

# **THE UNION JACK CLUB**

**A Charitable Company Limited by Guarantee  
governed by a Memorandum and Articles of Association**

**Registered Charity Number: 208731  
Registered Company Number: 80683**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

# The Union Jack Club

A Charitable Company Limited by Guarantee  
governed by a Memorandum and Articles of Association

**Sandell Street, Waterloo, London SE1 8UJ**

**Patron:** Her Majesty the Queen

## Governing Council

**President:** Vice Admiral Sir Fabian Malbon KBE (Resigned 25.06.2019)  
Vice Admiral Sir David Steel KBE DL (Appointed 25.06.2019)

**Vice President:** Lieutenant Commander N G N Ashford FCA FSI

**Honorary Treasurer** Mr David Cooper MBA FCA

## Trustees

Air Commodore C Adams CBE AFC  
Mr D E P Albert  
Air Commodore M Barnes  
Colonel John Brown  
Mr W A Cowpe  
Mr P E Davidson FRICS

Mrs R Garside  
Air Commodore J Linter OBE MA  
Captain TFW Martin OBE RN  
Vice Admiral Sir David Steel KBE DL  
Mrs S V Swan  
WO1 G Houghton OBE MBA (Appointed 10.03.2019)

**Non-Trustee Armed Services Representatives**  
Squadron Leader Katherine Clarkson

**Chief Executive Officer:**  
Mr S C T Atkins

**Secretary:**  
Mrs Zoe Nield

**Solicitors:**  
Ashurst LLP  
London Fruit and Wool Exchange  
1 Duval Square  
London  
E1 6PW

**Auditors:**  
Moore Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Bankers:**  
Coutts & Co  
440 Strand  
London  
WC2R 0QS

**Bankers:**  
Barclays Bank PLC  
UK Banking  
1 Churchill Place  
London  
E14 5HP

**Offices of the Club:**  
Sandell Street  
Waterloo  
London  
SE1 8UJ

**Company Registration Number: 80683**  
**Registered Charity Number: 208731**

# **The Union Jack Club**

**A Charitable Company Limited by Guarantee  
governed by a Memorandum and Articles of Association**

**Sandell Street, Waterloo, London SE1 8UJ**

## **GENERAL COMMITTEE (As at 31 December 2019)**

Warrant Officer 1 K Mills  
Warrant Officer 1 B Wood  
Warrant Officer 1 N Beer  
Warrant Officer 1 B Biggar  
Warrant Officer 1 K Williams  
Warrant Officer 1 C Boucher  
Warrant Officer 1 L Reeves  
Warrant Officer 2 J Hill  
Warrant Officer 1 G Paton  
Warrant Officer 1 S McFadden  
Warrant Officer 1 K Williams  
Warrant Officer 1 V Stokes  
Warrant Officer 1 P Clark  
Warrant Officer 1 B Wood  
Mr P Houldsworth

Warrant Officer A Driver  
Warrant Officer W Moore  
Warrant Officer T Care  
Warrant Officer K Weller  
Warrant Officer P Langley  
Warrant Officer 1 R Wilson  
Warrant Officer 1 M Thrift  
Warrant Officer A Beattie  
Warrant Officer S Cotman  
Warrant Officer E Evans MBE  
Warrant Officer I Giles  
Warrant Officer B Hagan  
MAcr T Buxton  
Mr J Ray  
Mr V Silvester

# **THE UNION JACK CLUB**

## **COUNCIL'S REPORT and STRATEGIC REVIEW**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

The Council, as the Governing Body of the Union Jack Club (formerly known as The Association of The Union Jack Club) and Trustees of the Charity, present their report and accounts for the year ended 31st December 2019 in accordance with applicable accounting standards, the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Union Jack Club**

The Union Jack Club consisted of 15 life members on 31 December 2019, all of whom stand surety for the guarantee as required in the Memorandum of Association. The Articles of Association empower the Governing Council to elect new members.

New members are elected by recommendation based on their expertise and qualifications. Members are kept up to date on Trustee issues by the distribution of pamphlets and briefs.

##### **Members of the Council**

The members of Council during the year are shown on page 1.

At the Annual General Meeting of the Union Jack Club held on 7th May 2019, William Cowpe, Air Commodore James Linter OBE MA, Mrs Susanne Swan, and Colonel John Brown, being Directors of the Company retiring by rotation, were elected as Directors of the Company for a term of three years as defined in the Articles. Lt Cmdr. Nick Ashford FCA FSI, being a Director of the Company retiring by rotation, was elected a Director of the Company for a term of three years as defined in the Articles, notwithstanding the provision of article 32(2). WO1 Glen Haughton OBE MBA, was elected as a Director of the Company for a term of three years as defined by the Articles.

The daily operation of the Union Jack Club is delegated to the Chief Executive assisted by the Management Team. Seven Trustees with a wide range of expertise form the Executive Committee which is chaired by the President. Members of this Committee meet five times a year. They review the accounts for the previous year and deliberate on the budget proposals put forward by the Chief Executive for the following year. These proposals are then recommended to the Governing Council for final approval. Members of the Executive Committee also monitor the progress of the Budget throughout the year and assess the risks faced by the Union Jack Club, see below.

##### **General Committee**

Members of the General Committee are shown on page 2.

The General Committee's main duties under the overall control of the Council are to represent the membership and ensure that members' views and opinions are conveyed to the Council and Officials of the Club. It advises the Council on entrance fees, annual subscriptions and accommodation charges, and decides on the election of ex-service members.

##### **Investment powers and policy**

During the year the investments of The Union Jack Club were managed by Smith & Williamson Investment Management Limited, under a Discretionary Investment Management Agreement. The objectives of the portfolios are to seek to maximise the total return on the portfolio while investing prudently and without exercising undue risk. The return objective of the main investment portfolio was to outperform the benchmark, inflation plus 4% pa. Additionally, the Union Jack Club invests in Property Income Trust for Charities; the fund managed by Mayfair Capital Investment Management Limited.

##### **Remuneration Policy of Senior Management Personnel**

In relation to deciding remuneration for the Charity's senior executives, the Charity considers the potential impact of remuneration levels and will take account of the following additional principles:

To ensure that the Charity can access the types of skills, experiences and competencies that it needs in its senior staff, the specific scope of these roles in the Charity and the link to pay.

The nature of the wider employment offer made to senior employees, where pay is one part of a package that includes personal development, personal fulfilment and association with the public benefit delivered.

Remuneration for the year ended 31 December 2019 comprised salary, performance incentive, pension contributions and healthcare benefit. There are no other pecuniary benefits for senior or other staff at the Charity.



# **THE UNION JACK CLUB**

## **COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **OBJECTS AND ACTIVITIES**

The objects of the Union Jack Club are to promote the welfare of serving and veteran enlisted members of the Regular, Reserve, and Auxiliary forces of the Crown, their spouses and partners and their families, as defined by the Council of the Union Jack Club, in establishing, maintaining, and conducting a residential Club for their use and accommodation.

The principal activity of the Union Jack Club continues to be the provision of all the normal facilities of a residential club in London for enlisted members and ex-members of the Her Majesty's Armed Forces, their spouses / partners and families.

#### **STRATEGIC REPORT**

##### **Risk management**

The Trustees have a risk management strategy which comprises:

- An annual review of principal risks and uncertainties that the Union Jack Club and its trading subsidiary face.
- The establishment of policies, systems and procedures to mitigate those risks identified in Annual review.
- The provision of an adequate portfolio of insurance covers
- The implementation of procedures designed to minimise or manage any potential impact on the Union Jack Club and its trading subsidiary, should those risks materialise.

The availability of sufficient financial resources has been identified as a main risk. The management of this is through regular review of available funds, active management of trade debtors, creditors and working capital to ensure there is an adequate and appropriate maintenance of the building to allow the charity to meet its beneficiaries' needs and other objectives.

The non financial risks arising from fire, health and safety, food hygiene, GDPR and safety of members, guests and staff are managed by robust policies, procedures and regular training of staff.

##### *Governance and Internal Control*

Risk assessment is the responsibility of Council as advised by the Executive Committee.

The Executive Committee aims to ensure that:

- The Charity is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the Charity, or for publication, is reliable;
- The Charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Council;
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Council has introduced a formal risk management process to assess business risks and implement risk management strategies. As part of this process the Council has reviewed the adequacy of the Charity's current internal controls.

##### **The Union Jack Club (Trading) Limited**

The Union Jack Club (Trading) Limited, a wholly owned subsidiary of the Union Jack Club, purchases, under strict controls, any accommodation that is not required for the beneficiaries of the Charity. The accounts of the company are consolidated with those of the Charity.

# **THE UNION JACK CLUB**

## **COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **PUBLIC BENEFIT**

The Trustees confirm that they have complied with the duty in section 17 (1) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

The Union Jack Club's charitable purpose is enshrined in its objects as described.

#### **ACHIEVEMENTS AND PERFORMANCE**

At the end of the year 2019, the Union Jack Club Group had a Net Operating Income of £522,727 (2018 £27,129). There was a gain on investments of £ 818,536 (2018 loss £452,311 ) which increased Net Income to £1,341,263 (2018 loss £479,440).

Improvements to the Club over the year have included the replacement of 3 boilers, creation of new entrance and reception, refurbishment 7 double ensuite bedrooms, 35 single ensuite bedrooms and 2 family rooms alongside furniture, security, plant and IT upgrades.

The Union Jack Club also received voluntary donations of £30,360 (2018 £30,080) generously donated by members and guests during the year. All capital projects completed during the year represent the Club's fixed assets additions which are depreciated over 5 , 10 or 20 years.

#### **FINANCIAL REVIEW**

The financial statements consist of the consolidated results of The Union Jack Club and The Union Jack Club (Trading) Limited, and the consolidated and charity balance sheets. Principal sources of income were membership income of £499,041 (2018 £400,431), residential services to members of £6,890,544 (2018 £6,573,739) and income generated from non-members of £1,485,695 (2018 £1,398,025). Operating expenditure consisted mainly of the provision of membership and residential services of £7,437,722 (2018 £7,960,960) and the cost of servicing non-members of £892,546 (2018 £839,312). At the end of the year the Group had net operating profit of £ 522,727 (2018 loss £27,129 ). Net Movement in funds for 2019 increased to £1,325,563 (2018 loss £455,540) after taking into account changes on investment assets, actuarial change in pension liabilities, transfers and utilisation of funds.

Land and buildings have been included in the accounts at net book value of £2.4 million (2018 £1.9 million). The Council considers that the market value of the freehold land and buildings is considerably in excess of the book values.

#### **Reserves policy**

As The Union Jack Club is a charity and also a company limited by guarantee it does not rely upon public subscription in order to achieve its charitable objectives.

The Club's reserves consist of the buildings and contents, without which it could not function, two investment portfolios which are managed by professional investors under the direction of a sub-committee of the Trustees, and a trading company of which the charity is the sole shareholder.

The Club achieves its objectives of providing, maintaining and continuously improving reasonably priced accommodation and all the amenities of a London Club for current and former members of the Armed Forces, not being of commissioned rank, and their families by relying where necessary upon the income generated from investments to fund pensions and to make good any loss incurred in any year.

The Council has reviewed the Club's needs for reserves in line with the guidance issued by the Charity Commission. The review concluded that, in order to allow the charity to be managed efficiently, and ensure the Club can continue to maintain and improve the accommodation and amenities, and cope through periods of changes in trading and in the event of sudden major disruption or disasters, a general unrestricted spendable or free reserve (as defined by the Commission) should aim to be no less than 6 months operating costs, which currently equates to £4.5m.

# THE UNION JACK CLUB

## COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### Reserves Policy (continued)

At the 31st December 2019, the Club's total reserves amounted to £12,386,360 of which £5,412,301 was tied up in the Club's building and fixed assets, and so not freely spendable. In addition a £1,000,000 is designated as the Infrastructure Fund and an unrealised revaluation reserve of £1,869,523, leaving £4,104,536 free unrestricted funds. The reserves policy is reviewed on an annual basis to ensure it meets the changing needs of the Club.

Note 16 includes the utilisation of the designated funds.

#### Investment performance

The investment portfolio consists of two segregated funds. The first, designated the "Matching Portfolio", is designed to cover the liabilities of a very small number of discretionary pensions and was valued at £374,943 as at 31 December 2019. The second fund, called the 'Main Portfolio', was valued on the 31st December 2019 at £5,587,263. The Main Portfolio produced a total return of 18.2% compared to its benchmark of RPI plus 4% (6.3%). The Matching Portfolio produced a return of 12.8% to its benchmark of RPI plus 2% ( 4.3%). The balance held in liquid funds has increased from £42,200 to £129,057 which at 31st December 2019 represented 2.16% of the total portfolio value. The Investment in Property Income Trust for Charities was valued at the 31st December 2019 at £576,239 a 16.9% decrease on the previous year.

#### FUTURE PLANS

The Union Jack Club plans are to refurbish the Gascoigne room, 15 double, 29 single, 2 family ensuite bedrooms and the Rickett suite, replace the bar carpet, furniture, kitchen tabling / equipment, plant and IT improvements during 2020.

#### Statement of Council's Responsibilities

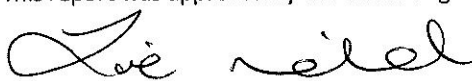
The Trustees (who are also directors of The Union Jack Club for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law required Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and the group, and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for ensuring proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Governing Council on 10th March 2020.



**Z Nield MIH**  
Company Secretary

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNION JACK CLUB

## Opinion

We have audited the financial statements of The Union Jack Club for the year ended 31 December 2019 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

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

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

We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNION JACK CLUB

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company'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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNION JACK CLUB

Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

- auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Date: 16/3/2020

Moore Kingston Smith LLP

Neil Finlayson (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD



**THE UNION JACK CLUB**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**( Incorporating Income and Expenditure Account )**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted Fund £	Infrastructure Fund £	Total 2019 £
<b>INCOME + ENDOWMENTS</b>				
Donations and legacies	3	7,274	-	7,274
Trading activities	4	1,485,695	-	1,485,695
Other Income		70,909	-	70,909
Other Income - Insurance Claim	7	14,149	-	14,149
Investment Income	5	125,537	-	125,537
		<u>1,703,564</u>	<u>-</u>	<u>1,703,564</u>
<b>Charitable Activities</b>				
Subscriptions	6	499,041	-	499,041
Provision of residential services	6	6,890,544	-	6,890,544
		<u>9,093,149</u>	<u>-</u>	<u>9,093,149</u>
<b>Total Operating Income</b>				
		<u>9,093,149</u>	<u>-</u>	<u>9,093,149</u>
<b>EXPENDITURE</b>				
<b>Raising Funds</b>				
Trading activities	4	892,546	-	892,546
Fundraising and publicity		96,413	-	96,413
Investment management fees		35,277	-	35,277
Finance costs		102,662	-	102,662
Finance cost of pension liability	14	5,800	-	5,800
		<u>1,132,698</u>	<u>-</u>	<u>1,132,698</u>
<b>Total cost of raising funds</b>				
		<u>1,132,698</u>	<u>-</u>	<u>1,132,698</u>
<b>Charitable Activities</b>				
Provision of membership and residential services		7,437,722	-	7,437,722
		<u>7,437,722</u>	<u>-</u>	<u>7,437,722</u>
<b>Total Operating Expenditure</b>				
	8	<u>8,570,420</u>	<u>-</u>	<u>8,570,420</u>
<b>Net Operating Income / (Expenditure)</b>				
		522,727		522,727
<b>Net gain on investment assets</b>				
	10	818,536	-	818,536
		<u>818,536</u>	<u>-</u>	<u>818,536</u>
<b>Net Income</b>				
		<u>1,341,263</u>	<u>-</u>	<u>1,341,263</u>
<b>Transfer between Funds</b>				
Actuarial loss on pension scheme	14	(15,700)	-	(15,700)
Gross transfer between funds	15	(663,013)	663,013	-
Utilisation of fund	15	663,013	(663,013)	-
		<u>1,325,563</u>	<u>-</u>	<u>1,325,563</u>
<b>Net Movement in Funds</b>				
		<u>1,325,563</u>	<u>-</u>	<u>1,325,563</u>
<b>Fund balances brought forward</b>				
1 January 2019		<u>10,060,797</u>	<u>1,000,000</u>	<u>11,060,797</u>
<b>Fund balances carried forward at</b>				
31 December 2019	16 a)	<u>11,386,360</u>	<u>1,000,000</u>	<u>12,386,360</u>

The statement of financial activities, which incorporates the income and expenditure account, includes all gains and losses recognised in the year. All incoming resources and resources expended are derived from continuing activities.

\* Comparative figures can be found on page 11

**THE UNION JACK CLUB**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**( Incorporating Income and Expenditure Account )**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted Fund £	External Building Repairs Fund £	Total 2018 £
<b>INCOME + ENDOWMENTS</b>				
Donations and legacies	3	399,068	-	399,068
Trading activities	4	1,398,025	-	1,398,025
Other Income		64,352	-	64,352
Other Income - Insurance Claim	7	35,217	-	35,217
Investment Income	5	138,585	-	138,585
		<u>2,035,247</u>	<u>-</u>	<u>2,035,247</u>
<b>Charitable Activities</b>				
Subscriptions	6	400,431	-	400,431
Provision of residential services	6	6,573,739	-	6,573,739
<b>Total Operating Income</b>		<u>9,009,418</u>	<u>-</u>	<u>9,009,417</u>
<b>EXPENDITURE</b>				
<b>Raising Funds</b>				
Trading activities	4	839,312	-	839,312
Fundraising and publicity		86,600	-	86,600
Investment management fees		34,487	-	34,487
Finance costs		109,787	-	109,787
Finance cost of pension liability	14	5,400	-	5,400
<b>Total cost of raising funds</b>		<u>1,075,586</u>	<u>-</u>	<u>1,075,586</u>
<b>Charitable Activities</b>				
Provision of membership and residential services		7,329,210	631,750	7,960,960
<b>Total Operating Expenditure</b>	8	<u>8,404,796</u>	<u>631,750</u>	<u>9,036,546</u>
<b>Net Operating Income / (Expenditure)</b>		604,621	(631,750)	(27,129)
<b>Net loss on investment assets</b>	10	(452,311)	-	(452,311)
<b>Net Income</b>		<u>152,310</u>	<u>(631,750)</u>	<u>(479,440)</u>
<b>Transfer between Funds</b>				
Actuarial gain on pension scheme	14	23,900	-	23,900
Gross transfer between funds	15	(300,018)	300,018	-
<b>Net Movement in Funds</b>		<u>(123,808)</u>	<u>(331,732)</u>	<u>(455,540)</u>
<b>Fund balances brought forward</b>				
1 January 2018		<u>11,184,605</u>	<u>331,732</u>	<u>11,516,337</u>
<b>Fund balances carried forward at</b>				
31 December 2018	16 a)	<u>11,060,797</u>	<u>-</u>	<u>11,060,797</u>

The statement of financial activities, which incorporates the income and expenditure account, includes all gains and

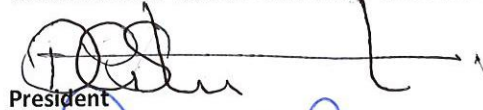
\* Comparative figures can be found on page 10



**THE UNION JACK CLUB**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

		Charity		Group	
	Notes	2019 £	2018 £	2019 £	2018 £
<b>Fixed Assets</b>					
Tangible assets	9	5,880,300	5,337,405	5,880,300	5,337,405
Investments	10	6,538,834	5,178,256	6,538,832	5,178,254
		<u>12,419,134</u>	<u>10,515,661</u>	<u>12,419,132</u>	<u>10,515,659</u>
<b>Current Assets</b>					
Stocks	11	78,624	49,220	95,340	60,135
Debtors	12	383,407	953,149	435,979	409,459
Cash at bank and in hand		<u>1,634,575</u>	<u>701,864</u>	<u>1,715,744</u>	<u>1,873,014</u>
		<u>2,096,606</u>	<u>1,704,233</u>	<u>2,247,063</u>	<u>2,342,608</u>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	13	<u>(2,485,494)</u>	<u>(1,481,525)</u>	<u>(2,037,033)</u>	<u>(1,556,371)</u>
<b>Net Current Assets</b>		<u>(388,888)</u>	<u>222,709</u>	<u>210,030</u>	<u>786,237</u>
<b>Total Assets less Current Liabilities</b>		<u>12,030,246</u>	<u>10,738,370</u>	<u>12,629,162</u>	<u>11,301,895</u>
Creditors: Amounts falling due after more than one year:					
Discretionary pension provision	14	<u>(242,800)</u>	<u>(241,100)</u>	<u>(242,800)</u>	<u>(241,100)</u>
<b>Net Assets</b>		<u>11,787,446</u>	<u>10,497,271</u>	<u>12,386,360</u>	<u>11,060,796</u>
<b>Accumulated Funds</b>					
Unrestricted Funds:					
Designated Revaluation reserve	15	1,869,523	1,218,909	1,869,523	1,218,909
Designated Fixed Asset reserve	15	5,412,301	4,791,405	5,412,301	4,791,405
Designated Infrastructure Fund	15	1,000,000	1,000,000	1,000,000	1,000,000
Income and Expenditure reserve	15	<u>3,505,623</u>	<u>3,486,957</u>	<u>4,104,536</u>	<u>4,050,482</u>
	16 a)	<u>11,787,447</u>	<u>10,497,271</u>	<u>12,386,360</u>	<u>11,060,796</u>

The financial statements were approved and authorised for issue by the Governing Council of The Union Jack Club on 10th March 2020 and were signed below on its behalf by:

  
**President**

Vice Admiral Sir David Steel KBE DL

  
**Honorary Treasurer**  
 Mr David Cooper MBA, FCA

**THE UNION JACK CLUB**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flow from operating activities</b>		
Net cash provided by operating activities	<u>1,706,828</u>	<u>901,029</u>
<b>Cash flows from investing activities</b>		
Investment income and interest received	125,537	138,585
Finance costs	(102,662)	(109,787)
(Decrease) / Increase in cash held by investment manager	(86,857)	73,151
Proceeds from disposal of fixed asset investments	460,680	856,781
Acquisition of fixed asset investments	(915,863)	(1,010,385)
Payments to acquire tangible fixed assets	<u>(1,344,934)</u>	<u>(1,221,385)</u>
	<u>(1,864,099)</u>	<u>(1,273,040)</u>
<b>Net increase in cash and cash equivalents</b>	(157,271)	(372,011)
Cash and cash equivalents at beginning of year	<u>1,873,014</u>	<u>2,245,025</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,715,744</u>	<u>1,873,014</u>

**Reconciliation of net income to net cash flow from operating activities**

	2019 £	2018 £
<b>Net income</b>	1,325,563	(455,540)
<b>Adjustments for:</b>		
Less investment income	(125,537)	(138,585)
Add finance costs	102,662	109,787
Add depreciation and disposal of tangible fixed assets	802,039	806,339
Add Loss / (Subtract Profit) on investment assets	(818,536)	452,311
Add / (Subtract) Pension provision adjustment	1,700	(37,700)
Decrease / (Increase) in stocks	(35,204)	(2,793)
Decrease / (Increase) in debtors	(26,520)	2,148
(Decrease) / Increase in creditors	<u>480,661</u>	<u>165,061</u>
<b>Net cash provided by operating activities</b>	<u>1,706,828</u>	<u>901,029</u>

# THE UNION JACK CLUB

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1 COMPANY INFORMATION

The Union Jack Club, a registered charity, is a company limited by guarantee, not having a share capital and is incorporated in England and Wales. In the event of a winding up, each member may be required to contribute an amount not exceeding £1 towards the settlement of the Club's liabilities. The registered office is Sandell Street, Waterloo, London, SE1 8UJ.

#### 2 ACCOUNTING POLICIES

##### Accounting Convention

The financial statements are prepared under the historical cost convention, modified by the inclusion of certain freehold land and buildings at a valuation (note 9) and fixed asset investments at market value (note 10), and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 [under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)], and the Charities Act 2011.

The financial statements consolidate The Union Jack Club and its subsidiary, The Union Jack Club (Trading) Limited. A separate Statement of Financial Activities and Income and Expenditure Account are not presented for the Charity itself as the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The financial statements are prepared in sterling, which is the financial currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest pound.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable group to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charitable group's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future. The charitable group therefore continues to adopt the going concern basis in preparing its financial statements.

##### Tangible Fixed Assets

Tangible fixed assets with a cost of £5,000 or more are capitalised. Depreciation of tangible fixed assets is provided, on a straight line basis, at amounts estimated to write off the cost over their expected useful life as follows:

Freehold buildings	10 - 50 years
Major plant items	20 years
Furniture, fittings and sundry equipment	5 & 10 years (where appropriate)
Computer equipment	3 & 5 years (where appropriate)

The Club's collection of paintings and clocks is carried at valuation and is not depreciated on the grounds that any depreciation charge would be immaterial. Certain fixed assets in Furniture & Fittings are now recognised as having 5 years of useful life.

# THE UNION JACK CLUB

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2 ACCOUNTING POLICIES (Continued)

##### **Provision for Residential Services (Income and Expenditure)**

This represents the amounts derived from the provision of services, which fall within the Club's ordinary activities, all of which are continuing.

##### **Donations, Legacies and Gifts**

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Donations, legacies and gifts are included in incoming resources when receivable. When donors specify that donations, legacies or gifts are for particular purposes, they are treated as restricted income.

##### **Subscriptions**

Subscriptions income derives from subscription fees of members. The subscription period runs in conjunction with the financial year.

##### **Trading Income**

Trading income consists of income generated by the subsidiary from the provision of accommodation and catering to non members.

##### **Investments**

Interest receivable and income from investments are included on the basis of the amount earned during the year.

Investments are classified as fixed assets in accordance with the Charities SORP. Both realised and unrealised gains and losses are recognised in the Statement of Financial Activities.

##### **Financial assets/liabilities measured at amortised cost**

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

##### **Operating Leases**

Rentals under operating leases have been charged to the Statement of Financial Activities on a straight line basis.

##### **Resources Expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis. Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of occupancy rates between the Charity and its subsidiary, and the proportion of time spent by staff on those activities.

##### **Pension Contributions**

The Union Jack Club pays defined contributions towards stakeholder pension schemes for qualifying employees. The annual cost is expensed in the Statement of Financial Activities.

Provision is made in the financial statements for the Council's estimated liability in respect of existing discretionary pensions directly paid by the Club within the Statement of Financial Activities, Balance Sheet and Cash Flow Statement in accordance with FRS 102 SORP module 'Retirement and post-employment benefits'.

The Union Jack Club contributes to money purchase schemes for certain senior employees; contributions are assessed on entry as a level monetary amount payable over the employee's expected career with the Club.

The Union Jack Club also provides the contributory Group Personal Pension Plan for all qualifying employees. The Plan is set up in line with government requirements under NEST.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

# THE UNION JACK CLUB

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### Fund Accounting

Funds held by the Charity are either:

*Unrestricted general funds* - these are funds which can be used in accordance with the charitable objects at the discretion of the Council.

*Restricted funds* - these are funds that can only be used for particular purposes specified by the donor or when funds are raised for particular purposes within the objects of the Charity.

*Unrestricted designated funds* - these funds represent funds which have been separately designated by the Trustees of the Charity, as part of unrestricted funds.

#### Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

In the view of the trustees in applying the accounting policies adopted, apart from the estimate listed below, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year. Judgements included in these accounts: the pension estimate in Note 14a.

### 3 DONATIONS, GIFTS AND LEGACIES

a)	Unrestricted £	Restricted £	2019 £
Individual Donations	30,360	-	30,360
Legacies		-	-
Gift Aid Claim On Subs & Donations	(23,086)	-	(23,086)
Service non-public funds	-	-	-
	<u>7,274</u>	<u>-</u>	<u>7,274</u>

b)	Unrestricted £	Restricted £	2018 £
Individual Donations	30,080	-	30,080
Legacies		-	-
Gift Aid Claim On Subs & Donations	18,988	-	18,988
Service non-public funds	350,000	-	350,000
	<u>399,068</u>	<u>-</u>	<u>399,068</u>

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**4 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY (all unrestricted for current and prior year)**

The Union Jack Club has one wholly owned subsidiary, The Union Jack Club (Trading) Limited, which operates the trading activity of the Club and gifts its taxable profit to the Club. A summary of the results of the subsidiary is shown below:

	2019 £	2018 £
Turnover	1,485,695	1,398,025
Cost of sales	<u>(888,590)</u>	<u>(835,212)</u>
Gross profit	597,105	562,813
Administration expenses	(3,956)	(4,100)
Operating profit	<u>593,149</u>	<u>558,713</u>
Other income	5,765	4,813
Profit on Ordinary Activities before taxation	598,914	563,526
Tax on Profit on Ordinary Activities	-	-
Retained earnings brought forward	563,526	701,607
Gift Aid Distribution to The Union Jack Club	<u>(563,526)</u>	<u>(701,607)</u>
Retained earnings carried forward	<u><u>598,914</u></u>	<u><u>563,526</u></u>

The Union Jack Club's trading activities include an amount of £865,324 (2018 £818,276) for rent and other services charged by the Club to its subsidiary which is eliminated on consolidation. The group's trading activities consist of the turnover of the subsidiary as shown above. Expenditure of £892,547 (2018 £839,312) is also included which comprises cost of sales and administration expenses.

**5 INVESTMENT INCOME (all unrestricted for current and prior year)**

	2019 £	2018 £
UK listed	41,172	77,913
Overseas listed	<u>78,480</u>	<u>57,581</u>
	119,652	135,494
UK bank deposit interest	5,885	3,092
	<u>125,537</u>	<u>138,585</u>
<b>Total for the Group</b>	<u><u>125,537</u></u>	<u><u>138,585</u></u>

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2019 £	2018 £
Subscriptions	499,041	400,431
Provision of residential services		
Accommodation	4,737,049	4,604,029
Catering and bar sales	<u>2,153,495</u>	<u>1,969,711</u>
	<u><u>7,389,585</u></u>	<u><u>6,974,170</u></u>

All of the above was unrestricted for the current and in the prior year.

**7 INSURANCE CLAIM**

	2019 £	2018 £
Other Income - Insurance Claim	14,149	35,217
	<u><u>14,149</u></u>	<u><u>35,217</u></u>

**8 RESOURCES EXPENDED**

	Staff Costs £	Other £	Depreciation £	Total 2019 £
<b>a) EXPENDITURE ON RAISING FUNDS</b> <b>2019</b>				
Trading activities	-	892,546	-	892,546
Fundraising and publicity	-	96,413	-	96,413
Investment management fees	-	35,277	-	35,277
Finance costs	-	102,662	-	102,662
Finance cost of pension liability	-	5,800	-	5,800
	<u>-</u>	<u>1,132,698</u>	<u>-</u>	<u>1,132,698</u>
<b>EXPENDITURE ON CHARITABLE ACTIVITIES</b>				
Provision of membership and residential services	4,828,978	1,819,956	788,788	7,437,722
<b>Total Operating Expenditure</b>	<u><u>4,828,978</u></u>	<u><u>2,952,654</u></u>	<u><u>788,788</u></u>	<u><u>8,570,420</u></u>

Including auditor remuneration of £9,320 (2018 £9,050)

	Staff Costs £	Other £	Depreciation £	Total 2018 £
<b>b) EXPENDITURE ON RAISING FUNDS</b> <b>2018</b>				
Trading activities	-	839,312	-	839,312
Fundraising and publicity	-	86,600	-	86,600
Investment management fees	-	34,487	-	34,487
Finance costs	-	109,787	-	109,787
Finance cost of pension liability	-	5,400	-	5,400
	<u>-</u>	<u>1,075,586</u>	<u>-</u>	<u>1,075,586</u>
<b>EXPENDITURE ON CHARITABLE ACTIVITIES</b>				
Provision of membership and residential services	4,724,682	1,809,993	794,535	7,329,210
External Repairs	-	631,750	-	631,750
<b>Total Operating Expenditure</b>	<u><u>4,724,682</u></u>	<u><u>3,517,329</u></u>	<u><u>794,535</u></u>	<u><u>9,036,546</u></u>

All of the above was unrestricted for the current and in the prior year.



**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**c) ANALYSIS OF SUPPORT COSTS**

Provision of membership and residential services includes support costs as follows:

	2019 £	2018 £
Administration staff costs	720,032	684,361
Legal and other professional	40,194	91,065
	<u>760,226</u>	<u>775,426</u>

Basis of allocation:

The above costs are fully allocated to the provision of membership and residential services.

**d) STAFF COSTS**

	2019 £	2018 £
Wages and salaries	4,343,397	4,270,455
Pension contributions	93,525	89,327
Employer's National Insurance Contributions	392,056	364,977
	<u>4,828,978</u>	<u>4,724,759</u>
Club staff costs		

The number of employees receiving emoluments of £60,000 or more was as follows:

	2019 No.	2018 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£90,001 - £100,00	1	-
£100,001 - £110,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
	<u>3</u>	<u>3</u>

During the year, contributions to pension schemes totalled £19,375 in respect of two of the three higher paid employees (2018 - £18,732 in respect of two employees).

The average monthly number of employees during the year was as follows:

	2019 No.	2018 No.
Management and Administration	10	10
Union Jack Club staff	165	165
	<u>175</u>	<u>175</u>

Note: On average 128 of the 175 employees were Permanent Staff (2018 - 120 of the 175 employees were Permanent staff)

**e) TRUSTEES AND KEY MANAGEMENT PERSONNEL**

No trustee received emoluments in the period (2018 - £NIL). Total travel expenses of 2019 - £2,278 (2018 - £2,693) were paid to 5 (2018 - 10) trustees during the period.

Key management personnel included the Trustees, Chief Executive and senior staff reporting directly to the Chief Executive. The total emoluments of the charity's key management personnel were £382,387 (2018 £375,995).



**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

9 TANGIBLE FIXED ASSETS	Charity		
	Freehold Land and Buildings	Furniture, Fittings and Equipment	Total
Group and Charity			
Cost	£	£	£
At 1 January 2019	6,192,548	6,110,411	12,302,959
Additions	663,013	681,921	1,344,934
Disposals	-	(74,933)	(74,933)
Removal of fully depreciated assets	-	(497,241)	(497,241)
At 31 December 2019	<u>6,855,561</u>	<u>6,220,158</u>	<u>13,075,719</u>
<b>Depreciation</b>			
At 1 January 2019	4,285,941	2,679,612	6,965,553
Charge for the year	123,840	664,948	788,788
Disposals	-	(61,682)	(61,682)
Removal of fully depreciated assets	-	(497,241)	(497,241)
At 31 December 2019	<u>4,409,781</u>	<u>2,785,637</u>	<u>7,195,418</u>
<b>Net Book Value</b>			
At 31 December 2019	<u>2,445,780</u>	<u>3,434,520</u>	<u>5,880,300</u>
At 31 December 2018	<u>1,906,607</u>	<u>3,430,798</u>	<u>5,337,405</u>

Fixed assets held by the Union Jack Club are as detailed above.

Freehold land and buildings comprise the Union Jack Club's premises at 91 Waterloo Road, Gascoigne Room and Sandell Street. The Union Jack Club's premises were built as part of a redevelopment, completed in 1975, for which the Union Jack Club provided the site but paid only a small part of the building costs. These premises were revalued in 1975 at £3.9m and is being depreciated at £78,000 per year. It should be recognised that the value of the premises has substantially increased in value. The other costs represent additions since 1975. In accordance with the transitional arrangements of the original FRS 15, Tangible Fixed Assets, the valuation has not been updated.

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

10 FIXED ASSET INVESTMENTS	2019 £	2018 £
<b>Group</b>		
Investments at market value:		
At 1 January	5,136,056	5,434,763
Additions	915,863	1,010,385
Disposals	(460,680)	(856,781)
Net realised loss on disposal	(8,973)	(18,124)
Net unrealised investment gain ( loss)	827,509	(434,187)
	<u>6,409,775</u>	<u>5,136,056</u>
 Cash held by investment manager	 <u>129,057</u>	 <u>42,200</u>
 At 31 December	 <u><u>6,538,832</u></u>	 <u><u>5,178,256</u></u>
 Investments comprise:		
UK equities and funds	3,693,910	2,342,239
Overseas equities	2,715,865	2,793,817
Cash held	129,057	42,200
	<u>6,538,832</u>	<u>5,178,256</u>
 Historical cost at 31 December	 <u><u>5,008,252</u></u>	 <u><u>4,729,256</u></u>
 <b>Club</b>		
As above	6,538,832	5,178,256
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>
	<u><u>6,538,834</u></u>	<u><u>5,178,258</u></u>

11 STOCKS	Charity		Group	
	2019 £	2018 £	2019 £	2018 £
Brexit Stocks	34,654	-	34,654	-
Shop	-	-	16,715	10,915
Catering	16,092	13,938	16,092	13,938
Bar	27,878	35,282	27,878	35,282
	<u>78,624</u>	<u>49,220</u>	<u>95,340</u>	<u>60,135</u>

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12 DEBTORS**

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	93,572	86,053	146,144	138,872
Amounts owed by subsidiary	-	596,509	-	-
Other debtors	20,298	19,298	20,298	19,298
Prepayments	269,537	251,288	269,537	251,288
	<u>383,407</u>	<u>953,149</u>	<u>435,979</u>	<u>409,459</u>

**13 CREDITORS: Amounts falling due within one year**

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	269,865	252,730	325,065	288,664
Amount owed to subsidiary	539,036	-	-	-
Other creditors	6,584	46,544	6,584	46,544
Other tax and social security creditors	420,817	368,520	452,371	404,433
Accruals and deferred income	1,249,191	813,730	1,253,013	816,730
	<u>2,485,494</u>	<u>1,481,525</u>	<u>2,037,033</u>	<u>1,556,371</u>

**14 PENSION PROVISION**

**a) Discretionary Pensions**

Discretionary pensions have been granted to certain employees, which are paid by the Club directly. A provision Pension payments are charged against the provision which is re-assessed annually and any adjustment, including the liability arising on the granting of new pensions, is charged to the Statement of Financial Activities. In line with the requirements of FRS 102 SORP module 'Retirement and post-employment benefits', published details in respect of these liabilities are provided below. The key FRS 102 SORP module 'Retirement and post-employment benefits' assumptions used to value the liabilities are set out in the following table. The table also sets out the present value of the FRS 102 SORP module 'Retirement and post-employment' liabilities. This present value is equal to the gross pension liability.

Assumptions	2019	2018	2017	2016
Price inflation	3.0%	3.3%	3.0%	3.0%
Discount rate	1.7%	2.5%	2.0%	2.0%
Pension increases	3.0%	3.3%	3.0%	3.0%

As the pension group is too small to do any specific mortality investigations, standard tables (PA92) have been used with a typical adjustment to allow for membership characteristics and for future longevity improvements (medium cohort projection with a two year age adjustment).

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**14 PENSION PROVISION (Continued)**

The gross pension liability under FRS 102 SORP module 'Retirement and post-employment benefits moved as follows during the year to 31 December 2019

	2019 £	2018 £
Gross pension liability at start of year	(241,100)	(278,800)
Pensions paid	19,800	19,200
Interest on gross pension liability	(5,800)	(5,400)
Actuarial gain	<u>(15,700)</u>	<u>23,900</u>
	<u>(242,800)</u>	<u>(241,100)</u>

The following amounts are included as (charges)/credits in the Statement of Financial Activities:

Past service cost	<u>-</u>	<u>-</u>
Interest on gross pension liability	<u>(5,800)</u>	<u>(5,400)</u>
Actuarial gain	<u>(15,700)</u>	<u>23,900</u>

**Other Pension Arrangements**

The Union Jack Club commenced paying defined contributions towards stakeholder pension schemes for certain existing employees from 1 June 2001. The annual cost is expensed in the statement of financial activities.

The Union Jack Club also contributes to money purchase schemes for senior management. Contributions are determined after consulting the Club's independent pension advisers.

The Union Jack Club provides the contributory pension scheme for all employees. At the end of 2019 there were 82 employees in the scheme. The Club contributed 3% and the employee 5% of the employee's salary. The remainder of employees decided to opt out of the scheme. The annual cost is expensed in the statement of financial activities.

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

**15 MOVEMENT ON RESERVES**

	Revaluation Reserve	Income and Expenditure Reserve	Fixed Asset Designated Fund	Infrastructure Fund	Total
	£	£	£	£	£
At 1 January 2019	1,218,909	4,050,482	4,791,405	1,000,000	11,060,796
Surplus / (Deficit) for the year	-	522,727	-	-	522,727
Net Gains and transfers	650,614	(1,131,686)	620,896	663,013	802,837
Utilisation of funds	-	663,013	-	(663,013)	-
At 31 December 2019	<u>1,869,523</u>	<u>4,104,536</u>	<u>5,412,301</u>	<u>1,000,000</u>	<u>12,386,360</u>

Included in the income and expenditure reserve is a pension liability of £242,800 (2018 £241,100 )

Net gains and transfers represents the actuarial gain / (loss) on pension liabilities, realised and unrealised gains / (losses) on investments and any transfers to / from designated funds. It also includes a transfer between the revaluation reserve and the income and expenditure reserve of £78,000 which is the difference between the depreciation on the historic cost (£Nil) and the revalued amount (£3.9 million), of freehold buildings completed in 1975. The depreciation rate is 2% straight line.

In 2014 Trustees made the decision to formally recognise the monies tied up in the tangible fixed assets of the charity as a designated fund, to make it clear to the reader of the accounts that this money is not freely expendable on the Charity's activities. A transfer was made from unrestricted general funds to reflect this.

The Tangible Fixed Assets designated fund is utilised over the lifetime of the assets.

In 2018 the Trustees made the decision to cover any forthcoming major repairs externally or internally to the building by creating a major repair fund. In 2019 the Trustees decided to retitle the fund as Infrastructure fund which was utilised during the year to develop the front entrance and reception. Within the 2019 accounts the Trustees decided to maintain the £1,000,000 balance on the Infrastructure fund.

**THE UNION JACK CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**16 ANALYSIS OF NET ASSETS BY FUND**

a)	2019	Revaluation Reserve	Income and Expenditure Reserve	Infrastructure Fund	Fixed Asset Designated Fund	2019 Total
		£	£	£	£	£
Tangible fixed assets		468,000	-	-	5,412,301	5,880,301
Investments		1,401,523	4,137,309	1,000,000	-	6,538,832
Net assets		-	210,027	-	-	210,027
Debtors > One Year		-	-	-	-	-
Creditors > One Year		-	(242,800)	-	-	(242,800)
		<u>1,869,523</u>	<u>4,104,536</u>	<u>1,000,000</u>	<u>5,412,301</u>	<u>12,386,360</u>

b)	2018	Revaluation Reserve	Income and Expenditure Reserve	External Repair Fund	Fixed Asset Designated Fund	2018 Total
		£	£	£	£	£
Tangible fixed assets		546,000	-	-	4,791,405	5,337,405
Investments		672,909	3,505,345	1,000,000	-	5,178,254
Net assets		-	786,237	-	-	786,237
Debtors > One Year		-	-	-	-	-
Creditors > One Year		-	(241,100)	-	-	(241,100)
		<u>1,218,909</u>	<u>4,050,482</u>	<u>1,000,000</u>	<u>4,791,405</u>	<u>11,060,796</u>

**17 COMMITMENTS**

The total capital commitments contracted for at the balance sheet date but not provided for in these financial statements were £nil (2018 - £nil).

**18 OPERATING LEASE COMMITMENTS**

The charity had annual operating lease commitments as follows:

	2019	2018
Within 1 year	£ 10,213	£ 12,016
Between 1 and 5 years	£ 13,618	£ 7,009

**19 RELATED PARTY TRANSACTIONS**

Accommodation sales between UJC and UJCT during the year were £ 192,875 (2018 £192,721) Room Hire sales between UJC and UJCT during the year were £ 379,073 (2018 £313,531) Food sales between UJC and UJCT during the year were £ 181,192 (2018 £239,074) and Liquor sales between UJC and UJCT during the year were £112,183 (2018 £72,949).