

Charity Registration No. 236745

Company Registration No. 816310 (England and Wales)

**POLISH SOCIAL AND CULTURAL ASSOCIATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

POLISH SOCIAL AND CULTURAL ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	K. Bell Dr L. Bojanowski Dr A. Formaniak P. Kaczmarwski J. Krupa	(Appointed 27 January 2018)
	Dr O.R. Lalko J Mludzinska (Chair) P. Pastuszek R. Wisniowski M. Wrona A. M. Zakrzewski	
Secretary	A. M. Zakrzewski	
Charity number	236745	
Company number	816310	
Registered office	238-246 King Street London W6 0RF	
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom	
Bankers	Barclays Bank Plc Barclays Business West London 153 Chiswick High Road London W4 2EA	
Solicitors	Bates Wells Braithwaite LLP 10 Queen Street Place London EC4A 1BE	

POLISH SOCIAL AND CULTURAL ASSOCIATION

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POLISH SOCIAL AND CULTURAL ASSOCIATION

Trustees' Annual Report (Including Directors' Report)

For the year ended 31 December 2018

The Trustees submit their report and the audited financial statements for the year ended 31 December 2018 for the Polish Social and Cultural Association ("POSK" or the "Charitable Company" or the "Charity"). These financial statements are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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

Reference and administrative details

POSK is a company limited by guarantee (number 816310) and a registered charity (number 236745), governed by its memorandum and articles of association incorporated 19 August 1964 and amended by special resolutions on 20 July 1965, 5 July 1966, 15 April 1971 and 22 October 1983. Each member has provided a guarantee up to a limit of £1 each.

Directors and Trustees:

K. Bell
Dr L. Bojanowski
Dr A. Formaniak
P. Kaczmarek
J. Krupa (appointed 27 January 2018)
Dr O. R. Lalko
J. Mludzinska (Chair)
P. Pastuszek
R. W. Tobiasiewicz (resigned 19 May 2018)
R. Wisniowski
M. Wrona
A. M. Zakrzewski

Objectives and activities

The overall objectives of POSK can be summarised as follows:

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

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

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The activities carried out on a regular basis are:

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

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

Achievements and performance

The cultural objectives of POSK continue to be realised through the provision of a wide-ranging programme of drama, poetry, music, films and exhibitions of paintings and sculpture. 2018 was a year largely given over to celebrating the centenary of Poland's regaining independence, with special exhibitions (in English and Polish), concerts, theatre productions and literary and discussion events.

POSK's Cultural Committee presented its sixth production of opera by the celebrated Polish composer Stanislaw Moniuszko, which has now become a popular annual event. These productions bring together a team of conductor, director, designer, soloists, orchestra and choirs of both Polish and non-Polish backgrounds, some resident in the UK and others in Poland. With the provision of English surtitles, they help to promote Polish music and culture both within and outside the Polish community.

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

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

In 2018 POSK was also part of Open House London during which over 200 people visited the POSK building and were given guided tours and given the opportunity to attend POSK events and exhibitions.

POSK provides a venue for many literary evenings such as book launches and discussions, organised mainly by the Polish Library, as well as celebrations in connection with anniversaries of

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historical events. The theatre and other halls as well as the restaurants and bars in the building drew many guests for numerous social meetings and dances.

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

During 2018, POSK welcomed over 43,000 visitors at over 300 events, of which over 100 were specifically for Polish audiences. This number can easily be doubled if all those who have visited the library, Polish passport point, art gallery, restaurants, café, and bars in the past year are included.

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

The Welfare Committee, which has drawn together a group of younger members of the Polish community who want to provide support for those with greater needs, has continued and developed its work in 2018.

The planned goal of building residential property for rent on the empty site adjoining to and belonging to the Centre at 3 Ravenscourt Avenue is now close to completion. Construction began in the autumn of 2017 and was very close to completion by the end of 2018. It is expected that the four flats will be ready to rent out in the spring of 2019.

Volunteers

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

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

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

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

Structure, Governance and Management

The key management personnel of POSK comprise the trustees only. Whilst some staff manage the day to day affairs of POSK all strategic decisions are taken by the trustees who are directly involved in its running.

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

The Council comprises 51 members of POSK who are elected at General Meetings of POSK. A Chair is elected at POSK's Annual General Meeting. At the first Council meeting after the Annual General Meeting, an Executive Committee is proposed by the Chair, and confirmed by the Council.

Members of the Executive Committee who acted as the Trustees and Directors of POSK in 2018, are listed earlier in this report.

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

The Trustees formulate Strategy and Policy, delegating the day to day running of POSK to its employees. Certain Trustees who possess specialised skills or knowledge also act in an executive capacity whenever necessary.

At each Annual General Meeting, under the Articles of Association, one third of the members of the Council retire and, being eligible, may offer themselves for re-election. All members of the Executive Committee of the Council, with the exception of the Secretary, retire from the Executive Committee and, being eligible, may offer themselves for re-election to the Executive Committee at the first meeting of the Council following the Annual General Meeting. New members appointed to the Executive Committee are listed in this report.

The Council meets quarterly, but the Executive Committee, which includes chairs of specialist committees, meets monthly to review and take decisions about POSK's activities.

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

Financial review

Income generation

Total income for POSK in 2018 was £974,135 (2017 - £1,413,654).

POSK's income is very volatile due to donations and bequests. According to note 3, in 2018, total income from donations and legacies was £104,314 (2017 - £498,149). This included £7,843 from bequests (2017 - £6,833).

During the year POSK received £60,000 from the POSK Foundation (2017 - £460,000) and £214,693 in investment income (2017 - £225,095). The Directors would like to thank the POSK Foundation for its continuing support. The relatively high level of investment income shows the results of the Trustees' policy of finding new revenue streams which do not impact materially on POSK's charitable activities.

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

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

Resources expended

Resources expended on charitable activities and governance costs in 2018 were £1,005,669 (2017 - £971,641). The Trustees are pleased that the costs of POSK remain relatively under control.

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

A deficit of (£294,033) (2017 - surplus of £444,006) was recorded on the Statement of Financial Activities for the year. The majority of the deficit in 2018 is represented by the unrealised loss on

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revaluation of POSK's investment property (see note 15). Since it is not POSK's intention to sell any of its UK investment property this loss on revaluation has little effect on POSK's long – term sustainability.

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

Changes in fixed assets

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

Reserves Policy and Going Concern

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

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

POSK's reserves amount to £7,604,969 (2017 - £7,899,002) of which £nil is restricted (2017 – £nil). Given the future cash flow projections of POSK and resources available to it the Trustees consider the risk of its not being a going concern to be minimal.

Plans for future periods

The Trustees are continuing to implement strategies to put POSK on a sound financial footing so that future generations may benefit from its facilities. Property bequeathed to POSK in Warsaw should be sold in the coming year providing funds for investment in the fabric of POSK.

The development of residential property at 3 Ravenscourt Avenue will provide reliable regular income to supplement POSK's current income streams and allow it to become reasonably self-sufficient, freeing up any income received from time to time in the form of donations or bequests for use on furthering its social and cultural activities.

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

Investments

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

During the year to 31 December 2018 POSK has continued to benefit from a high level of rental income and the occupancy of its UK investment property remains at almost 100%. Whilst the capital value of POSK's Investment Property has decreased due to a general fall in London property values

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POSK has no intention on selling any UK Investment Property and this decrease will have no effect on future rental streams.

Charity's Public Benefit

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

Risk management

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

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

The principal risks and uncertainties facing POSK are

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

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

Trustees' Declaration

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

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

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Auditors

A resolution to appoint H W Fisher and Company as the Charity's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board of Trustees

J Mludzinska (Chair)
Trustee

Date: 21st March 2019

POLISH SOCIAL AND CULTURAL ASSOCIATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLISH SOCIAL AND CULTURAL ASSOCIATION

Opinion

We have audited the financial statements of Polish Social and Cultural Association (the 'Charity') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

POLISH SOCIAL AND CULTURAL ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLISH SOCIAL AND CULTURAL ASSOCIATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLISH SOCIAL AND CULTURAL ASSOCIATION

Use of our report

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 we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Rich (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

28 March 2019

POLISH SOCIAL AND CULTURAL ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

		Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Unrestricted funds 2017 £	Restricted funds 2017 £	Total 2017 £
	Notes						
Income from:							
Donations and legacies	3	93,204	11,110	104,314	487,016	11,133	498,149
Charitable activities	4	630,510	24,618	655,128	666,397	24,013	690,410
Investments	5	214,693	-	214,693	225,095	-	225,095
Total income		938,407	35,728	974,135	1,378,508	35,146	1,413,654
Expenditure on:							
Raising funds	6	12,378	-	12,378	21,348	-	21,348
Charitable activities	7	846,724	158,945	1,005,669	824,428	147,213	971,641
Total resources expended		859,102	158,945	1,018,047	845,776	147,213	992,989
Net (outgoing)/ incoming resources before gains/(losses) on investments		79,305	(123,217)	(43,912)	532,732	(112,067)	420,665
Net gains/(losses) on investments	11	(250,121)	-	(250,121)	23,341	-	23,341
Net (outgoing)/ incoming resources before transfers		(170,816)	(123,217)	(294,033)	556,073	(112,067)	444,006
Gross transfers between funds		(123,217)	123,217	-	(109,723)	109,723	-
Net movement in funds		(294,033)	-	(294,033)	446,350	(2,344)	444,006
Fund balances at 1 January 2018		7,899,002	-	7,899,002	7,452,652	2,344	7,454,996
Fund balances at 31 December 2018		7,604,969	-	7,604,969	7,899,002	-	7,899,002

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

All income and expenditure derive from continuing activities.

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

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BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13	2,044,939		1,993,854	
Investment properties	15	4,958,661		4,820,530	
Investments	16	62,741		77,164	
		<u>7,066,341</u>		<u>6,891,548</u>	
Current assets					
Debtors	17	316,239		183,324	
Cash at bank and in hand		594,653		1,214,121	
		<u>910,892</u>		<u>1,397,445</u>	
Creditors: amounts falling due within one year	19	<u>(372,264)</u>		<u>(389,991)</u>	
Net current assets		538,628		1,007,454	
Total assets less current liabilities		<u>7,604,969</u>		<u>7,899,002</u>	
Income funds					
Unrestricted funds		7,604,969		7,899,002	
		<u>7,604,969</u>		<u>7,899,002</u>	

The financial statements were approved by the Trustees on 21 March 2019

J Mludzinska (Chair)
Trustee

Company Registration No. 816310

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(337,959)		291,521
Investing activities					
Purchase of tangible fixed assets		(122,373)		(130,605)	
Purchase of investment property		(385,457)		(130,908)	
Proceeds on disposal of investment property		11,628		258,933	
Purchase of other investments		-		(3,000)	
Investment income		214,693		225,095	
Net cash (used in)/generated from investing activities			(281,509)		219,515
Financing activities					
Repayment of borrowings		-		(45,233)	
Net cash used in financing activities			-		(45,233)
Net (decrease)/increase in cash and cash equivalents			(619,468)		465,803
Cash and cash equivalents at beginning of year			1,214,121		748,318
Cash and cash equivalents at end of year			594,653		1,214,121

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Charity information

Polish Social and Cultural Association ("POSK" or "The Charity") is a company limited by guarantee incorporated in England and Wales. The registered office is 238-246 King Street, London, W6 0RF.

1.1 Accounting convention

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

The financial statements have been prepared under the historical cost convention, modified to include investment properties and listed investments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Charitable funds

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

Restricted funds are donations where the donor has specified are to be solely used for particular areas of the Charity's work or for specific artistic projects being undertaken by the Charity.

1.4 Incoming resources

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

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

The value of services provided by volunteers has not been included in these accounts.

Investment income is included when receivable.

Incoming resources from charitable trading activities are accounted for when earned.

Interest on funds on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Resources expended

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

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

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

All support costs are allocated to the one charitable activity of Polish social and cultural activities.

1.6 Tangible fixed assets

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

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

Freehold buildings	1% per annum on cost
Fixtures, fittings & equipment	10-25% per annum on written down values

Freehold land is not depreciated.

Freehold buildings are subject to an annual impairment review and any impairment is taken to the statement of financial activities.

1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

The trustees take advice from relevant professionals (chartered surveyors and estate agents) when determining the value of the investment properties. Any unrealised gains or losses are shown on the face of the Statement of Financial Activities.

1.8 Heritage assets

Heritage assets are only capitalised if they have been purchased or if a market value is available at the time of receipt.

1.9 Fixed asset investments

Investments in shares are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed as incurred.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Impairment of fixed assets

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

1.11 Cash and cash equivalents

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

1.12 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.13 Employee benefits

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

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

1.14 Retirement benefits

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

1.15 Foreign exchange

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

1.16 Consolidation

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

2 Critical accounting estimates and judgements

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

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

The main source of judgement used in the preparation of the financial statements relates to the valuation of Investment Property. Details of the estimates used can be found in note 15 of the financial statements.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Donations and legacies

	Unrestricted funds general 2018 £	Restricted funds 2018 £	Total 2018 £	Unrestricted funds general 2017 £	Restricted funds 2017 £	Total 2017 £
Donations and gifts	93,204	11,110	104,314	487,016	11,133	498,149
Donations and gifts						
Bequests to POSK	6,443	-	6,443	5,833	-	5,833
Donation from POSK Foundation	60,000	-	60,000	460,000	-	460,000
Other donations and membership subscriptions	26,761	4,384	31,145	21,183	5,587	26,770
Bequests to Library	-	1,400	1,400	-	1,000	1,000
Other donations	-	5,326	5,326	-	4,546	4,546
	93,204	11,110	104,314	487,016	11,133	498,149

4 Charitable activities

	Facilities, Arts Centre, Theatre and Jazz Cafe 2018 £	Facilities, Arts Centre, Theatre and Jazz Cafe 2017 £
Charitable rental income	383,531	377,749
Facilities, Arts Centre, Theatre and Jazz Café	271,597	312,661
	655,128	690,410
Analysis by fund		
Unrestricted funds - general	630,510	666,397
Restricted funds	24,618	24,013
	655,128	690,410

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Investments

	Unrestricted funds general 2018 £	Unrestricted funds general 2017 £
Rental income	204,224	216,749
Income from shares and other investments	10,469	8,346
	<u>214,693</u>	<u>225,095</u>

6 Raising funds

	Unrestricted funds general 2018 £	Unrestricted funds general 2017 £
Investment management costs	12,378	21,348
	<u>12,378</u>	<u>21,348</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Charitable activities

	Polish social and cultural activities	Polish social and cultural activities
	2018	2017
	£	£
Staff costs	353,527	335,520
Depreciation and impairment	71,288	67,187
Legal and professional fees	9,781	10,010
Printing, postage and stationery	5,402	7,594
Costs of Jazz Cafe events	25,154	29,025
Other expenses	344,464	335,247
Bad debts written off / (back)	11,379	15,596
Foreign exchange currency movements	646	(9,697)
Speakers and performers' fees and expenses	55,059	56,247
Grants payable	11,442	11,889
	<u>888,142</u>	<u>858,618</u>
Share of support costs (see note 8)	104,909	97,772
Share of governance costs (see note 8)	12,618	15,251
	<u>1,005,669</u>	<u>971,641</u>
Analysis by fund		
Unrestricted funds - general	846,724	824,428
Restricted funds	158,945	147,213
	<u>1,005,669</u>	<u>971,641</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Support costs

	Support costs £	Governance costs £	2018 £	Support costs £	Governance costs £	2017 £
Staff costs	55,474	-	55,474	54,260	-	54,260
Printing, postage and stationery	21,248	-	21,248	12,217	-	12,217
Other support costs	24,800	-	24,800	27,712	-	27,712
Irrecoverable VAT	3,387	-	3,387	3,583	-	3,583
Audit fees	-	8,500	8,500	-	8,500	8,500
Accountancy	-	4,118	4,118	-	6,751	6,751
	<u>104,909</u>	<u>12,618</u>	<u>117,527</u>	<u>97,772</u>	<u>15,251</u>	<u>113,023</u>
Analysed between						
Charitable activities	<u>104,909</u>	<u>12,618</u>	<u>117,527</u>	<u>97,772</u>	<u>15,251</u>	<u>113,023</u>

Governance costs includes payment to the auditors of £8,500 (2017: £8,500) for audit fees and £1,113 (2017: £3,098) for other services.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the year. Two trustees were reimbursed expenses in connection with visiting the Frascati property in Poland, performing duties on behalf of the Charity. These amounted to £1,064 in the year (2017: £682) for accommodation and travel. During the year, the Charity paid a sum of £1,200 (2017: £1,200) in respect of trustee indemnity insurance on behalf of the trustees.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Employees

Number of employees

The average monthly head count was 24 staff (2017: 26) and the average monthly number of full time equivalent employees (including casual and part time staff) during the year were as follows:

	2018 Number	2017 Number
House	10	10
Library	7	7
	<u>17</u>	<u>17</u>

Employment costs

	2018 £	2017 £
Wages and salaries	377,510	358,522
Social security costs	27,991	27,267
Other pension costs	3,500	3,991
	<u>409,001</u>	<u>389,780</u>

The key management personnel of the Charity comprise the trustees only. Whilst some staff manage the day to day affairs of the Charity all strategic decisions are taken by the trustees who are directly involved in the running of the Charity.

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

11 Net gains/(losses) on investments

	Unrestricted funds general 2018 £	Unrestricted funds general 2017 £
Revaluation of investments	(14,423)	(5,592)
Revaluation of investment properties (see note 15)	(227,326)	-
Gain/(loss) on sale of investment properties	(8,372)	28,933
	<u>(250,121)</u>	<u>23,341</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Taxation

As a Charity, the Polish Social and Cultural Association Limited is exempt from UK tax on income and gains to the extent that these are applied to its charitable objects. No UK tax charges have arisen in the Charity, during the year or the previous year.

Polish tax authorities had refused to recognise POSK as a Charity and POSK has been required to pay tax on the rental income on the investment property at Frascati 4. POSK has received a favourable tax ruling and may no longer subject to paying Polish tax however in the light of the UK's exit from the European Union the matter continues to be inherently uncertain. A provision of £177,046 has been set against the value of the property.

13 Tangible fixed assets

	Freehold buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2018	2,535,208	926,406	3,461,614
Additions	28,537	93,836	122,373
	<hr/>	<hr/>	<hr/>
At 31 December 2018	2,563,745	1,020,242	3,583,987
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 January 2018	860,683	607,077	1,467,760
Depreciation charged in the year	25,637	45,651	71,288
	<hr/>	<hr/>	<hr/>
At 31 December 2018	886,320	652,728	1,539,048
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2018	1,677,425	367,514	2,044,939
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,674,525	319,329	1,993,854
	<hr/>	<hr/>	<hr/>

The Polish Centre at 238-246 King Street, Hammersmith, London, W6 0RF, is included in the accounts at cost however the market value would be substantially higher. The value for insurance purposes was approximately £14m. All assets are used for charitable purposes.

14 Heritage assets

The Charity has been bequeathed, over a number of years, artefacts of cultural and historical significance. These include furniture, paintings, books and sculptures. Due to the unique and specific nature of the artefacts and the context in which they were bequeathed there is no readily ascertainable market value and it has not been sought to attribute one within the financial statements. These assets are therefore included at £nil and it is not practical to provide a five-year summary for the reporting periods prior to 1 January 2018.

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

The ownership of the contents of the Central Circulating Library and Polish Library was vested in the Charity by the British Government with effect from 1 April 1967 and 1 August 1967 respectively. The value of these has not been ascertained and has not been brought into the accounts at 31 December 2018.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Investment property

2018
as restated
£

Fair value

At 1 January 2018	(see note 25)	4,820,530
Additions		385,457
Disposals		(20,000)
Net gains or losses through fair value adjustments		(227,326)
At 31 December 2018		<u>4,958,661</u>

Movement on investment property - 2018

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

Movement on investment property - 2017

	Market value at 1 January 2017	Additions / (disposals)	Change in value in the year	Market value at 31 December 2017
9 Ravenscourt Avenue	1,525,000	-	-	1,525,000
Property in Poland (Frascati 4) - see note below	744,622	-	-	744,622
238 A and B King Street	2,400,000	-	-	2,400,000
Flat 3 Oakhurst Court, Cheltenham	250,000	(268,000)	38,000	20,000
3 Ravenscourt Avenue	130,908	130,908	-	130,908
Total	<u>4,919,622</u>	<u>(137,092)</u>	<u>38,000</u>	<u>4,820,530</u>

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Investment property

(Continued)

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

The Trustees have based the fair value of POSK's investment property in Poland as POSK's share of the estimated proceeds on sale after deducting (1) all estimated costs of sale, obtaining vacant possession and tax and (2) the remuneration of its lawyers in Poland who have dealt with its recovery from the Warsaw authorities, management and subsequent sale amounting to £538,000 (2017 - £355,578).

The historic cost of investment properties of £1,898,842 (2017: £1,583,089) comprises 9 Ravenscourt Avenue at £225,392 (2017: £225,392), 3 Ravenscourt Avenue at £446,661 (2017: £130,908), property held in Poland (Frascati 4) at £720,000 (2017: £720,000) and 238 A/B King Street at £506,789 (2017: £506,789).

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

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

Prior year adjustment

As further explained at note 15, the accounts now show the value of Frascati 4 at the net amount recoverable by the Charity. As at 1 January 2017, the market value of Frascati 4 before the prior year adjustment was £1,100,000. the opening balance was revalued by the sum of £355,378 representing legal fees payable. The revalued market value at 1 January 2017 is £744,822.

16 Fixed asset investments

	Listed investments £	Share of freehold £	Other investments	Total £
Cost or valuation				
At 1 January 2018	70,999	3,000	3,165	77,164
Valuation changes	(14,423)	-	-	(14,423)
At 31 December 2018	56,576	3,000	3,165	62,741
Carrying amount				
At 31 December 2018	56,576	3,000	3,165	62,741
At 31 December 2017	70,999	3,000	3,165	77,164

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Fixed asset investments

(Continued)

Other investments comprises of a wholly owned subsidiary, The Polish Trustee Association Limited, which is registered in the United Kingdom. The company made a profit of £3,593 in the year to 31 March 2018 and had capital reserves of £12,266 at 31 March 2018 (31 March 2017: £8,673).

In 2017 the charity purchased a 1/8 share of the company that owns the freehold of Oakhurst Court, Parabola Road, Cheltenham for £3,000.

	Notes	2018 £	2017 £
Other investments comprise:			
Investments in subsidiaries		3,165	3,165

17 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	151,576	138,564
Other debtors	140,376	24,135
Prepayments and accrued income	24,287	20,625
	316,239	183,324

18 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	292,092	183,324
Equity instruments at fair value	59,576	70,999
Carrying amount of financial liabilities		
Measured at amortised cost (see note 19)	(372,264)	(389,991)

Debt instruments are made up of trade debtors (£151,576) and other debtors (£140,376). Equity instruments are made up of both listed (£56,576) and other investments (£3,000).

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Other taxation and social security		140	15,926
Deferred income	20	124,310	118,753
Trade creditors		62,496	79,033
Other creditors		139,837	135,310
Accruals and deferred income		45,481	40,969
		<u>372,264</u>	<u>389,991</u>

20 Deferred income

	2018 £	2017 £
Other deferred income	<u>124,310</u>	<u>118,753</u>

All of the deferred income relates to rental income paid in advance. Of the £118,753 brought forward from 2017, the whole of this amount was released during the year. An amount of £124,310 is to be carried forward as of 31 December 2018.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds				Balance at 31 December 2018
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers	Balance at 1 January 2018	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£	£	£	£	£
Library	2,344	35,146	(147,213)	109,723	-	35,728	(158,945)	123,217	-
	<u>2,344</u>	<u>35,146</u>	<u>(147,213)</u>	<u>109,723</u>	<u>-</u>	<u>35,728</u>	<u>(158,945)</u>	<u>123,217</u>	<u>-</u>

The library fund represents donations and bequests to cover the costs of the Polish Library. In order to cover the deficit on the fund a transfer from unrestricted funds was undertaken.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Unrestricted funds 2017 £	Restricted funds 2017 £	Total 2017 £
Fund balances at 31 December 2018 are represented by:						
Tangible assets	2,044,939	-	2,044,939	1,993,854	-	1,993,854
Investment properties	4,958,661	-	4,958,661	4,820,530	-	4,820,530
Investments	62,741	-	62,741	77,164	-	77,164
Current assets/ (liabilities)	538,628	-	538,628	1,007,454	-	1,007,454
	<u>7,604,969</u>	<u>-</u>	<u>7,604,969</u>	<u>7,899,002</u>	<u>-</u>	<u>7,899,002</u>

23 Related party transactions

Transactions with related parties

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

During the year, POSK received a donation of £60,000 (2017: £460,000) from the POSK Foundation.

The administrative costs of the POSK Foundation are borne by POSK.

Mr A. M. Zakrzewski and Mr R. Wisniowski are Trustees of both POSK and the POSK Foundation.

Mr R. W. Tobiasiewicz was a Director/Trustee of Polish Cultural Foundation Ltd which is one of POSK's tenants. During the year a total of £18,766 (2017: £17,441) was charged to Polish Cultural Foundation Ltd for rent and service charges.

Mr R. Wisniowski is also a director of Polish Daily Publishers Limited, a company that publishes "Tydzien Polski", a weekly newspaper that POSK advertises in. During the year a total of £5,605 (2017: £5,200) was paid by POSK to Polish Daily Publishers Limited.

POLISH SOCIAL AND CULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24 Cash generated from operations	2018 £	2017 £
(Deficit)/surplus for the year	(294,033)	444,006
Adjustments for:		
Investment income recognised in statement of financial activities	(214,693)	(225,095)
Loss/(gain) on disposal of investment property	8,372	(28,933)
Fair value gains and losses on investment properties	227,326	-
Fair value gains and losses on investments	14,423	5,592
Depreciation and impairment of tangible fixed assets	71,288	67,187
Movements in working capital:		
(Increase)/decrease in debtors	(132,915)	14,127
(Decrease)/increase in creditors	(23,284)	40,601
Increase/(decrease) in deferred income	5,557	(25,964)
Cash (absorbed by)/generated from operations	(337,959)	291,521

25 Prior period adjustment

Changes to the balance sheet

	At 31 December 2017		
Balances as restated before FRS 102 transition adjustments:	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Investment properties	5,175,908	(355,378)	4,820,530
Creditors due after one year			
Other creditors	(355,378)	355,378	-
Net assets	7,899,002	-	7,899,002
Unrestricted funds	7,899,002	-	7,899,002
Income funds	7,899,002	-	7,899,002

The Trustees have agreed it is no longer appropriate for POSK's Polish investment property (Frascati 4) to be valued at fair value as an asset and for the remuneration due to POSK's Polish lawyers for its recovery and subsequent preparation for sale to be treated as a liability. The basis of this change in accounting treatment is that it is misleading to show a large liability due within one year that will only crystallise on disposal of part or all of the asset - both the asset and the liability are inextricably linked. Consequently the liability in respect of the remuneration of POSK's Polish lawyers as at 31 December 2017 of £355,378 has been netted off against the fair value of the Polish investment property, which has led to the above prior year adjustment