

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 2017

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-in-Chief: Her Majesty the Queen

Governing Council

President: Vice Admiral Sir Fabian Malbon KBE

Vice President: Lieutenant Commander N G N Ashford FCA FSI

Honorary Treasurer Mr David Cooper MBA FCA

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

Air Commodore J Linter OBE MA

Mrs R Garside

Major General Sir Iain Mackay-Dick, KCVO MBE DL

Captain T Martin OBE RN

Vice Admiral Sir David Steel KBE DL (Appointed 14 March 2017)

Mrs S V Swan

Mr H G L Tilley

Mr R Turpin

Non-Trustee Armed Services Representatives

Squadron Leader Katherine Clarkson

Chief Executive Officer:

Mr S C T Atkins

Secretary:

Mrs Renata Washington MA Resigned 4 August 2017

Mrs Zoe Nield Appointed 4 August 2017

Solicitors:

Messrs Ashurst

Broadwalk House

5 Appold Street

London

EC2A 2HA

Auditors:

Messrs Kingston Smith LLP

Devonshire House

60 Goswell Road

London

EC1M 7AD

Bankers:

Messrs Coutts & Co

440 Strand

London

WC2R 0QS

Offices of the Club:

Sandell Street

Waterloo

London

SE1 8UJ

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The Union Jack Club

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Sandell Street, Waterloo, London SE1 8UJ

**GENERAL COMMITTEE
(As at 31 December 2017)**

Warrant Officer 1 N Beer
Warrant Officer 1 T Beck
Warrant Officer 1 B Biggar
Warrant Officer 1 P Burke
Warrant Officer 1 G Haughton OBE
Warrant Officer 2 J Hill
Warrant Officer 1 T McCabe
Warrant Officer 1 J McGory
Warrant Officer 1 V Stokes
Warrant Officer 1 S Webster
Warrant Officer 1 B Wood
Mr P Houldsworth
Mr D Pearson
Mr J Ray

Warrant Officer P Bell
Warrant Officer J Cox
Warrant Officer D A Knox
Warrant Officer D Smith
Warrant Officer P Stevenson
Warrant Officer 1 D Davitt
Warrant Officer 1 E Stout
Warrant Officer A Beattle
Warrant Officer S Caterall
Warrant Officer E Evans
Warrant Officer T Dunn
Warrant Officer I Giles
Warrant Officer M Stokes

THE UNION JACK CLUB

COUNCIL'S REPORT and STRATEGIC REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2017

The Council, as the Governing Body of the 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 2017 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 17 life members on 31 December 2017, 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 14th May 2017, Vice Admiral Sir David Steel KBE DL was elected a director of the Council for a term of three years and Mr David Albert, Captain Tim Martin OBE, Air Commodore Colin Adams CBE AFC and Mr David Cooper MBA FCA, all current members of the Governing Council, were re-elected for a further term of three years.

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 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 structures of senior executives on the wider Charity workforce 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. The Charity recognises that it is, on occasion, possible to attract senior executives at a discount to public sector or private sector market rates.

Remuneration for the year ended 31 December 2017 comprised salary, performance incentive and pension contributions. 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 2017

OBJECTS AND ACTIVITIES

The objects of the Union Jack Club are to promote the welfare of serving members of the Regular, Reserve, and Auxiliary forces of the Crown, below commissioned rank, (including the associated Nursing Services), the wives, husbands and children of such members and of ex-service personnel 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 members and ex-members of the Armed Forces, their spouses 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 risk 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 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 mis-statement 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 2017

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

The Union Jack Club had a successful year with a surplus of £989,098 (2016 £998,701). The number of Members and guests staying at the Club totalling 110,833 (2016 108,302).

Improvements to the Club over the year have included the refurbishment of 4 flats, 14 double, 4 single ensuite and 34 basic single bedrooms (with shared bathroom facilities). The creation of a 23rd floor office facility, WIFI upgrade, alongside plant and IT improvements. The exterior works to stop water ingress and to replace damaged lead was completed.

Gift Aid Status allowed us to successfully claim a payment of £80,051 (2016 £77,912). The Union Jack Club also received voluntary donations of £37,231 (2016 £46,665) generously donated by members and guests during the year. We received a grant from the Army Central Fund £20,000 (2016 £50,917). All capital projects supported by the grant received during the year represent the Club's fixed assets additions which are depreciated over 5 or 10 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 £365,065 (2016 £314,429), residential services to members of £6,970,382 (2016 £5,878,296) and income generated from non-members of £1,592,513 (2016 £1,536,585). Operating expenditure consisted mainly of the provision of membership and residential services of £6,971,589 (2016 £6,487,392) and the cost of servicing non-members of £894,400 (2016 £858,137). At the end of the year the Group had net operating income of £394,425 (2016 £807,386). This surplus was £989,098 (2016 £998,701) after taking into account gains on investment assets and the actuarial change in pension liabilities.

Land and buildings have been included in the accounts at net book value of £2.03 million (2016 £2.15 million). The Council considers that the market value of the freehold land and buildings is considerably in excess of the book values. The Council has not commissioned a survey to establish current market value.

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 be in the region of 6 months operating costs, which currently equates to £4.2m.

In 2015 the Trustees made a decision to set aside £600,000 into a new designated fund to meet identified and essential repair costs to the outside of the building. These repairs commenced in 2016; the work to the lead flashing and window mastic were completed in 2017 with the aim to complete the roofs in 2018. The balance remaining in the designated fund is £331,732 (2016 £550,292).

THE UNION JACK CLUB

COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

Reserves Policy (continued)

At the 31st December 2017, the Club's total reserves amounted to £11,516,337 of which £4,298,359 was tied up in the Club's building and fixed assets and £331,732 as designated building repairs fund, shown as separate designated funds, and so not freely spendable, and the designated revaluation reserve of £1,595,616 leaving £5,290,630 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 £349,292 as at 31 December 2017. The second fund, called the 'Main Portfolio', was valued on the 31st December 2017 at £4,682,316. The Main Portfolio achieved a positive return of 14.21% compared to the benchmark inflation plus 4% (5.96%). The Main portfolio received an injection of funds during 2017 of £1,000,000. The Matching Portfolio achieved a return of 4.68% against the FTSE All Gilts TR Index (10.10%). The balance held in liquid funds has decreased from £141,435 to £115,351 which at 31st December 2017 represented 2.01% of the total portfolio value. The investment in Property Income Trust for Charities was valued at the 31st December 2017 at £518,506 a 8% increase. From August 2017 dividends were reinvested to the value of £11,997.

FUTURE PLANS

The Union Jack Club plans are to create 27 new double and 3 single ensuite rooms, create an area for secure lobby access prior to the reception, install electric bedroom door locks, repaint 16 doubles, 4 family and 3 single ensuite bedrooms, refurbish the 23rd and 2nd floor meeting rooms, refurbish 2 lifts along side plant and IT improvements during 2018.

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).

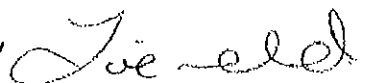
Company law required trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and the group, and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- 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 13th March 2018.

Z Nield MH
Company Secretary



13/3/18

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 2017 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 2017 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: 21/3/2018

Neil Flinlayson

Neil Flinlayson (Senior Statutory Auditor)
for and on behalf of 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 2017

	Note	Unrestricted Fund £	External Building Repairs Fund £	Total 2017 £
INCOME + ENDOWMENTS				
Donations and legacies	3	137,283	-	137,283
Trading activities	4	1,592,513	-	1,592,513
Other Income		81,760	-	81,760
Other Income - Insurance Claim	7	21,054	-	21,054
Investment Income	5	111,360	-	111,360
		<u>1,943,970</u>	<u>-</u>	<u>1,943,970</u>
Charitable Activities				
Subscriptions	6	365,065	-	365,065
Provision of residential services	6	6,162,134	-	6,162,134
		<u>8,471,169</u>	<u>-</u>	<u>8,471,169</u>
Total Operating Income				
EXPENDITURE				
Raising Funds				
Trading activities	4	894,400	-	894,400
Fundraising and publicity		72,185	-	72,185
Investment management fees		27,384	-	27,384
Finance costs		106,393	-	106,393
Finance cost of pension liability	15	6,000	-	6,000
		<u>1,106,362</u>	<u>-</u>	<u>1,106,362</u>
Charitable Activities				
Provision of membership and residential services		6,751,822	218,560	6,970,382
		<u>7,858,184</u>	<u>218,560</u>	<u>8,076,744</u>
Total Operating Expenditure				
Net Operating Income / (Expenditure)				
		612,985	(218,560)	394,425
Net gain on investment assets				
	10	579,273	-	579,273
Net Income				
		<u>1,192,258</u>	<u>(218,560)</u>	<u>973,698</u>
Actuarial gain on pension scheme				
	15	15,400	-	15,400
Gross transfer between funds				
	16	-	-	-
Net Movement In Funds				
		<u>1,207,658</u>	<u>(218,560)</u>	<u>989,098</u>
Fund balances brought forward				
1 January 2017		<u>9,976,947</u>	<u>550,292</u>	<u>10,527,239</u>
Fund balances carried forward at				
31 December 2017	17 a)	<u>11,184,605</u>	<u>331,732</u>	<u>11,516,337</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 ACTIVITES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted Fund £	External Building Repairs Fund £	Total 2016 £
INCOME + ENDOWMENTS				
Donations and legacies	3	175,494	-	175,494
Trading activities	4	1,536,585	-	1,536,585
Other Income		79,733	-	79,733
Other Income - Insurance Claim	7	830,211	-	830,211
Investment Income	5	97,991	-	97,991
		<u>2,720,014</u>	<u>-</u>	<u>2,720,014</u>
Charitable Activities				
Subscriptions	6	314,429	-	314,429
Provision of residential services	6	5,878,296	-	5,878,296
Total Operating Income		<u>8,912,739</u>	<u>-</u>	<u>8,912,739</u>
EXPENDITURE				
Raising Funds				
Trading activities	4	858,137	-	858,137
Fundraising and publicity		57,341	-	57,341
Investment management fees		21,433	-	21,433
Finance costs		97,604	-	97,604
Finance cost of pension liability	15	9,300	-	9,300
Total cost of raising funds		<u>1,043,815</u>	<u>-</u>	<u>1,043,815</u>
Charitable Activities				
Provision of membership and residential services		6,437,684	49,708	6,487,392
Other expenditure - Insurance Claim	7	574,146	-	574,146
Total Operating Expenditure	8	<u>8,055,645</u>	<u>49,708</u>	<u>8,105,353</u>
Net Operating Income		857,094	(49,708)	807,386
Net gain on investment assets	10	239,015	-	239,015
Net Income		<u>1,096,109</u>	<u>(49,708)</u>	<u>1,046,401</u>
Actuarial (loss)/gain on pension scheme	15	(47,700)	-	(47,700)
Gross transfer between funds	16	-	-	-
Net Movement in Funds		<u>1,048,409</u>	<u>(49,708)</u>	<u>998,701</u>
Fund balances brought forward				
1 January 2016		<u>8,928,538</u>	<u>600,000</u>	<u>9,528,538</u>
Fund balances carried forward at				
31 December 2016	17 a)	<u>9,976,947</u>	<u>550,292</u>	<u>10,527,239</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.

THE UNION JACK CLUB
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Club		Group	
		2017 £	as restated 2016 £	2017 £	2016 £
Fixed Assets					
Tangible assets	9	4,922,359	5,215,561	4,922,359	5,215,561
Investments	10	5,550,112	3,908,293	5,550,110	3,908,291
		<u>10,472,471</u>	<u>9,123,854</u>	<u>10,472,469</u>	<u>9,123,852</u>
Current Assets					
Stocks	11	42,581	51,421	57,352	63,820
Debtors	12	954,130	534,075	410,449	548,940
Cash at bank and in hand		964,365	1,903,380	2,245,025	2,599,203
		<u>1,961,076</u>	<u>2,488,876</u>	<u>2,712,826</u>	<u>3,211,963</u>
Liabilities					
Creditors: Amounts falling due within one year	13	(1,341,170)	(1,460,988)	(1,391,310)	(1,502,826)
Net Current Assets		<u>619,906</u>	<u>1,027,888</u>	<u>1,321,516</u>	<u>1,709,137</u>
Debtors: Amount falling due after more than one year:					
Other Debtors	14	1,150	4,750	1,150	4,750
Total Assets less Current Liabilities		<u>11,093,527</u>	<u>10,156,412</u>	<u>11,795,135</u>	<u>10,837,739</u>
Creditors: Amounts falling due after more than one year:					
Discretionary pension provision	15	(278,800)	(310,500)	(278,800)	(310,500)
Net Assets		<u>10,814,727</u>	<u>9,845,992</u>	<u>11,516,335</u>	<u>10,527,239</u>
Accumulated Funds					
Unrestricted Funds:					
Designated Revaluation reserve	16	1,595,616	1,280,700	1,595,616	1,280,700
Designated Fixed Asset reserve	16	4,298,359	4,513,561	4,298,359	4,513,561
Designated External Building Repairs reserve	16	331,732	550,292	331,732	550,292
Income and expenditure reserve	16	4,589,022	3,501,439	5,290,630	4,182,686
	17 a)	<u>10,814,729</u>	<u>9,845,992</u>	<u>11,516,337</u>	<u>10,527,239</u>

The financial statements were approved and authorised for issue by the Governing Council of The Union Jack Club on 13th March 2018 and were signed below on its behalf by:

President
 Vice Admiral Sir Fabian Malbon KBE

Honorary Treasurer
 Mr David Cooper MBA, FCA

THE UNION JACK CLUB
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Cash flow from operating activities		
Net cash provided by operating activities	<u>1,174,835</u>	<u>1,541,141</u>
Cash flows from investing activities		
Investment income and interest received	111,360	97,991
Finance costs	(106,393)	(97,604)
Decrease in cash held by investment manager	26,084	65,476
Proceeds from disposal of fixed asset investments	638,086	1,089,573
Acquisition of fixed asset investments	(1,726,720)	(1,353,203)
Payments to acquire tangible fixed assets	<u>(471,430)</u>	<u>(519,131)</u>
	<u>(1,529,017)</u>	<u>(716,898)</u>
Net increase in cash and cash equivalents	(354,178)	824,243
Cash and cash equivalents at beginning of year	<u>2,599,203</u>	<u>1,774,960</u>
Cash and cash equivalents at end of year	<u>2,245,025</u>	<u>2,599,203</u>

Reconciliation of net income to net cash flow from operating activities

	2017	2016
	£	£
Net income	989,098	998,701
Adjustments for:		
Less investment income	(111,360)	(97,991)
Add finance costs	106,393	97,604
Add depreciation and disposal of tangible fixed assets	764,631	736,123
Less gain on Investment assets	(579,273)	(239,015)
Add Pension provision adjustment	(31,700)	34,400
Decrease / (Increase) in stocks	6,468	(12,737)
Decrease / (Increase) in debtors	142,094	(194,370)
(Decrease) / Increase in creditors	<u>(111,516)</u>	<u>218,426</u>
Net cash provided by operating activities	<u>1,174,835</u>	<u>1,541,141</u>

THE UNION JACK CLUB

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 £1,000 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	50 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 2017

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 2017

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 15a .

3 DONATIONS, GIFTS AND LEGACIES

a)	Unrestricted £	Restricted £	2017 £
Individual Donations	37,231	-	37,231
Legacies	-	-	-
Gift Aid Claim On Subs & Donations	80,051	-	80,051
Service non-public funds	20,000	-	20,000
	<u>137,283</u>	<u>-</u>	<u>137,283</u>
b)	Unrestricted £	Restricted £	2016 £
Individual Donations	46,665	-	46,665
Legacies	-	-	-
Gift Aid Claim On Subs & Donations	77,912	-	77,912
Service non-public funds	50,917	-	50,917
	<u>175,494</u>	<u>-</u>	<u>175,494</u>

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017	as restated 2016
	£	£
Turnover	1,592,513	1,536,585
Cost of sales	<u>(890,610)</u>	<u>(854,271)</u>
Gross profit	701,902	682,314
Administration expenses	(3,789)	(3,865)
Operating profit	<u>698,113</u>	<u>678,449</u>
Other income	3,494	2,799
Profit on Ordinary Activities before taxation	701,607	681,248
Tax on Profit on Ordinary Activities	-	-
Retained earnings brought forward	681,248	644,247
Gift Aid Distribution to The Union Jack Club	<u>(681,248)</u>	<u>(644,247)</u>
Retained earnings carried forward	<u><u>701,607</u></u>	<u><u>681,248</u></u>

The Union Jack Club's trading activities include an amount of £867,369 (2016 - £829,362) 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 £894,400 (2016 - £858,137) is also included which comprises cost of sales and administration expenses.

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

	2017	2016
	£	£
UK listed	82,503	50,881
Overseas listed	<u>24,668</u>	<u>40,793</u>
	107,171	91,673
UK bank deposit interest	4,189	6,318
	<u>111,360</u>	<u>97,991</u>
Total for the Group	<u><u>111,360</u></u>	<u><u>97,991</u></u>

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

6	INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2017	2016
		£	£
	Subscriptions	365,065	314,429
	Provision of residential services		
	Accommodation	4,309,765	4,117,588
	Catering and bar sales	1,852,369	1,760,708
		<u>6,527,199</u>	<u>6,192,725</u>

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

7	INSURANCE CLAIM	2017	2016
		£	£
	Other Income - Insurance Claim	21,054	830,211
	Other Expenditure - Insurance Claim	-	(574,146)
		<u>21,054</u>	<u>256,065</u>

8	RESOURCES EXPENDED			
		Staff Costs £	Other £	Depreciation £
				Total 2017 £
a)	EXPENDITURE ON RAISING FUNDS	2017		
	Trading activities	-	894,400	-
	Fundraising and publicity	-	72,185	-
	Investment management fees	-	27,384	-
	Finance costs	-	106,393	-
	Finance cost of pension liability	-	6,000	-
		<u>-</u>	<u>1,106,362</u>	<u>-</u>
	EXPENDITURE ON CHARITABLE ACTIVITIES			
	Provision of membership and residential services	4,293,302	1,715,874	742,646
	External Repairs	-	218,560	-
	Total Operating Expenditure	<u>4,293,302</u>	<u>3,040,796</u>	<u>742,646</u>

		Staff Costs £	Other £	Depreciation £	Total 2016 £
b)	EXPENDITURE ON RAISING FUNDS	2016			
	Trading activities	-	858,137	-	858,137
	Fundraising and publicity	-	57,341	-	57,341
	Investment management fees	-	21,433	-	21,433
	Finance costs	-	97,604	-	97,604
	Finance cost of pension liability	-	9,300	-	9,300
		<u>-</u>	<u>1,043,815</u>	<u>-</u>	<u>1,043,815</u>
	EXPENDITURE ON CHARITABLE ACTIVITIES				
	Provision of membership and residential services	4,022,385	1,688,991	726,308	6,437,684
	Other Expenditure - Insurance Claim		574,146		574,146
	External Repairs	-	49,708	-	49,708
	Total Operating Expenditure	<u>4,022,385</u>	<u>3,356,660</u>	<u>726,308</u>	<u>8,105,353</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 2017

c) ANALYSIS OF SUPPORT COSTS

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

	2017	2016
	£	£
Administration staff costs	631,155	567,774
Legal and other professional	<u>36,208</u>	<u>26,549</u>
	<u><u>667,363</u></u>	<u><u>594,323</u></u>

Basis of allocation:

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

d) STAFF COSTS

	2017	2016
	£	£
Wages and salaries	3,877,126	3,637,244
Pension contributions	85,947	87,007
Employer's National Insurance Contributions	<u>330,229</u>	<u>298,134</u>
Club staff costs	<u><u>4,293,302</u></u>	<u><u>4,022,385</u></u>

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

	2017	2016
	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	<u>1</u>	<u>-</u>
	<u><u>3</u></u>	<u><u>3</u></u>

During the year, contributions to money purchase pension schemes totalled £22,098 in respect of two higher paid employees (2016 - £25,023 in respect of three employees).

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

	2017	2016
	No.	No.
Management and Administration	11	10
Union Jack Club staff	<u>156</u>	<u>154</u>
	<u><u>167</u></u>	<u><u>164</u></u>

Note: On average 123 of the 167 employees were Permanent Staff (2016 - 111 of the 164 employees were Permanent staff)

e) TRUSTEES AND KEY MANAGEMENT PERSONNEL

No trustee received emoluments in the period (2016 - £NIL). Total travel expenses of £2,891 (2016 - £2,846) were paid to 9 (2016 - 9) 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 £367,877 (2016 £337,819).

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

9 TANGIBLE FIXED ASSETS	Club		
	Freehold Land and Buildings	Furniture, Fittings and Equipment	Total
Group and Charity			
Cost	£	£	£
At 1 January 2017	6,192,548	5,200,191	11,392,738
Additions	-	471,430	471,430
Disposals	-	(65,643)	(65,643)
Removal of fully depreciated assets	-	(307,588)	(307,588)
At 31 December 2017	<u>6,192,548</u>	<u>5,298,390</u>	<u>11,490,938</u>
Depreciation			
At 1 January 2017	4,038,261	2,138,917	6,177,178
Charge for the year	123,840	618,806	742,646
Disposals	-	(43,658)	(43,658)
Removal of fully depreciated assets	-	(307,588)	(307,588)
At 31 December 2017	<u>4,162,101</u>	<u>2,406,477</u>	<u>6,568,578</u>
Net Book Value			
At 31 December 2017	<u>2,030,447</u>	<u>2,891,913</u>	<u>4,922,359</u>
At 31 December 2016	<u>2,154,287</u>	<u>3,061,274</u>	<u>5,215,561</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 are included in the financial statements at the Council's valuation of £3.9m. 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 2017

10 FIXED ASSET INVESTMENTS	2017	2016		
	£	£		
Group				
Investments at market value:				
At 1 January	3,766,856	3,264,211		
Additions	1,726,720	1,353,203		
Disposals	(638,086)	(1,089,573)		
Net realised gains on disposal	38,202	190,448		
Net unrealised investment gains	<u>541,071</u>	<u>48,567</u>		
	5,434,763	3,766,856		
Cash held by investment manager	<u>115,349</u>	<u>141,435</u>		
	5,550,112	3,908,291		
At 31 December	<u><u>5,550,112</u></u>	<u><u>3,908,291</u></u>		
Investments comprise:				
UK equities and funds	2,470,062	1,784,617		
Overseas equities	2,964,701	1,982,239		
Cash held	<u>115,349</u>	<u>141,435</u>		
	<u>5,550,112</u>	<u>3,908,291</u>		
	<u><u>5,550,112</u></u>	<u><u>3,908,291</u></u>		
Historical cost at 31 December	<u>4,463,147</u>	<u>3,188,156</u>		
	<u><u>4,463,147</u></u>	<u><u>3,188,156</u></u>		
Club				
As above	5,550,112	3,908,291		
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>		
	<u>5,550,114</u>	<u>3,908,293</u>		
	<u><u>5,550,114</u></u>	<u><u>3,908,293</u></u>		
11 STOCKS	Club		Group	
	2017	2016	2017	2016
	£	£	£	£
Shop	-	-	14,771	12,399
Catering	13,654	19,010	13,654	19,010
Bar	<u>28,927</u>	<u>32,411</u>	<u>28,927</u>	<u>32,411</u>
	<u>42,581</u>	<u>51,421</u>	<u>57,352</u>	<u>63,820</u>
	<u><u>42,581</u></u>	<u><u>51,421</u></u>	<u><u>57,352</u></u>	<u><u>63,820</u></u>

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

12 DEBTORS	Club		Group	
	as restated			
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	64,954	40,659	113,202	74,264
Amounts owed by subsidiary	591,929	18,739	-	-
Other debtors	27,790	29,531	27,790	29,531
Prepayments	269,457	445,146	269,457	445,146
	<u>954,130</u>	<u>534,075</u>	<u>410,449</u>	<u>548,940</u>

13 CREDITORS: Amounts falling due within one year	Club		Group	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	230,373	400,870	240,885	405,525
Other creditors	10,238	12,007	10,238	12,007
Other tax and social security creditors	334,782	320,879	371,326	354,312
Accruals and deferred income	765,777	727,232	768,862	730,982
	<u>1,341,170</u>	<u>1,460,988</u>	<u>1,391,310</u>	<u>1,502,826</u>

14 DEBTORS: Amounts falling due after more than one year	Club		Group	
	2017	2016	2017	2016
	£	£	£	£
Other Debtors	1,150	4,750	1,150	4,750
	<u>1,150</u>	<u>4,750</u>	<u>1,150</u>	<u>4,750</u>

15 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	2017	2016	2015	2014
Price inflation	3.0%	3.0%	3.1%	3.1%
Discount rate	2.0%	2.0%	3.5%	3.3%
Pension increases	3.0%	3.0%	3.1%	3.1%

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 2017

15 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 2017:

	2017	2016
	£	£
Gross pension liability at start of year	(310,500)	(276,100)
Pensions paid	22,300	22,600
Interest on gross pension liability	(6,000)	(9,300)
Actuarial gain / (loss)	<u>15,400</u>	<u>(47,700)</u>
	<u><u>(278,800)</u></u>	<u><u>(310,500)</u></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>(6,000)</u>	<u>(9,300)</u>
Actuarial gain / (loss)	<u>15,400</u>	<u>(47,700)</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 2017 there were 70 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.

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

16 MOVEMENT ON RESERVES

	Revaluation Reserve	Income and Expenditure Reserve	Fixed Asset Designated Fund	Restricted Fund	External Building Repairs Designated Fund	Total
	£	£	£	£	£	£
At 1 January 2017	1,280,700	4,182,686	4,513,561	-	550,292	10,527,239
Surplus / (Deficit) for the year	-	596,685		-	(218,560)	378,125
Net Gains and transfers	314,916	511,259	(215,202)	-	-	610,973
At 31 December 2017	1,595,616	5,290,630	4,298,359	-	331,732	11,516,337

Included in the income and expenditure reserve is a pension liability of £278,800 (2016 - £310,500).

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 2015 Trustees made the decision to formally recognise the monies committed to external building repairs as designated fund. A transfer was made from unrestricted general funds to reflect this.

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

17 ANALYSIS OF NET ASSETS BY FUND

a) 2017	Revaluation	Income and	Restricted	Fixed Asset	External	2017 Total
	Reserve	Expenditure	Fund	Designated	Building Repairs	
	£	Reserve	£	Fund	Designated	
Tangible fixed assets	624,000	-	-	4,298,359	-	4,922,359
Investments	971,616	4,578,496	-	-	-	5,550,112
Net assets	-	989,784	-	-	331,732	1,321,516
Debtors > One Year	-	1,150	-	-	-	1,150
Creditors > One Year	-	(278,800)	-	-	-	(278,800)
	<u>1,595,616</u>	<u>5,290,630</u>	<u>-</u>	<u>4,298,359</u>	<u>331,732</u>	<u>11,516,337</u>

b) 2016	Revaluation	Income and	Restricted	Fixed Asset	External	2016 Total
	Reserve	Expenditure	Fund	Designated	Building Repairs	
	£	Reserve	£	Fund	Designated	
Tangible fixed assets	702,000	-	-	4,513,561	-	5,215,561
Investments	578,700	3,329,591	-	-	-	3,908,291
Net assets	-	1,158,845	-	-	550,292	1,709,137
Debtors > One Year	-	4,750	-	-	-	4,750
Creditors > One Year	-	(310,500)	-	-	-	(310,500)
	<u>1,280,700</u>	<u>4,182,686</u>	<u>-</u>	<u>4,513,561</u>	<u>550,292</u>	<u>10,527,239</u>

18 COMMITMENTS

The total capital commitments contracted for at the balance sheet date but not provided for in these financial statements were £nil (2016 - £15,198).

19 OPERATING LEASE COMMITMENTS

The charity had annual operating lease commitments as follows:

	2017		2016	
Within 1 year	£	12,016	£	15,031
Between 1 and 5 years	£	31,041	£	43,056

20 RELATED PARTY TRANSACTIONS

Accommodation sales between UJC and UJCT during the year were £301,919 (2016 £299,631), Room Hire sales between UJC and UJCT during the year were £275,326 (2016 £254,098), Food sales between UJC and UJCT during the year were £223,498 (2016 £210,064) and Liquor sales between UJC and UJCT during the year were £66,626 (2016 £66,568).

21 PRIOR YEAR ADJUSTMENT

The accounts have been restated as a result of the recent interpretation of FRS 102 clarified by the Financial Reporting Council which has resulted in the annual gift aid payment being treated as a distribution from equity. The impact of this is that the Club 2016 income and expenditure reserve has decreased by £681,248 and 2016 debtors falling due within one year (amounts owed by subsidiary) has reduced by the same amount.