

Charity Registration No. 236745

Company Registration No. 816310 (England and Wales)

**POLISH SOCIAL AND CULTURAL ASSOCIATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

POLISH SOCIAL AND CULTURAL ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	K Bell Dr L Bojanowski P Kaczmariski J Krupa Dr O Lalko J Mludzinska P Pastuszek R Wisniowski M Wrona A Zakrzewski
Secretary	A Zakrzewski
Charity number	236745
Company number	816310
Registered office	238-246 King Street London W6 0RF
Auditor	Bright Grahame Murray Emperor's Gate 114a Cromwell Road Kensington London SW7 4AG
Solicitors	Bates Wells 10 Queen Street Place London EC4R 1BE

POLISH SOCIAL AND CULTURAL ASSOCIATION

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POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees submit their report and the audited financial statements for the year ended 31 December 2019 for the Polish Social and Cultural Association ("POSK" or the "Charitable Company" or the "Charity"). These financial statements are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Reference and administrative details

POSK is a company limited by guarantee (number 816310) and a registered charity (number 236745). It was incorporated on 19 August 1964 and is governed by its Memorandum and Articles as adopted at an Extraordinary General Meeting of Members on 18 May 2019. Each member has provided a guarantee up to a limit of £1 each.

Directors and Trustees:

K. Bell
Dr L. Bojanowski
Dr A. Formaniak (resigned 1st August 2019)
P. Kaczmarek
J. Krupa
Dr O. Lalko
J. Mludzinska (Chair)
P. Pastuszek
R. Wisniowski
M. Wrona
A. Zakrzewski

Objectives and activities

The overall objectives of POSK can be summarised as follows:

- to promote education and learning in the respective histories, arts, literatures, languages and cultures of Poland and of the UK
- to promote education, training and learning amongst Poles in the UK
- to provide assistance and facilities for recreation and leisure, in particular to persons in need by reason of youth, age, infirmity or disablement, poverty or social or economic circumstances

In pursuance of these aims, POSK has built and maintains a Centre where it promotes and fulfils these aims, largely thanks to the generosity of its members both institutional and individual, but also by raising income from the hire of some office and other space on its premises at commercial rates.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

The activities carried out on a regular basis are:

- The provision of appropriate space and resources to allow the Polish Library to flourish. The Polish Library collects, maintains and provides access to Polish books and other publications as well as extensive archives of materials relating to Polish life and culture. It runs a lending library and reading room as well as the Central Circulating Library service which provides books in Polish for local public libraries.
- The provision of appropriate space and resources for the regular activities of cultural, educational and professional organisations having their home at the Centre such as (among others) the Tatry Polish Song and Dance Group, Polish Stage Company in UK, the Polish Children's Theatre 'Syrena', the Confraternity of Polish Artists who organise classical music concerts, as well as the Polish University Abroad (University of the Third Age), the Polish Society of Arts & Sciences Abroad and the Association of Polish Engineers in the UK.
- The provision of office space at significantly reduced rates to other Polish organisations and charities, and also (again, at significantly reduced rates) the use of the theatre and other halls for their cultural events, as well as educational and academic events such as lectures and conferences.
- POSK also runs its own Jazz Café, community cinema and a Gallery for exhibitions of the visual arts. It organises productions of Polish opera with English surtitles.

All these activities are carried out with the aim of acting as a focal point within the Polish community for promoting Polish Culture and language both within it as well as to the wider local community.

Achievements and performance

The cultural objectives of POSK continue to be realised through the provision of a wide-ranging programme of drama, poetry, music, films and exhibitions of paintings and sculpture. In 2019 POSK commemorated the centenary of some of the achievements Poland made in rebuilding a nation state after finally regaining independence as well as the 80th anniversary of the outbreak of World War II. Exhibitions, concerts, theatrical productions and literary and discussion events brought many Poles as well as British friends of Poland into the building.

POSK's Cultural Committee presented its seventh production of opera by the celebrated Polish composer Stanislaw Moniuszko, which has now become a popular annual event. These productions bring together a team of conductor, director, designer, soloists, orchestra and choirs of both Polish and non-Polish backgrounds, some resident in the UK and others in Poland. With the provision of English surtitles, they help to promote Polish music and culture both within and outside the Polish community. The bicentenary of the birth of Poland's great composer Stanislaw Moniuszko was celebrated with a Gala Concert of his music in May, falling under the umbrella of the Polish Heritage Days programme promoted by the Polish embassy.

Jazz Café POSK continues to be a very popular venue for many fans of various forms of jazz, swing and blues from all over London and beyond, of all ages, backgrounds and cultures, who come to POSK to see a variety of high class acts most weekends. The high point of the year is the now regular participation in the annual London Jazz Festival as one of the festival's prime venues, showcasing Polish and other artists.

The POSK Gallery continues to host many different artists who relish the opportunity to show and sell their works in one of relatively few spaces available in the heart of west London. The exhibitions bring to the Centre many artists and visitors of culturally diverse backgrounds.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

In 2019 one of POSK's directors had the idea to create a Community Cinema to showcase Polish films. This has been set up with initial support from the British Film Institute (BFI) and is now being run very successfully by a small group of volunteers working with staff members and with some sponsorship from the Polish Tourist Organisation in London. The tickets are priced very modestly, all films are shown with English subtitles and the project is bringing in a large new audience to POSK.

In 2019 POSK was once again part of Open House London, during which over 200 people visited the POSK building and were given guided tours and the opportunity to attend POSK events and exhibitions.

POSK provides a venue for many literary evenings such as book launches and discussions, organised mainly by the Polish Library, as well as celebrations in connection with anniversaries of historical events. The theatre and other halls as well as the restaurants and bars in the building drew many guests for numerous social meetings and dances.

Many of POSK's function rooms, halls and the theatre are hired out on a commercial basis by local schools, choirs, drama, music and opera groups for rehearsals and performances, providing a benefit to the local community as well as much needed revenue for POSK. They include The Arts Educational Schools, W11 Opera, Addison Singers, City Academy and others.

During 2019, POSK welcomed over 50,000 visitors at over 300 events, of which over 100 were specifically for Polish audiences. This number can easily be doubled if all those who have visited the library, Polish passport point, art gallery, restaurants, café, and bars in the past year are included.

The Trustees consider that the main measures of POSK's success are a continuing vibrant and diverse programme of events and a high usage of the POSK building in terms of the number of people visiting POSK and attending events.

The Welfare Committee, which has drawn together a group of younger members of the Polish community who want to provide support for those with greater needs, has continued and developed its work in 2019.

The planned goal of building residential property for rent on the empty site adjoining to and belonging to the Centre at 3 Ravenscourt Avenue is now completed. Construction began in the autumn of 2017 and was finished in June 2019. The four flats were immediately let to tenants at good commercial rates.

In 2019 POSK concluded a lengthy project to update its Articles of Association, having carried out a wide consultation with members, who voted overwhelmingly in favour of adopting the proposed Articles at an Extraordinary General Meeting held in May 2019.

Since April 2019 POSK has been host to a Home Office funded project providing support for EU citizens seeking to apply for Settled Status, run in a designated room in the POSK building by East European Resource Centre specialist staff. This service is geared in particular to EU citizens in vulnerable groups who may have difficulties with the application system and the advisers cover a variety of EU languages. There have also been several open meetings with Polish Embassy and Home Office staff to provide information for Polish citizens about their situation post-Brexit.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

Volunteers

Volunteers are key to POSK's success. Trustees and members of the Council provide their professional expertise in a voluntary capacity, specifically in terms of day to day running of POSK as well as strategic planning.

In addition to this, POSK has many volunteers who kindly give up their time and without whom POSK would be unable to function. Specifically, POSK's Gallery is run entirely by volunteers and numerous volunteers assist in putting on POSK events such as exhibitions, lectures and the Opera.

It is difficult to estimate the number of hours put in by volunteers however it is clear to the Trustees that without this significant input POSK would find it very difficult to carry out its activities.

POSK would like to thank each and every one of its volunteers for their input.

Structure, Governance and Management

The key management functions of POSK are carried out by Trustees. While a small number of staff manage the day to day affairs of POSK, all strategic decisions are taken by the Trustees who are directly involved in its running.

POSK is governed by two main bodies – the Council of Management ("Council") and the Directors, known as the Executive Committee.

The Council comprises 51 members of POSK who are elected at General Meetings of POSK plus several members appointed by member organisations. The Chair is elected at POSK's Annual General Meeting. At the first Council meeting after the Annual General Meeting, an Executive Committee selected by the Chair from among members of the elected Council is presented to the Council.

The Executive Committee formulates strategy and policy but also performs key management roles and its members are therefore selected for the professional expertise and experience they can bring to the role.

Members of the Executive Committee who acted as the Trustees and Directors of POSK in 2019, are listed earlier in this report.

There are no formal policies and procedures for the training and induction of Trustees. Persons elected as Trustees are usually familiar with POSK and/or charitable organisations in general, and are therefore considered as not needing general induction.

At each Annual General Meeting, under the Articles of Association, one third of the members of the Council retire and, being eligible, may offer themselves for re-election. The Council meets quarterly, but the Executive Committee, which includes chairs of specialist committees, meets monthly to review and take decisions about POSK's activities.

POSK is closely affiliated with the POSK Foundation, a charity that is registered under charity number 802083 and that has broadly the same charitable objectives as POSK. In addition to this, one of the POSK Foundation's main charitable objects is to support the social, cultural and educational activities undertaken or recommended by POSK.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial review

Income generation

Total income for POSK in 2019 was £1,125,825 (2018 - £974,135).

POSK's income is very volatile due to donations and bequests. According to note 3, in 2019, total income from donations and legacies was £179,939 (2018 – £104,314 This included £25,195 from bequests (2018 – £7,843).

During the year POSK received £60,000 from the POSK Foundation (2018 - £60,000) and £260,703 in investment income (2018 - £214,693). The Directors would like to thank the POSK Foundation for its continuing support. The relatively high level of investment income shows the results of the Trustees' policy of finding new revenue streams which do not impact materially on POSK's charitable activities.

This policy of obtaining new revenue streams should lead to a stable financial situation in the future and enable POSK to expand the breadth and depth of its charitable activities. The Trustees are continuing this policy with the development of residential property at 3 Ravenscourt Avenue which was completed in mid 2019 and will see its first full annual income generated in 2020.

POSK gives heartfelt thanks to all its supporters for their continued hard work and generosity in achieving these results.

Resources expended

Resources expended on charitable activities and governance costs in 2019 were £1,080,786 (2018 - £1,018,047). The Trustees are pleased that the costs of POSK remain relatively under control.

POSK continues to be affected by a high fixed cost base and the Trustees intend to carry on in seeking methods that enable it to minimise its cost base.

A surplus of £1,236,319 (2018 – deficit of (£294,033)) was recorded on the Statement of Financial Activities for the year. The majority of the surplus in 2019 and the deficit in 2018 is represented by unrealised gains / losses on revaluation of POSK's investment property (see note 14). Since it is not POSK's intention to sell any of its UK investment property such gains and losses have little effect on POSK's long – term sustainability.

The Trustees consider the results for the year to be reasonable, and are hopeful that the continuing policy of keeping costs stable whilst growing investment income will ensure the long-term success of POSK.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 13 to the financial statements.

Reserves Policy and Going Concern

The reserves held by POSK are detailed in note 22 in the financial statements. The purpose of these reserves is to allow it to continue to maintain and develop the POSK building, which is used to house its activities.

POSK has a portfolio of investments that are used to generate income to fund its on-going charitable activities. Additionally, it is the owner of a large building that requires constant expenditure on its fabric. The Trustees are of the opinion that the net assets of POSK are wholly represented by such assets and that this policy will apply until such a time as it is cash-flow neutral and can support itself from on-going cash flows without recourse to one off inflows from asset sales or legacies and donations.

POSK's reserves amount to £8,841,288 (2018 - £7,604,969) of which £nil is restricted (2018 – £nil). Given the future cash flow projections of POSK and resources available to it the Trustees consider the risk of its not being a going concern to be minimal.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

Plans for future periods

The Trustees are continuing to implement strategies to put POSK on a sound financial footing so that future generations may benefit from its facilities. POSK has been unable to sell the property bequeathed to it in Warsaw due to legal and administrative difficulties, but hopes to do so in the coming year in order to provide funds for investment in the fabric of the building and its activities.

The development of residential property at 3 Ravenscourt Avenue is providing reliable additional regular income to supplement POSK's current income streams and has allowed it to move closer to self-sufficiency, when it will be able to free up any income received from time to time in the form of donations or bequests for use on furthering its social and cultural activities.

With the reduction of financial pressures, POSK will be able to concentrate more on such activities and is already attempting to broaden the scope of these in anticipation. Theatrical productions on a large scale are currently beyond its means, but it hopes to be able to respond to audience demand in this sphere in the future. It will also be better able to support other groups and organisations with limited resources to organise events in the POSK building.

Investments

POSK's investment policy is to invest in revenue generating assets in order to provide stable, foreseeable cash flows to fund its ongoing activities. The primary aim of this policy is to generate a return that is both a reasonable hedge against inflation and above the Bank of England base rate at the time the investment decision is made. Investment decisions are made by the Trustees and material investment decisions are ratified at meetings of the Council of Management.

During the year to 31 December 2019 POSK has continued to benefit from a high level of rental income and the occupancy of its UK investment property remains at almost 100%. Whilst the capital value of POSK's Investment Property has decreased due to a general fall in London property values POSK has no intention of selling any UK Investment Property and this decrease will have no effect on future rental streams.

Charity's Public Benefit

The Trustees have paid due regard to the Charity Commission's guidance and ensured that all activities throughout the year have been in the interest of public benefit. This is evidenced by the continuing work undertaken to keep the building open to the general public and to ensure that it continues to provide educational and cultural experiences. It also contains and maintains donated Polish artefacts of historic significance for public access.

Risk management

The Trustees have introduced a formal risk management process to assess business and operational risks. As part of this process a system of internal controls was set up, designed to provide reasonable assurance against material misstatement or loss. These controls include:

- An annual budget approved by the Council;
- Regular reviews of the financial results and variances from budget;
- Delegation of authority and segregation of duties;
- Identification and management of risks;
- An internal audit review.

POLISH SOCIAL AND CULTURAL ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

The principal risks and uncertainties facing POSK are

- (a) Uncertainties over the receipt of donations and bequests
- (b) An increase in property related expenses, which cannot be recovered from tenants.
- (c) An increase in costs that are outside of POSK's control (such as Utilities costs, business rates, Workplace Pensions and the Working Wage)
- (d) The loss of material tenants / hall hirers

POSK manages these risks by aiming to make a positive return on investment (such as the development at 3 Ravenscourt Avenue) to help fund its activities and regularly reviewing its expenses to ascertain whether they can be decreased. It also attempts to seek new sources of funding for its activities and both new tenants and hall hirers to diversify its revenue streams.

The Trustees are continuing to implement strategies to put POSK on a sound financial footing so that future generations may benefit from its facilities. POSK has been unable to sell the property bequeathed to it in Warsaw due to legal and administrative difficulties, but hopes to do so in the coming year in order to provide funds for investment in the fabric of the building and its activities.

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Trustees' Declaration

Each of the persons who are members of the Executive Committee at the time when this report is approved has confirmed that:

- (a) So far as each member is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- (b) each member, in their capacity as a Trustee, has taken all the steps that he ought to have taken as a Trustee, including making appropriate enquiries of his fellow Trustees and of the charity's auditors for that purpose, in order to make him aware of any information needed by the charity's auditors in connection with preparing their report and to establish that the charity's auditors are aware of that information.

Auditor

A resolution to appoint Bright Grahame Murray as the Charity's auditor will be put to the forthcoming Annual General Meeting.

The trustees' report was approved by the Board of Trustees.

J Mludzinska
Trustee

4 March 2020

POLISH SOCIAL AND CULTURAL ASSOCIATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees, who are also the directors of Polish Social and Cultural Association for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts 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, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

POLISH SOCIAL AND CULTURAL ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF POLISH SOCIAL AND CULTURAL ASSOCIATION

Opinion

We have audited the accounts of Polish Social and Cultural Association (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, 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 accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

POLISH SOCIAL AND CULTURAL ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF POLISH SOCIAL AND CULTURAL ASSOCIATION

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 company 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 auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Cole (Senior Statutory Auditor)
for and on behalf of Bright Grahame Murray
Chartered Accountants
Statutory Auditor

Emperor's Gate
114a Cromwell Road
Kensington
London
SW7 4AG

4 March 2020

Bright Grahame Murray is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

POLISH SOCIAL AND CULTURAL ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and legacies	3	155,203	24,736	179,939	104,314
Charitable activities	4	661,615	23,568	685,183	655,128
Investments	5	260,703	-	260,703	214,693
Total income		1,077,521	48,304	1,125,825	974,135
<u>Expenditure on:</u>					
Raising funds	6	20,082	-	20,082	12,378
Charitable activities	7	895,399	165,305	1,060,704	1,005,669
Total resources expended		915,481	165,305	1,080,786	1,018,047
Net gains/(losses) on investments	11	1,191,280	-	1,191,280	(250,121)
Net incoming/(outgoing) resources before transfers		1,353,320	(117,001)	1,236,319	(294,033)
Gross transfers between funds		(117,001)	117,001	-	-
Net movement in funds		1,236,319	-	1,236,319	(294,033)
Fund balances at 1 January 2019		7,604,969	-	7,604,969	7,899,002
Fund balances at 31 December 2019		8,841,288	-	8,841,288	7,604,969

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

POLISH SOCIAL AND CULTURAL ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12	2,045,391		2,044,939	
Investment properties	14	6,520,000		4,958,661	
Investments	15	67,058		62,741	
		8,632,449		7,066,341	
Current assets					
Debtors	17	222,089		316,239	
Cash at bank and in hand		408,554		594,653	
		630,643		910,892	
Creditors: amounts falling due within one year	18	(421,804)		(372,264)	
Net current assets		208,839		538,628	
Total assets less current liabilities		8,841,288		7,604,969	
Income funds					
Unrestricted funds		8,841,288		7,604,969	
		8,841,288		7,604,969	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2019, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 4 March 2020

J Mludzinska
Trustee

Company Registration No. 816310

POLISH SOCIAL AND CULTURAL ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(1,130)		(337,959)
Investing activities					
Purchase of tangible fixed assets		(71,295)		(122,373)	
Purchase of investment property		(374,377)		(385,457)	
Proceeds on disposal of investment property		-		11,628	
Investment Income		260,703		214,693	
Net cash used in investing activities			(184,969)		(281,509)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(186,099)		(619,468)
Cash and cash equivalents at beginning of year			594,653		1,214,121
Cash and cash equivalents at end of year			408,554		594,653

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Charity information

Polish Social and Cultural Association is a private company limited by guarantee incorporated in England and Wales. The registered office is 238-246 King Street, London, W6 0RF, UK.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of attracting voluntary income and the costs of fund raising.
- Expenditure on charitable activities includes the costs of the delivery of its activities and services for its beneficiaries.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred. All support costs are allocated to the one charitable activity of Polish social and cultural activities.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	1% per annum on cost
Plant and machinery	10-25% reducing balance
Fixtures, fittings & equipment	10-25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.11 Financial instruments

The company 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 are subsequently measured at their settlement value.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

1.15 Consolidation

The results of the Polish Trustee Association Limited have not been consolidated on the basis of materiality.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	130,008	24,736	154,744	104,314
Legacies receivable	25,195	-	25,195	-
	<u>155,203</u>	<u>24,736</u>	<u>179,939</u>	<u>104,314</u>
For the year ended 31 December 2018	<u>93,204</u>	<u>11,110</u>		<u>104,314</u>
Donations and gifts				
Bequests to POSK	25,195	-	25,195	6,443
Donations from POSK Foundation	60,000	-	60,000	60,000
Other donations and membership subscriptions	19,818	3,600	23,418	31,145
Donations to Library	-	5,220	5,220	5,326
Bequests to Library	-	-	-	1,400
Stowarzyszenie Wspólnota Polska	-	15,916	15,916	-
Polish Trustee Association	50,190	-	50,190	-
	<u>155,203</u>	<u>24,736</u>	<u>179,939</u>	<u>104,314</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Charitable activities

	Charitable rental income	Facilities, Arts Centre, Theatre and Jazz Cafe	Total 2019	Total 2018
	£	£	£	£
Sales within charitable activities	394,611	290,572	685,183	655,128
Analysis by fund				
Unrestricted funds	394,611	267,004	661,615	
Restricted funds	-	23,568	23,568	
	394,611	290,572	685,183	
For the year ended 31 December 2018				
Unrestricted funds	383,531	246,979		630,510
Restricted funds	-	24,618		24,618
	383,531	271,597		655,128

5 Investments

	2019	2018
	£	£
Rental income	252,655	204,224
Income from shares and other investments	8,048	10,469
	260,703	214,693

6 Raising funds

	2019	2018
	£	£
Investment management costs	20,082	12,378
	20,082	12,378

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Charitable activities

	2019 £	2018 £
Staff costs	389,747	353,528
Depreciation and impairment	70,844	71,288
Grants payable	8,332	11,442
Legal and professional	16,117	9,781
Printing, postage and stationary	8,508	5,401
Cost of Jazz café events	18,771	25,154
Other expenses	357,891	344,464
Bad debts written off	25,226	11,379
Loss on foreign exchange movements	1,072	646
Speakers and performers' fees and expenses	59,520	55,059
	<u>956,028</u>	<u>888,142</u>
Share of support costs (see note 8)	96,246	109,027
Share of governance costs (see note 8)	8,430	8,500
	<u>1,060,704</u>	<u>1,005,669</u>
Analysis by fund		
Unrestricted funds	895,399	846,724
Restricted funds	165,305	158,945
	<u>1,060,704</u>	<u>1,005,669</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Support costs

	Support costs £	Governance costs £	2019 £	2018 £	Basis of allocation
Staff costs	56,475	-	56,475	55,474	
Printing, postage and stationary	13,128	-	13,128	21,248	
Other expenses	22,696	-	22,696	24,800	
Irrecoverable VAT	363	-	363	3,387	
Accountancy	3,584	-	3,584	4,118	
Audit and accounts	-	8,430	8,430	8,500	Governance
	<u>96,246</u>	<u>8,430</u>	<u>104,676</u>	<u>117,527</u>	
Analysed between					
Charitable activities	<u>96,246</u>	<u>8,430</u>	<u>104,676</u>	<u>117,527</u>	

Governance costs includes payments to the auditors of £7,350 (2018: £8,500) for audit fees.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. During the year, the Charity paid a sum of £1,200 (2018: £1,200) in respect of trustee indemnity insurance on behalf of the trustees.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Employees

Number of employees

The average monthly number employees during the year was:

	2019 Number	2018 Number
House	10	10
Library	7	7
Part time staff (see below)	9	9
	<u>26</u>	<u>26</u>

Employment costs

	2019 £	2018 £
Wages and salaries	406,476	377,510
Social security costs	31,293	27,991
Other pension costs	6,262	3,500
	<u>446,222</u>	<u>409,001</u>

POSK employs part time employees in various positions, most notably Front of House. Their hours are minimal and combined are in total equivalent to under one full time annual employee. All other staff noted above are full time employees.

There were no employees whose annual remuneration was £60,000 or more.

11 Net gains/(losses) on investments

	2019 £	2018 £
Revaluation of investments	4,319	(14,423)
Revaluation of investment properties (See note 14)	1,186,961	(235,698)
	<u>1,191,280</u>	<u>(250,121)</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	2,563,747	80,884	939,357	3,583,988
Additions	27,831	3,858	39,606	71,295
	<u>2,591,578</u>	<u>84,742</u>	<u>978,963</u>	<u>3,655,283</u>
At 31 December 2019				
Depreciation and impairment				
At 1 January 2019	886,320	59,196	593,532	1,539,048
Depreciation charged in the year	25,916	6,383	38,545	70,844
	<u>912,236</u>	<u>65,579</u>	<u>632,077</u>	<u>1,609,892</u>
At 31 December 2019				
Carrying amount				
At 31 December 2019	<u>1,679,342</u>	<u>19,163</u>	<u>346,886</u>	<u>2,045,391</u>
At 31 December 2018	<u>1,628,964</u>	<u>21,670</u>	<u>394,305</u>	<u>2,044,939</u>

13 Heritage assets

The Charity has been bequeathed, over a number of years, artefacts of cultural and historical significance. These include furniture, paintings, books and sculptures. Due to the unique and specific nature of the artefacts and the context in which they were bequeathed there is no readily ascertainable market value and it has not been sought to attribute one within the financial statements. These assets are therefore included at £nil and it is not practical to provide a five-year summary for the reporting periods prior to 1 January 2019.

There were no sales or purchases of heritage assets during the year.

The ownership of the contents of the Central Circulating Library and Polish Library was vested in the Charity by the British Government with effect from 1 April 1967 and 1 August 1967 respectively. The value of these has not been ascertained and has not been brought into the accounts at 31 December 2019.

14 Investment property

	2019 £
Fair value	
At 1 January 2019	4,958,661
Additions through external acquisition	374,377
Net gains or losses through fair value adjustments	1,186,961
At 31 December 2019	<u>6,520,000</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Investment property

(Continued)

Movement on investment property - 2019

	Market value at 1 January 2019	Additions/ (disposals)	Change in value in the year	Market value at 31 December 2019
9 Ravenscourt Avenue	1,500,000	-	50,000	1,550,000
Property in Poland (Frascati 4)	912,000	110,620	(52,620)	970,000
238A and B King Street	2,100,000		50,000	2,150,000
3 Ravenscourt Avenue	446,661	263,757	1,139,582	1,850,000
Total	<u>4,958,661</u>	<u>374,377</u>	<u>1,186,962</u>	<u>6,520,000</u>

Movement on investment property - 2018

	Market value at 1 January 2018	Additions/ (disposals)	Change in value in the year	Market value at 31 December 2018
9 Ravenscourt Avenue	1,525,000	-	(25,000)	1,500,000
Property in Poland (Frascati 4)	744,622	69,704	97,674	912,000
238A and B King Street	2,400,000	-	(300,000)	2,100,000
3 Ravenscourt Avenue	130,908	315,753	-	446,661
Flat 3 Oakhurst, Cheltenham	20,000	(20,000)		-
Total	<u>4,820,530</u>	<u>365,457</u>	<u>(227,326)</u>	<u>4,958,661</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Investment property

(Continued)

POSK's UK investment properties are valued by the Trustees by comparing the rental yield obtained on these properties to local market yields on similar properties and extrapolating this yield to obtain an estimate of fair value. Furthermore this estimate of fair value is compared to information received from local estate agents in order to ensure that the fair value as calculated is reasonable and adjusting it if necessary.

The Trustees have based the fair value of POSK's investment property in Poland as POSK's share of the estimated proceeds on sale after deducting (1) all estimated costs of sale, obtaining vacant possession and tax and (2) the remuneration of its lawyers in Poland who have dealt with its recovery from the Warsaw authorities, management and subsequent sale amounting to £511,284 (2018: £538,000).

The historic cost of investment properties of £2,343,063 (2018: £1,968,686) comprises of 9 Ravenscourt Avenue at £225,392 (2018: £225,392), 3 Ravenscourt Avenue at £710,418 (2018: £446,661), property held in Poland (Frascati 4) at £900,464 (2018: £789,844) and 238 A/B King Street at £506,789 (2018: £506,789).

The Charity's Investment Property investment portfolio is the key to its long-term financial viability. The Trustees have adopted a policy of investing the Charity's funds into investments that will create additional recurring annual income to support the activities of the Charity. Such investments consist of investment properties and UK equities.

The main risk to the Charity of these investments lies in the uncertainty of the performance of property rental markets.

15 Fixed asset investments

	Listed investments £	Unlisted investments £	Share of the freehold £	Total £
Cost or valuation				
At 1 January 2019	56,575	3,166	3,000	62,741
Valuation changes	4,317	-	-	4,317
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	60,892	3,166	3,000	67,058
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 December 2019	60,892	3,166	3,000	67,058
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	56,575	3,166	3,000	62,741
	<hr/>	<hr/>	<hr/>	<hr/>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Financial instruments	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	183,139	291,952
Equity instruments measured at cost/ fair value less impairment	67,058	62,741
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	414,125	372,124
	<u> </u>	<u> </u>

Debt instruments are made up of trade debtors (£165,076) and other debtors (£18,063). Equity instruments are made up of both listed (£64,058) and other investments (£3,000).

17 Debtors	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	165,076	151,576
Other debtors	18,063	140,376
Prepayments and accrued income	38,950	24,287
	<u> </u>	<u> </u>
	222,089	316,239
	<u> </u>	<u> </u>

18 Creditors: amounts falling due within one year	2019	2018
	£	£
Other taxation and social security	7,679	140
Trade creditors	78,385	62,496
Other creditors	149,492	139,837
Accruals and deferred income (see note 19)	186,248	169,791
	<u> </u>	<u> </u>
	421,804	372,264
	<u> </u>	<u> </u>

19 Deferred Income

Accruals and deferred income of £186,248 (2018: £169,791) includes £117,770 (2018: £124,310) in respect of rental income charged to tenants for the period after 31 December 2019.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Analysis of net assets between funds

	Unrestricted fund £	Restricted fund £	Total £
Fund balances at 31 December 2019 are represented by:			
Tangible assets	2,045,391	-	2,045,391
Investment properties	6,520,000	-	6,520,000
Investments	67,058	-	67,058
Current assets/(liabilities)	208,839	-	208,839
	<u>8,841,288</u>	<u>-</u>	<u>8,841,288</u>

21 Related party transactions

The POSK Foundation was formed in 1989 to support the charitable objectives of Polish Social and Cultural Association Limited ("POSK") and is a related party to the charity.

During the year, POSK received a donation of £60,000 (2018: £60,000) from the POSK Foundation. The administrative costs of the POSK Foundation are borne by POSK.

Mr R. Wisniowski is also a director of Polish Daily Publishers Limited, a company that publishes "Tydzien Polski", a weekly newspaper that POSK advertises in. During the year a total of £5,403 (2018: £5,605) was paid by POSK to Polish Daily Publishers Limited.

22 Cash generated from operations

	2019 £	2018 £
Surplus/(deficit) for the year	1,236,319	(294,033)
Adjustments for:		
Investment income recognised in statement of financial activities	(260,703)	(214,693)
Fair value gains and losses on investment properties	(1,186,961)	235,698
Fair value gains and losses on investments	(4,319)	14,423
Depreciation and impairment of tangible fixed assets	70,844	71,288
Movements in working capital:		
Decrease/(increase) in debtors	94,150	(132,915)
Increase/(decrease) in creditors	49,540	(17,727)
Cash absorbed by operations	<u>(1,130)</u>	<u>(337,959)</u>