

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: 00080683**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Union Jack Club

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

Sandell Street, Waterloo, London SE1 8UJ

Patron: Her Majesty the Queen

Governing Council

President: Vice Admiral Sir David Steel KBE DL

Vice President: Lieutenant Commander N G N Ashford FCA FSI

Honorary Treasurer Mr David Cooper MBA FCA

Trustees

Air Commodore C Adams CBE AFC (Resigned 16.12.2020)

Mr D E P Albert

Air Commodore M Barnes

Colonel J Brown

Mr W A Cowpe

Mr P E Davidson FRICS

Mrs R Garside

Air Commodore J Linter OBE MA

Captain TFW Martin OBE RN

Brigadier J Stopford CBE (Appointed 16.12.2020)

Mrs S V Swan

WO1 G Houghton OBE MBA

Chief Executive Officer:

Mr S C T Atkins

Secretary:

Mrs Zoe Nield

Solicitors:

Ashurst LLP

London Fruit and Wool Exchange

1 Duval Square

London

E1 6PW

Auditors:

Moore Kingston Smith LLP

Devonshire House

60 Goswell Road

London

EC1M 7AD

Bankers:

Barclays Bank PLC

UK Banking

1 Churchill Place

London

E14 5HP

Offices of the Club:

Sandell Street

Waterloo

London

SE1 8UJ

Company Registration Number: 00080683

Registered Charity Number: 208731

The Union Jack Club

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Sandell Street, Waterloo, London SE1 8UJ

GENERAL COMMITTEE (As at 31 December 2020)

Warrant Officer 1 B Biggar
Warrant Officer 1 P Clark
Warrant Officer 1 M Jarvis
Warrant Officer 1 A Lamont
Warrant Officer 1 J Lowther
Warrant Officer R Mealand
Warrant Officer 1 S McFadden
Warrant Officer 1 K Mills
Warrant Officer 1 G Paton
Warrant Officer 1 L Reeve
Warrant Officer 1 V Stokes
Mr P Houldsworth
Mr J Ray
Mr V Silvester

Warrant Officer 1 A Driver
Warrant Officer 1 B Henderson
Warrant Officer 1 W Moore
Warrant Officer 1 A Parker
Warrant Officer 1 M Turnbull
Warrant Officer 1 I Wilson
Warrant Officer 1 R Wilson
Warrant Officer 1 D Young
MAcr T Buxton
Warrant Officer A Culley
Warrant Officer S Cotman
Warrant Officer D Eastgate
Warrant Officer B Hagan
MAcr B Kayll
Warrant Officer P Langley

THE UNION JACK CLUB

COUNCIL'S REPORT and STRATEGIC REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2020

The Council, as the Governing Body of the Union Jack Club (formerly known as The Association of The Union Jack Club) and Trustees of the Charity, present their report and accounts for the year ended 31st December 2020 in accordance with applicable accounting standards, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Union Jack Club

The Union Jack Club consisted of 15 life members on 31 December 2020, 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 virtual Annual General Meeting of the Union Jack Club held on 4th June 2020, Vice Admiral Sir David Steel KBE, DL, being Director of the Company retiring by rotation, was re-elected as Director of the Company for a term of three years as defined in the Articles. Air Commodore Colin Adams CBE AFC, Mr David Albert, Mr David Cooper and Captain Tim Martin OBE RN, being Directors of the Company retiring by rotation, were re-elected as Directors of the Company for a term of three years as defined in the Articles, notwithstanding the provision of article 32.

The daily operation of the Union Jack Club is delegated to the Chief Executive assisted by the Management Team. Members of the Council meet four 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. Members of the Council monitor the progress of the Budget throughout the year and assess the risks faced by the Union Jack Club, see below.

General Committee

Members of the General Committee are shown on page 2.

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

Investment powers and policy

During the year the investments of The Union Jack Club were managed by Smith & Williamson Investment Management Limited, under a Discretionary Investment Management Agreement. The objectives of the portfolios are to seek to maximise the total return on the portfolio while investing prudently and without exercising undue risk. The return objective of the main investment portfolio is to outperform RPI plus 4% pa.

Additionally, the Union Jack Club invests in Property Income Trust for Charities; the fund managed by Mayfair Capital Investment Management Limited.

Remuneration Policy of Senior Management Personnel

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

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

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

Remuneration for the year ended 31 December 2020 comprised salary, performance incentive, pension contributions and healthcare benefit. There are no other pecuniary benefits for senior or other staff at the Charity.

THE UNION JACK CLUB

COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

OBJECTS AND ACTIVITIES

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

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

STRATEGIC REPORT

Risk Management

The Trustees have a risk management strategy which comprises:

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

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

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

The COVID-19 pandemic in 2020 has resulted in considerable change and actions to ensure the Club is managed appropriately, which includes COVID-19 health and safety risk assessment, regular financial and operational reviews.

Governance and Internal Control

Risk assessment is the responsibility of Council.

The Council 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 2020

PUBLIC BENEFIT

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

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

ACHIEVEMENTS AND PERFORMANCE

At the end of the year 2020, the Union Jack Club Group had a Net Operating loss of £1,683,663 (2019 Net Operating surplus £522,727). There was a gain on investments of £ 378,378 (2019 gain £818,536) which decreased Net Income to a loss of £1,305,284 (2019 gain £1,341,263).

Improvements to the Club over the year have included the introduction of membership cards for serving members and their spouse/partner, refurbishment 14 double/ twin ensuite bedrooms, 29 single ensuite bedrooms, 1 suite, 1 fully accessible and 2 family bedrooms alongside bar carpet, furniture, security, plant and IT upgrades.

The Union Jack Club also received a legacy for £138,742 (2019 nil) and voluntary donations of £42,257 (2019 £30,360) generously donated by members and guests during the year, which are used in the development and maintenance of the Club. All capital projects completed during the year represent the Club's fixed assets additions which are depreciated over 5, 10 or 20 years.

FINANCIAL REVIEW

The impact of the COVID-19 pandemic has been considerable, which has resulted in the Club restructuring with 19 roles being terminated, taking out the Corona Business Interruption loan for £1,500,000 and maximising use of the Government Job Support scheme (Furlough) and business rates holiday. 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 £476,316 (2019 £499,041), residential services to members of £2,122,224 (2019 £6,890,544) and income generated from non-members of £440,101 (2019 £1,485,695), Government Job Support scheme (Furlough) grants £1,057,274. Operating expenditure consisted mainly of the provision of membership and residential services of £5,790,128 (2019 £7,437,722) and the cost of servicing non-members of £266,484 (2019 £892,546). At the end of the year the Group had net operating loss of £1,305,284 (2019 surplus £522,727). Net Movement in funds for 2020 resulted in a loss of £1,321,084 (2019 gain £1,325,563) after taking into account changes on investment assets, actuarial change in pension liabilities, transfers and utilisation of funds.

Land and buildings have been included in the accounts at net book value of £2.3 million (2019 £2.4 million). The Council considers that the market value of the freehold land and buildings is considerably in excess of the book values.

Reserves policy

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

The Club's reserves consist of the buildings and contents, without which it could not function, two investment portfolios which are managed by professional investors under the direction of 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 enlisted members of the Armed Forces 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 such as the current pandemic, a general unrestricted spendable or free reserve (as defined by the Charity Commission) should aim to be no less than 6 months operating costs, which in a normal trading year would be expected to equate to approximately £4.5m.

THE UNION JACK CLUB

COUNCIL'S REPORT and STRATEGIC REVIEW (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Reserves Policy (continued)

At the 31st December 2020, the Club's total reserves amounted to £11,065,276 of which £4,752,722 was tied up in the Club's building and fixed assets, and so not freely spendable. In addition a £1,138,742 is designated as the Infrastructure Fund and an unrealised revaluation reserve of £1,843,997 leaving £3,329,815 free unrestricted funds. Due to the COVID-19 pandemic the free unrestricted reserves are lower than the reserves target. 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 £290,348 as at 31 December 2020. The second fund, called the 'Main Portfolio', was valued on the 31st December 2020 at £5,812,411. The Main Portfolio produced a total return of 6.49% compared to its benchmark of RPI plus 4% (4.9%). The Matching Portfolio produced 5.91% of the total portfolio value. The Investment in Property Income Trust for Charities was valued at the 31st December 2020 at £549,671 a 4.83% decrease on the previous year.

FUTURE PLANS

The Union Jack Club plan is to refurbish 14 double/twin, 6 king size, 23 single, 2 family unsuited bedrooms and 1 disabled bedroom, to replace Lifts 5,6 & 7 controls, reline cold water tanks, along with CCTV and IT improvements during 2021. As a result of a significant legacy the Gascoigne room will be completed in March 2021.

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 9th March 2021.

Z Nield MIH

Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS and TRUSTEES OF THE UNION JACK CLUB

Opinion

We have audited the financial statements of The Union Jack Club (the 'company') for the year ended 31 December 2020 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, including FRS 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 group's and the parent charitable company's affairs as at 31 December 2020 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 and the Charities Act 2011.

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.

Emphasis of matter

We draw your attention to the going concern statement in note 2 to the financial statements which describes the impact of the COVID-19 pandemic on the group's activities. Our opinion is not modified in this respect.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 AUDITOR'S REPORT TO THE MEMBERS and TRUSTEES 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 [the strategic report or] in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require 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; 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 exemption in preparing the trustees were the Trustees' Annual Report and from preparing a strategic report.

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

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS and TRUSTEES OF THE UNION JACK CLUB

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS and TRUSTEES OF THE UNION JACK CLUB

- 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.

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 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date:

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

THE UNION JACK CLUB
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2020

2020

	Note	Unrestricted Fund £	Infrastructure Fund £	Total 2020 £
INCOME + ENDOWMENTS				
Donations and legacies	3	273,201	-	273,201
HMRC Furlough Claims		1,057,274	-	1,057,274
Trading activities	4	440,101	-	440,101
Other Income		19,771	-	19,771
Other Income - Insurance Claim	7	12,653	-	12,653
Investment Income	5	85,718	-	85,718
		<u>1,888,718</u>	<u>-</u>	<u>1,888,718</u>
Charitable Activities				
Subscriptions	6	476,316	-	476,316
Provision of residential services	6	2,122,224	-	2,122,224
Total Operating Income		<u>4,487,258</u>	<u>-</u>	<u>4,487,258</u>
EXPENDITURE				
Raising Funds				
Trading activities	4	266,484	-	266,484
Fundraising and publicity		29,908	-	29,908
Investment management fees		37,340	-	37,340
Finance costs		43,060	-	43,060
Finance cost of pension liability	14	4,000	-	4,000
Total cost of raising funds		<u>380,793</u>	<u>-</u>	<u>380,793</u>
Charitable Activities				
Provision of membership and residential services		5,790,128	-	5,790,128
Total Operating Expenditure	8	<u>6,170,921</u>	<u>-</u>	<u>6,170,921</u>
Net Operating Income / (Expenditure)		(1,683,663)		(1,683,663)
Net gain on investment assets	10	378,378	-	378,378
Net Income		<u>(1,305,284)</u>	<u>-</u>	<u>(1,305,284)</u>
Transfer between Funds				
Actuarial loss on pension scheme	15	(15,800)	-	(15,800)
Gross transfer between funds	16	(138,742)	138,742	-
Utilisation of fund	16	-	-	-
Net Movement in Funds		<u>(1,459,826)</u>	<u>138,742</u>	<u>(1,321,084)</u>
Fund balances brought forward				
1 January 2020		<u>11,386,360</u>	<u>1,000,000</u>	<u>12,386,360</u>
Fund balances carried forward at				
31 December 2020	17 a)	<u>9,926,534</u>	<u>1,138,742</u>	<u>11,065,276</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 12

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

2019			External	
	Note	Unrestricted Fund £	Building Repairs Fund £	Total 2019 £
INCOME + ENDOWMENTS				
Donations and legacies	3	7,274	-	7,274
Trading activities	4	1,485,695	-	1,485,695
Other Income		70,909	-	70,909
Other Income - Insurance Claim	7	14,149	-	14,149
Investment Income	5	125,537	-	125,537
		<u>1,703,564</u>	<u>-</u>	<u>1,703,564</u>
Charitable Activities				
Subscriptions	6	499,041	-	499,041
Provision of residential services	6	6,890,544	-	6,890,544
Total Operating Income		<u>9,093,149</u>	<u>-</u>	<u>9,093,149</u>
EXPENDITURE				
Raising Funds				
Trading activities	4	892,546	-	892,546
Fundraising and publicity		96,413	-	96,413
Investment management fees		35,277	-	35,277
Finance costs		102,662	-	102,662
Finance cost of pension liability	15	5,800	-	5,800
Total cost of raising funds		<u>1,132,698</u>	<u>-</u>	<u>1,132,698</u>
Charitable Activities				
Provision of membership and residential services		7,437,722	-	7,437,722
Total Operating Expenditure	8	<u>8,570,420</u>	<u>-</u>	<u>8,570,420</u>
Net Operating Income / (Expenditure)		522,727		522,727
Net gain on investment assets	10	818,536	-	818,536
Net Income		<u>1,341,263</u>	<u>-</u>	<u>1,341,263</u>
Transfer between Funds				
Actuarial loss on pension scheme	15	(15,700)	-	(15,700)
Gross transfer between funds		(663,013)	663,013	-
Utilisation of fund		663,013	(663,013)	-
Net Movement in Funds		<u>1,325,563</u>	<u>-</u>	<u>1,325,563</u>
Fund balances brought forward				
1 January 2019		<u>10,060,797</u>	<u>1,000,000</u>	<u>11,060,797</u>
Fund balances carried forward at				
31 December 2019	17 b)	<u>11,386,360</u>	<u>1,000,000</u>	<u>12,386,360</u>

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

* Comparative figures can be found on page 11

THE UNION JACK CLUB

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2020

		Charity		Group	
	Notes	2020 £	2019 £	2020 £	2019 £
Fixed Assets					
Tangible assets	9	5,142,722	5,880,300	5,142,722	5,880,300
Investments	10	6,652,433	6,538,834	6,652,431	6,538,832
		<u>11,795,156</u>	<u>12,419,134</u>	<u>11,795,153</u>	<u>12,419,132</u>
Current Assets					
Stocks	11	73,671	78,624	86,802	95,340
Debtors	12	881,504	383,407	193,275	435,979
Cash at bank and in hand		<u>412,479</u>	<u>1,634,575</u>	<u>1,300,641</u>	<u>1,715,744</u>
		1,367,654	2,096,606	1,580,717	2,247,063
Liabilities					
Creditors: Amounts falling due within one year	13	(529,353)	(2,485,494)	(568,694)	(2,037,033)
	14	(91,976)	-	(91,976)	-
Net Current Assets		746,324	(388,888)	920,048	210,030
Total Assets less Current Liabilities		<u>12,541,479</u>	<u>12,030,246</u>	<u>12,715,200</u>	<u>12,629,162</u>
Creditors: Amounts falling due after more than one year:	14	(1,408,024)		(1,408,024)	
Discretionary pension provision	15	<u>(241,900)</u>	<u>(242,800)</u>	<u>(241,900)</u>	<u>(242,800)</u>
Net Assets		<u>10,891,555</u>	<u>11,787,446</u>	<u>11,065,276</u>	<u>12,386,360</u>
Accumulated Funds					
Unrestricted Funds:					
Designated Revaluation reserve	16	1,843,997	1,869,523	1,843,997	1,869,523
Designated Fixed Asset reserve	16	4,752,722	5,412,301	4,752,722	5,412,301
Designated Infrastructure Fund	16	1,138,742	1,000,000	1,138,742	1,000,000
Income and Expenditure reserve	16	<u>3,156,094</u>	<u>3,505,623</u>	<u>3,329,815</u>	<u>4,104,536</u>
	17 a)	<u>10,891,555</u>	<u>11,787,446</u>	<u>11,065,276</u>	<u>12,386,360</u>

The financial statements were approved and authorised for issue by the Governing Council of The Union Jack Club on 9th March 2021 and were signed below on its behalf by:

President

Vice Admiral Sir David Steel KBE DL

Honorary Treasurer

Mr David Cooper MBA, FCA

THE UNION JACK CLUB

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flow from operating activities		
Net cash provided by operating activities	<u>(632,989)</u>	<u>1,706,828</u>
Cash flows from investing activities		
Investment income and interest received	85,718	125,537
Finance costs	(43,060)	(102,662)
(Decrease) / Increase in cash held by investment manager	129,057	(86,857)
Proceeds from disposal of fixed asset investments	2,274,275	460,680
Acquisition of fixed asset investments	(2,138,549)	(915,863)
Payments to acquire tangible fixed assets	<u>(89,553)</u>	<u>(1,344,934)</u>
	<u>217,888</u>	<u>(1,864,099)</u>
Net increase in cash and cash equivalents	(415,101)	(157,271)
Cash and cash equivalents at beginning of year	<u>1,715,744</u>	<u>1,873,014</u>
Cash and cash equivalents at end of year	<u>1,300,643</u>	<u>1,715,744</u>

Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income	(1,321,084)	1,325,563
Adjustments for:		
Less investment income	(85,718)	(125,537)
Add finance costs	43,060	102,662
Add depreciation and disposal of tangible fixed assets	827,132	802,039
Add Loss / (Subtract Profit) on investment assets	(378,378)	(818,536)
Add / (Subtract) Pension provision adjustment	(900)	1,700
Decrease / (Increase) in stocks	8,538	(35,204)
Decrease / (Increase) in debtors	242,703	(26,520)
(Decrease) / Increase in creditors	(1,376,366)	480,661
Increase / (Decrease) in Long Term Creditors	<u>1,408,024</u>	<u>-</u>
Net cash provided by operating activities	<u>(632,989)</u>	<u>1,706,828</u>

THE UNION JACK CLUB

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 COMPANY INFORMATION

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

2 ACCOUNTING POLICIES

Accounting Convention

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

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

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

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

Going Concern

The financial statements have been prepared on a going concern basis which assumes the charity and trading company will continue in operational existence for the foreseeable future. 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 charity and trading company to continue as a going concern. The impact of the COVID-19 pandemic has been considerable on the Club, reducing its ability to operate normally for many months during 2020 resulting in a significant drop in income during the year. The Club took swift action to restructure with 19 roles being made redundant, taking out a Coronavirus Business Interruption Scheme loan for £1,500,000 and maximising use of the Government Job Support Scheme (Furlough) and business rates holiday. The Trustees have reviewed the forecasts and projections prepared by management for a period of at least twelve months from the date of approval of these financial statements. These show that the Club is projected to make a further deficit for the year 31st December 2021 because of the continuing impact of COVID-19. These forecasts have been prepared on a conservative basis, and whilst the Trustees believe the assumptions and estimates used in their preparation are reasonable, they are hopeful that the situation will improve during the course of 2021.

Following a review of the financial situation, the Trustees are confident that given its strong asset base, including its unrestricted investment portfolio, the charity and trading company has sufficient reserves to cover the projected deficit and therefore the financial statements are properly prepared on a going concern basis.

THE UNION JACK CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

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

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

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

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.

THE UNION JACK CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 £	2020 £
Individual Donations	42,257	-	42,257
Legacy	138,742	-	138,742
Gift Aid Claim On Subs & Donations	92,202	-	92,202
Service non-public funds	-	-	-
	<u>273,201</u>	<u>-</u>	<u>273,201</u>
b)	Unrestricted £	Restricted £	2019 £
Individual Donations	30,360	-	30,360
Legacy	-	-	-
Gift Aid Reclaim On Subs & Donations	(23,086)	-	(23,086)
Service non-public funds	-	-	-
	<u>7,274</u>	<u>-</u>	<u>7,274</u>

THE UNION JACK CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	2020 £	2019 £
Turnover	440,101	1,485,695
Cost of sales	<u>(262,115)</u>	<u>(888,590)</u>
Gross profit	177,986	597,105
Administration expenses	(4,369)	(3,956)
Operating profit	<u>173,617</u>	<u>593,149</u>
Other income	105	5,765
Profit on Ordinary Activities before taxation	173,722	598,914
Tax on Profit on Ordinary Activities	-	-
Retained earnings brought forward	598,914	563,526
Gift Aid Distribution to The Union Jack Club	<u>(598,914)</u>	<u>(563,526)</u>
Retained earnings carried forward	<u><u>173,722</u></u>	<u><u>598,914</u></u>

The Union Jack Club's trading activities include an amount of £256,077 (2019 £865,324) 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 £266,484 (2019 £892,547) is also included which comprises cost of sales and administration expenses.

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

	2020 £	2019 £
UK listed	59,378	41,172
Overseas listed	<u>24,710</u>	<u>78,480</u>
	84,088	119,652
UK bank deposit interest	1,629	5,885
Total for the Group	<u><u>85,718</u></u>	<u><u>125,537</u></u>

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2020	2019
	£	£
Subscriptions	476,316	499,041
Provision of residential services		
Accommodation	1,447,509	4,737,049
Catering and bar sales	674,715	2,153,495
	<u>2,598,540</u>	<u>7,389,585</u>

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

7 INSURANCE CLAIM	2020	2019
	£	£
Other Income - Insurance Claim	12,653	14,149
	<u>12,653</u>	<u>14,149</u>

8 RESOURCES EXPENDED	2020			
	Staff Costs	Other	Depreciation	Total
	£	£	£	2020
				£
a) EXPENDITURE ON RAISING FUNDS				
Trading activities	-	266,484	-	266,484
Fundraising and publicity	-	29,908	-	29,908
Investment management fees	-	37,340	-	37,340
Finance costs	-	43,060	-	43,060
Finance cost of pension liability	-	4,000	-	4,000
	<u>-</u>	<u>380,793</u>	<u>-</u>	<u>380,793</u>
EXPENDITURE ON CHARITABLE ACTIVITIES				
Provision of membership and residential services	3,921,048	1,065,971	803,109	5,790,128
	<u>3,921,048</u>	<u>1,446,764</u>	<u>803,109</u>	<u>6,170,921</u>

Including auditor remuneration of £8,598 (2019 £9,320)

b) EXPENDITURE ON RAISING FUNDS	2019			
	Staff Costs	Other	Depreciation	Total
	£	£	£	2019
				£
Trading activities	-	892,546	-	892,546
Fundraising and publicity	-	96,413	-	96,413
Investment management fees	-	35,277	-	35,277
Finance costs	-	102,662	-	102,662
Finance cost of pension liability	-	5,800	-	5,800
	<u>-</u>	<u>1,132,698</u>	<u>-</u>	<u>1,132,698</u>
EXPENDITURE ON CHARITABLE ACTIVITIES				
Provision of membership and residential services	4,828,978	1,819,956	788,788	7,437,722
	<u>4,828,978</u>	<u>2,952,654</u>	<u>788,788</u>	<u>8,570,420</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 2020

c) ANALYSIS OF SUPPORT COSTS

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

	2020	2019
	£	£
Administration staff costs	629,488	720,032
Legal and other professional	47,414	40,194
	<u>676,902</u>	<u>760,226</u>

Basis of allocation:

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

d) STAFF COSTS

	2020	2019
	£	£
Wages and salaries	3,409,273	4,343,397
Pension contributions	107,814	93,525
Employer's National Insurance Contributions	282,496	392,056
Termination Costs	121,465	-
	<u>3,921,048</u>	<u>4,828,978</u>

	2020	2019
	No.	No.
The number of employees receiving emoluments of £60,000 or more was as follows:		
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£90,001 - £100,00	-	1
£100,001 - £110,01	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<u>3</u>	<u>3</u>

During the year, contributions to pension schemes totalled £20,150 in respect of two of the three higher paid employees (2019 - £19,375 in respect of two employees).

	2020	2019
	No.	No.
The average monthly number of employees during the year was as follows:		
Management and Administration	8	10
Union Jack Club staff	145	165
	<u>153</u>	<u>175</u>

Note: On average 127 of the 153 employees were Permanent Staff (2019 - 128 of the 175 employees were Permanent staff)

e) TRUSTEES AND KEY MANAGEMENT PERSONNEL

No trustee received emoluments in the period (2019 - £NIL). Total travel expenses of 2020 - £1,077 (2019 - £2,278) were paid to 5 (2019 - 5) 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 £336,858 (2019 £382,387).

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

9 TANGIBLE FIXED ASSETS	Charity		Total
	Freehold Land and Buildings	Furniture, Fittings and Equipment	
Group and Charity			
Cost	£	£	£
At 1 January 2020	6,855,561	6,220,158	13,075,719
Additions	360	89,193	89,553
Disposals	-	(68,918)	(68,918)
Removal of fully depreciated assets	-	(646,235)	(646,235)
At 31 December 2020	<u>6,855,921</u>	<u>5,594,198</u>	<u>12,450,120</u>
Depreciation			
At 1 January 2020	4,409,781	2,785,637	7,195,418
Charge for the year	190,153	612,956	803,109
Disposals	-	(44,895)	(44,895)
Removal of fully depreciated assets	-	(646,235)	(646,235)
At 31 December 2020	<u>4,599,934</u>	<u>2,707,463</u>	<u>7,307,398</u>
Net Book Value			
At 31 December 2020	<u>2,255,987</u>	<u>2,886,735</u>	<u>5,142,722</u>
At 31 December 2019	<u>2,445,780</u>	<u>3,434,520</u>	<u>5,880,300</u>

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

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

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

10 FIXED ASSET INVESTMENTS	2020	2019
	£	£
Group		
Investments at market value:		
At 1 January	6,409,775	5,136,056
Additions	2,138,552	915,863
Disposals	(2,274,275)	(460,680)
Net realised loss on disposal	(80,395)	(8,973)
Net unrealised investment gain (loss)	458,773	827,509
	<u>6,652,431</u>	<u>6,409,775</u>
 Cash held by investment manager	 <u>-</u>	 <u>129,057</u>
 At 31 December	 <u><u>6,652,431</u></u>	 <u><u>6,538,832</u></u>
 Investments comprise:		
UK equities and funds	3,816,129	3,693,910
Overseas equities	2,836,302	2,715,865
Cash held	<u>-</u>	<u>129,057</u>
	<u><u>6,652,431</u></u>	<u><u>6,538,832</u></u>
 Historical cost at 31 December	 <u><u>6,538,832</u></u>	 <u><u>5,008,252</u></u>
 Club		
As above	6,652,431	6,538,832
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>
	<u><u>6,652,433</u></u>	<u><u>6,538,834</u></u>

11 STOCKS	Charity		Group	
	2020	2019	2020	2019
	£	£	£	£
Brexit Stocks	46,996	34,654	46,996	34,654
Shop	-	-	13,131	16,715
Catering	9,471	16,092	9,471	16,092
Bar	17,204	27,878	17,204	27,878
	<u>73,671</u>	<u>78,624</u>	<u>86,802</u>	<u>95,340</u>

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

12 DEBTORS	Charity		Group	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,631	93,572	7,077	146,144
Amounts owed by subsidiary	693,675	-	-	-
Other debtors	165	20,298	165	20,298
Prepayments and accrued income	186,034	269,537	186,034	269,537
	<u>881,504</u>	<u>383,407</u>	<u>193,275</u>	<u>435,979</u>

13 CREDITORS: Amounts falling due within one year	Charity		Group	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	54,418	269,865	69,487	325,065
Amount owed to subsidiary	-	539,036	-	-
Other creditors	2,043	6,584	2,043	6,584
Other tax and social security creditors	233,527	420,817	254,798	452,371
Accruals and deferred income	239,366	1,249,191	242,366	1,253,013
	<u>529,353</u>	<u>2,485,494</u>	<u>568,694</u>	<u>2,037,033</u>

14 CREDITORS: Amounts falling due after one year	Charity		Group	
	2020	2019	2020	2019
	£	£	£	£
Barclays Business Loan - Short Term	91,976	-	91,976	-
Barclays Business Loan - Long Term	1,408,024	-	1,408,024	-
	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</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	2020	2019	2018
Price inflation	3.0%	3.0%	3.3%
Discount rate	0.9%	1.7%	2.5%
Pension increases	3.0%	3.0%	3.3%

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 2020

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 2020

	2020	2019
	£	£
Gross pension liability at start of year	(242,800)	(241,100)
Pensions paid	20,700	19,800
Interest on gross pension liability	(4,000)	(5,800)
Actuarial gain	(15,800)	(15,700)
	<u>(241,900)</u>	<u>(242,800)</u>

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

Past service cost	-	-
Interest on gross pension liability	(4,000)	(5,800)
Actuarial gain	<u>(15,800)</u>	<u>(15,700)</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 2020 there were 74 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 2020

16 MOVEMENT ON RESERVES

	Revaluation Reserve	Income and Expenditure Reserve	Fixed Asset Designated Fund	Infrastructure Fund	Total
	£	£	£	£	£
At 1 January 2020	1,869,523	4,104,536	5,412,301	1,000,000	12,386,360
Surplus / (Deficit) for the year	-	(1,683,662)	-	-	(1,683,662)
Net Gains and transfers	(25,526)	908,941	(659,579)	138,742	362,578
Utilisation of funds	-	-	-	-	-
At 31 December 2020	<u>1,843,997</u>	<u>3,329,815</u>	<u>4,752,722</u>	<u>1,138,742</u>	<u>11,065,276</u>

Included in the income and expenditure reserve is a pension liability of £241,900 (2019 £242,800)

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

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

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

In 2018 the Trustees made the decision to cover any forthcoming major repairs externally or internally to the building by creating a major repair fund. In 2019 the Trustees decided to retitle the fund as Infrastructure fund which was utilised during the year to develop the front entrance and reception. The Trustees have decided to continue the £1,000,000 infrastructure fund which was established in the 2019 accounts, to which they also have added the legacy of £138,742 which will be specifically utilised for the refurbishment of the Gascoigne room.

THE UNION JACK CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

17 ANALYSIS OF NET ASSETS BY FUND

a) 2020	Revaluation Reserve	Income and Expenditure Reserve	Infrastructure Fund	Fixed Asset Designated Fund	2020 Total
	£	£	£	£	£
Tangible fixed assets	390,000	-	-	4,752,722	5,142,722
Investments	1,453,997	4,059,692	1,138,742	-	6,652,431
Net assets	-	1,012,023	-	-	1,012,023
Debtors > One Year	-	-	-	-	-
Creditors > One Year	-	(1,741,900)	-	-	(1,741,900)
	<u>1,843,997</u>	<u>3,329,815</u>	<u>1,138,742</u>	<u>4,752,722</u>	<u>11,065,276</u>

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

18 COMMITMENTS

The total capital commitments contracted for at the balance sheet date but not provided for in these financial statements were £185,646 in respect of Cold Water Tanks, Lift 5,6,7 works, CCTV upgrade and New Website. (2019 - £nil).

19 OPERATING LEASE COMMITMENTS

The charity had annual operating lease commitments as follows:

	2020	2019
Within 1 year	10,213	10,213
Between 1 and 5 years	4,256	13,618

20 RELATED PARTY TRANSACTIONS

Accommodation sales between UJC and UJCT during the year were £61,890 (2019 £192,875). Room Hire sales between UJC and UJCT during the year were £ 124,797 (2019 £379,073). Food sales between UJC and UJCT during the year were £53,399 (2019 £181,192). Liquor sales between UJC and UJCT during the year were £15,991 (2019 £112,183).