 | 1,300,784 | 411,764 | - | 3,053,516 |
| Charge for the year | 55,573 | 19,030 | 109,953 | 21,047 | - | 205,603 |
| 31 December 2012 | 1,098,832 | 316,739 | 1,410,737 | 432,811 | - | 3,259,119 |
| Net book value | | | | | | |
| 31 December 2012 | 4,654,238 | 704,517 | 1,651,988 | 29,432 | 258,000 | 7,298,175 |
| 31 December 2011 | 4,651,077 | 723,547 | 1,647,974 | 11,607 | 258,000 | 7,292,205 |

The net book value of fixed assets comprises:

| | 2012 £ | 2011 £ |
|---|------------------|------------------|
| Assets held for charity use | 1,354,014 | 1,308,344 |
| Estate assets | 4,069,026 | 4,091,854 |
| Assets held for administrative purposes | 336,261 | 327,968 |
| Assets held by trading subsidiary | 1,538,874 | 1,564,039 |
| | 7,298,175 | 7,292,205 |

The freehold land and buildings were formally valued by Strutt & Parker, Chartered Surveyors, as at 19 August 2002 on an open market value basis. However, an existing use value has been given to properties occupied for business purposes. The trustees are not aware of any material change in value since the last valuation. The policy of the trustees is not to revalue the assets held for charitable purposes except where there is a change in title for the purpose of providing security for borrowings.

On a historical cost basis, freehold land and buildings of the group and the charity would have been included at:

| | 2012 £ | 2011 £ |
|------------------------|------------------|------------------|
| Cost | 2,657,980 | 2,645,740 |
| Additions in year | 58,735 | 12,240 |
| Less: | | |
| Aggregate depreciation | (1,098,832) | (1,191,977) |
| | 1,617,883 | 1,466,003 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Fixed assets (continued)

| Charity | Freehold land & buildings £ | Leasehold land & buildings £ | Range modifications, plant & machinery £ | Fixtures fittings & equipment £ | Historical assets £ | Total £ |
|-------------------------|--------------------------------------|---------------------------------------|--|--|---------------------------|------------------|
| Cost or valuation: | | | | | | |
| 1 January 2012 | 5,694,336 | 638,306 | 931,265 | 381,031 | 258,000 | 7,902,938 |
| Reclassification | - | - | (12,358) | 12,358 | - | - |
| Additions | 58,734 | | 92,847 | 26,010 | - | 177,591 |
| 31 December 2012 | 5,753,070 | 638,306 | 1,011,754 | 419,399 | 258,000 | 8,080,529 |
| Depreciation | | | | | | |
| 1 January 2012 | 1,043,258 | 217,304 | 544,787 | 369,423 | - | 2,174,772 |
| Charge for the year | 55,575 | 11,371 | 58,547 | 20,963 | - | 146,456 |
| 31 December 2012 | 1,098,833 | 228,675 | 603,334 | 390,386 | - | 2,321,228 |
| Net book value | | | | | | |
| 31 December 2012 | 4,654,237 | 409,631 | 408,420 | 29,013 | 258,000 | 5,759,301 |
| 31 December 2011 | 4,651,078 | 421,002 | 386,478 | 11,608 | 258,000 | 5,728,166 |

The net book value of fixed assets comprises:

| | 2012 £ | 2011 £ |
|---|------------------|------------------|
| Assets held for charity use | 1,354,014 | 1,308,344 |
| Estate assets | 4,069,026 | 4,091,854 |
| Assets held for administrative purposes | 336,261 | 327,968 |
| | 5,759,301 | 5,728,166 |

Range fixtures, modifications, plant and machinery, office equipment and furniture are included in the accounts at cost or market valuation as at 1 October 1990. Range modification expenditure incurred in order to obtain the 904 certificate has been included at cost. The construction cost of the clay ranges, built with the support of the Lottery Grant, is included within range modifications.

Heritage Assets

The NRA maintains a large collection of firearms together with paintings books and ephemera which date back to the formation of the association in 1860. Due to the size of the collection and limitations on the display area of the museum it is not possible to display the whole of the collection. Acquisitions are made by purchase or donation. The ephemera comprises of medals, brochures, targets and other objects which reflect the history of the sport.

(a) Current year transactions

No acquisitions were made in the year.

(b) Five year summary

| | 2011-2012 £ | 2010-2011 £ | 2009-2010 £ | 2008-2009 £ | 2007-2008 £ |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Additions: | | | | | |
| Purchases of rifles | - | 12,250 | - | - | - |
| Donations | - | - | - | - | - |
| Total additions: | - | 12,250 | - | - | - |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Investments

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|----------------------------------|--------------------|--------------------|----------------------|----------------------|
| At 1 January 2012 | 297,663 | 315,619 | 386,051 | 459,007 |
| Additions | 67,005 | - | 67,005 | - |
| Disposals | (67,005) | - | (67,005) | (55,000) |
| Increase/(decrease) in valuation | 24,535 | (17,956) | 24,535 | (17,956) |
| At 31 December | 322,198 | 297,663 | 410,586 | 386,051 |

At 31 December 2012, the market value and historical cost of the investments were represented by:

| | Group market value 2012 £ | Group historical cost 2012 £ | Charity market value 2012 £ | Charity historical cost 2012 £ |
|--------------------------------------|---------------------------------------|--|---|--|
| Category A Funds | 236,482 | 173,603 | 236,482 | 173,603 |
| Category B Funds | 13,711 | 15,273 | 13,711 | 15,273 |
| | 250,193 | 188,876 | 250,193 | 188,876 |
| Overseas Team Fund | 72,005 | 64,351 | 72,005 | 64,351 |
| Subsidiary company shares | - | - | 88,388 | 88,388 |
| Long term loan to subsidiary company | - | - | - | - |
| At 31 December 2012 | 322,198 | 253,227 | 410,586 | 341,615 |
| At 31 December 2011 | 297,663 | 253,227 | 386,051 | 341,615 |

The Special Prize Fund is invested in 11 investment trusts and unit trusts and 2 loan stocks, all quoted on the London Stock Exchange. The portfolio is split into category A funds where the NRA is the ultimate beneficiary and category B funds where the donor has named the ultimate beneficiary.

The Overseas Team fund is invested in a portfolio of quoted unit trusts and investment bonds £67,005 (2011: £62,819) and an unlisted investment of £5,000 (2011: £5,000).

The Association's wholly owned subsidiary company, National Shooting Centre Limited, is incorporated in the United Kingdom and carries out that portion of the Association's business which is assessed to be of a trading nature.

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Loans to clubs

| | Group and Charity | |
|-----------------------------------|-------------------|----------|
| | 2012 | 2011 |
| | £ | £ |
| Huddersfield Rifle Club | 4,000 | 5,000 |
| Patcham Rifle and Pistol Club | 2,500 | 2,500 |
| West Atholl Rifle and Pistol Club | 2,000 | 2,000 |
| Killingholme Full Bore Club | 14,631 | 15,974 |
| Penrhiwpal Shooting Club | 8,000 | 9,000 |
| Colchester Rifle Club | 32,000 | 36,000 |
| | <hr/> | <hr/> |
| Loans to Clubs carried forward | 63,131 | 70,474 |
| Loans to Clubs brought forward | 70,474 | 76,317 |
| Repayments received | (7,343) | (10,843) |
| New loans granted | - | 5,000 |
| | <hr/> | <hr/> |
| Loans to Clubs carried forward | 63,131 | 70,474 |

The loans to clubs are usually repayable in annual instalments, and are interest free. The current year balance of £63,131 includes a figure of £51,297 which is repayable greater than one year.

14 Stock

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|----------------------|--------------------|--------------------|----------------------|----------------------|
| Ammunition | 232,420 | 192,931 | - | - |
| Medals and badges | 22,418 | 47,899 | 22,418 | 47,899 |
| Souvenirs | 8,523 | 9,006 | - | 1,080 |
| Clays | 19,279 | 10,104 | - | - |
| Hire and other stock | 55,655 | 83,750 | - | 20,290 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 338,295 | 343,690 | 22,418 | 69,269 |

15 Debtors

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Amounts due within year: | | | | |
| Trade debtors | 385,758 | 259,900 | 282,948 | 148,280 |
| Amounts owed by group undertakings | - | - | 449,179 | 318,314 |
| Other debtors and prepayments | 140,251 | 135,783 | 120,637 | 135,783 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 526,009 | 395,683 | 852,764 | 602,377 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

16 Creditors

Amounts falling due within one year:

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|---------------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank overdraft | 189,155 | 10,271 | 189,155 | 10,271 |
| Bank loan | 150,000 | 150,000 | 150,000 | 150,000 |
| Trade creditors | 305,064 | 288,594 | 235,359 | 263,944 |
| Membership and rents in advance | 109,986 | 114,312 | 109,986 | 114,312 |
| Other creditors | 431,022 | 425,140 | 353,103 | 359,128 |
| Accruals | 96,937 | 149,244 | 64,703 | 84,724 |
| Deferred income (note 18) | 22,496 | 8,426 | 22,496 | 8,426 |
| | 1,304,660 | 1,145,987 | 1,124,802 | 990,805 |

The Association's banking facilities are secured by way of a legal charge over the charity's freehold properties. The bank loan bears interest at a rate of 1.5% over the Barclays Bank base rate, and had been arranged over a term of ten years. The loan was for 10 years but the final instalment of £150,000 was not repaid in 2012 and the bank agreed to extend the period by 12 months on new terms.

17 Deferred income

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|-----------------------------------|--------------------|--------------------|----------------------|----------------------|
| Due within one year (see note 16) | 22,496 | 8,426 | 22,496 | 8,426 |
| Due after more than one year | 242,378 | 276,946 | 242,378 | 276,946 |
| | 264,874 | 285,372 | 264,874 | 285,372 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

18 Deferred income (continued)

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|----------------------------------|--------------------|--------------------|----------------------|----------------------|
| Deferred lease premium income: | | | | |
| At 1 January 2012 | 155,123 | 148,792 | 155,123 | 148,792 |
| Additions during the year | - | 20,489 | - | 20,489 |
| Disposal during the year | (3,000) | (5,733) | (3,000) | (5,733) |
| Transferred to Estate income | (7,800) | (8,426) | (7,800) | (8,426) |
| At 31 December 2012 | 144,323 | 155,122 | 144,323 | 155,122 |
| Life & Term Members Funds: | | | | |
| At 1 January 2012 | 130,250 | 135,218 | 130,250 | 135,218 |
| Additions during the year | 6,619 | 10,957 | 6,619 | 10,957 |
| Transferred to Membership income | (16,318) | (15,925) | (16,318) | (15,925) |
| At 31 December 2012 | 120,551 | 130,250 | 120,551 | 130,250 |
| | 264,874 | 285,372 | 264,874 | 285,372 |

19 Unrestricted funds

Included within the Unrestricted Funds of the group at the balance sheet date are profits retained within the balance sheet of the charity's wholly owned subsidiary amounting to £49,064 (2011: £167,926) in the General Fund and £1,260,561 (2011: £1,310,023) in the Designated Fund which relates to a capital grant received by NSC.

Included within the General Fund at the balance sheet date are unrealised gains of £3,036,356 (2011: £3,036,356) relating to the revaluation of certain fixed assets, calculated by reference to the implementation of FRS15 under the transitional arrangements.

20 Restricted funds

Group & Charity

| | Balance 1 January 2012 £ | Incoming resources £ | Resources expended £ | Transfers and gains £ | Balance 31 December 2012 £ |
|---------------------|-----------------------------------|----------------------------|----------------------------|--------------------------------|-------------------------------------|
| Overseas Team Fund | 131,828 | 18,655 | (12,481) | 3,635 | 141,637 |
| Young Shooters Fund | 36,533 | 879 | - | - | 37,412 |
| | 168,361 | 19,534 | (12,481) | 3,635 | 179,049 |

The Overseas Team Fund provides support for overseas travel for teams of our various shooting disciplines. During the year, the fund received donations and investment income, and paid for the travel costs of teams overseas.

The Young Shooters fund (formerly the Millennium Scholarship Fund) was formed to help young shooters continue in the sport in the year just after they have left school. The assets representing the Young Shooters Fund are not segregated from the Association's general current assets.

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

21 Endowment funds

The Special Prizes Fund is an endowment fund comprising amounts held on trust to provide prizes at the Imperial Meeting from the income generated by investment of the capital. Included within the Special Prizes Fund at the balance sheet date are unrealised gains of £47,133 (2011: £40,851) relating to the revaluation of investments.

22 Analysis of net assets between funds

Fund balances at 31 December 2012 are represented by:

| Group | Designated & General Funds £ | Overseas Team Fund £ | Young Shooters Fund £ | Special Prizes Fund £ | Total £ |
|-------------------------|---------------------------------------|----------------------------|--------------------------------|--------------------------------|------------------|
| Tangible fixed assets | 7,298,175 | - | - | - | 7,298,175 |
| Fixed asset investments | - | 72,005 | - | 250,193 | 322,198 |
| Loans to Clubs > 1 year | 51,297 | - | - | - | 51,297 |
| Current assets | 886,682 | 110,596 | 37,412 | 22,591 | 1,057,281 |
| Current liabilities | (1,223,292) | (40,964) | - | (40,404) | (1,304,660) |
| Deferred income | (242,378) | - | - | - | (242,378) |
| | <u>6,770,484</u> | <u>141,637</u> | <u>37,412</u> | <u>232,380</u> | <u>7,181,913</u> |

Note: Tangible fixed assets of £7,298,175 (2011: £7,292,205) include £1,260,561 (2012: £1,310,023) representing the total of Designated Funds in relation to Capital Grants in the Charity's wholly owned subsidiary.

Fund balances at 31 December 2012 are represented by:

| Charity | Designated & General Funds £ | Overseas Team Fund £ | Young Shooters Fund £ | Special Prizes Fund £ | Total £ |
|-------------------------|---------------------------------------|----------------------------|--------------------------------|--------------------------------|------------------|
| Tangible fixed assets | 5,759,301 | - | - | - | 5,759,301 |
| Fixed asset investments | 88,388 | 72,005 | - | 250,193 | 410,586 |
| Loans to Clubs > 1 year | 51,297 | - | - | - | 51,297 |
| Current assets | 847,684 | 110,596 | 37,412 | 22,591 | 1,018,283 |
| Current liabilities | (1,043,434) | (40,964) | - | (40,404) | (1,124,802) |
| Deferred income | (242,378) | - | - | - | (242,378) |
| | <u>5,460,858</u> | <u>141,637</u> | <u>37,412</u> | <u>232,380</u> | <u>5,872,287</u> |

23 Related party transactions

The charity has taken advantage of the exemptions provided by Financial Reporting Standard Number 8: Related Party Disclosures, and has not disclosed transactions with fellow group undertakings, where 100% of the voting rights are controlled within the group.

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

24 Contingent liability

On 10 July 2000, a 50 year debenture was created in favour of The English Sports Council, representing a fixed and floating charge over all the assets of the subsidiary company, against the performance of the company's obligations under the Lottery Fund Agreement relating to the grant for the clay shooting complex for the 2002 Commonwealth Games. The amount repayable to The English Sports Council in the event that these obligations crystallise is £2,036,647 (2011: £2,036,647).

25 Commitments under operating leases

| | Group 2012 £ | Group 2011 £ | Charity 2012 £ | Charity 2011 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| At 31 December 2012, the group and charity had annual commitments under non-cancellable operating leases as follows: | | | | |
| Land and buildings: | | | | |
| - Expiring after more than five years: | 12,000 | 12,500 | 12,000 | 12,500 |
| Plant and machinery: | | | | |
| - Expiring in one-two years | 12,352 | - | 12,352 | - |
| - Expiring in two-five years | - | 12,299 | - | 12,299 |
| | <hr/> 24,352 | <hr/> 24,799 | <hr/> 24,352 | <hr/> 24,799 |

NATIONAL RIFLE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

26 Notes to the consolidated cash flow statements

26.1 Reconciliation of net movement in funds to net cash flow from operating activities

| | 2012 £ | 2011 £ |
|--|-----------------|----------------|
| Net (outgoing) resources | (89,270) | (109,755) |
| Investment income | - | (3,178) |
| Interest payable | 9,134 | 1,405 |
| Depreciation | 205,602 | 195,547 |
| Decrease/(increase) in stocks | 5,395 | 161 |
| (Increase) / decrease in Loans to Clubs | (1,200) | |
| (Increase) / decrease in debtors | (130,326) | 24,019 |
| (Decrease) / increase in creditors | (30,713) | 232,222 |
| Net cash (outflow) / inflow from operating activities | (31,378) | 340,421 |

26.2 Reconciliation of net cash flows to movements in net debt

| | £ |
|-------------------------------------|------------------|
| Decrease in cash in the year | (218,076) |
| Net cash at 1 January 2012 | 60,064 |
| Net debt at 31 December 2012 | (158,012) |

26.3 Analysis of changes in net debt

| | At 1 January 2012 £ | Cash flow £ | Non-cash changes £ | At 31 December 2012 £ |
|--------------------------|---------------------------|------------------|--------------------------|--------------------------------|
| Cash at bank and in hand | 270,335 | (89,192) | - | 181,143 |
| Overdrafts | (10,271) | (178,884) | - | (189,155) |
| | <u>260,064</u> | <u>(268,076)</u> | <u>-</u> | <u>(8,012)</u> |
| Debt due within 1 year | (200,000) | 50,000 | - | (150,000) |
| Net (debt) / cash | <u>60,064</u> | <u>(218,076)</u> | <u>-</u> | <u>(158,012)</u> |