

**Charity Registration No. 236745**

**Company Registration No. 00816310 (England and Wales)**

**POLISH SOCIAL AND CULTURAL ASSOCIATION  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Dr L Bojanowski	
	R Lambourne	(Appointed 19 June 2021)
	R Gawłowski	(Appointed 19 June 2021)
	P Kaczmariski	
	A Kotowicz	(Appointed 19 June 2021)
	J Krupa	
	Dr O Lalko	
	J Mludzinska (Chair)	
	P Pastuszek	
	R Wisniowski	
	A Zakrzewski	
<b>Secretary</b>	A Zakrzewski	
<b>Charity number</b>	236745	
<b>Company number</b>	00816310	
<b>Registered office</b>	238-246 King Street London W6 0RF	
<b>Auditor</b>	Bright Grahame Murray Emperor's Gate 114a Cromwell Road Kensington London SW7 4AG	
<b>Solicitors</b>	Bates Wells 10 Queen Street Place London EC4R 1BE	

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# POLISH SOCIAL AND CULTURAL ASSOCIATION

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# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Trustees submit their report and the audited financial statements for the year ended 31 December 2020 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 2019).

### **Reference and administrative details**

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

Directors and Trustees:

K Bell (resigned 24 April 2021)  
Dr L Bojanowski  
R Lambourne (appointed 19 June 2021)  
R Gawłowski (appointed 19 June 2021)  
P Kaczmarek  
A Kotowicz (appointed 19 June 2021)  
J. Krupa  
Dr O. Lalko  
J Mludzinska (Chair)  
P Pastuszek  
R Wisniewski  
M Wrona (resigned 26 September, 2020)  
A Zakrzewski

### **Objectives and activities**

The overall objectives of POSK can be summarised as follows:

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

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

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.

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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- The provision of appropriate space and resources for the regular activities of cultural, educational and professional organisations having their home at the Centre such as (among others) the Tatry Polish Song and Dance Group, Polish Stage Company in UK, the Polish Children's Theatre 'Syrena', the Confraternity of Polish Artists who organise classical music concerts, as well as the Polish University Abroad (University of the Third Age), the Polish Society of Arts & Sciences Abroad and the Association of Polish Engineers in the UK.
- The provision of office space at significantly reduced rates to other Polish organisations and charities, and also (again, at significantly reduced rates) the use of the theatre and other halls for their cultural events, as well as educational and academic events such as lectures and conferences.
- POSK also runs its own Jazz Café, community cinema and a Gallery for exhibitions of the visual arts. It organises productions of Polish opera with English surtitles and other cultural events open to both Polish and non-Polish audiences.

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.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

### **Achievements and performance**

In 2020 POSK continued realising its cultural objectives as far as was possible within the constraints of government imposed restrictions due to the coronavirus pandemic.

In the early months before lockdown, two successful theatre productions took place, both aimed at a wide audience including in particular young people of high school age.

Jazz Café POSK continued 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 right up until lockdown in March, when its activity was paused due to the nature of the club venue..

The POSK Gallery also managed to put on several very interesting exhibitions in those early months of the year. The exhibitions, as ever, brought to the Centre many artists and visitors of culturally diverse backgrounds, including from Lithuania and Croatia and the subjects varied from the Neo-sacral art of Krzysztof Sokolowski to Urban photography of Amir Farhoud.

Later in the year, when restrictions eased a little, POSK was able to organize and host exhibitions commemorating a number of anniversaries of historical events: the 80th anniversary of the Battle of Britain, the 100th anniversary of the Battle of Warsaw in the Polish-Soviet War and the 40th anniversary of the founding of "Solidarity" in Poland. All these were held within the prevailing Covid-safe regulations and attracted a good deal of interest.

The pandemic forced most cultural activity onto the internet and the annual exhibition of the Association of Polish Artists Abroad was held virtually with remarkable success.

POSK Cinema, set up in 2019 was run very successfully by a small group of volunteers working with staff members and with some sponsorship from the Polish Tourist Organisation in London. The tickets are priced very modestly, all films are shown with English subtitles and the project is bringing in a large new audience to POSK. Its success was crowned with the Engholm Prize for Film Society of the Year, awarded by Cinema for All, whose jurors were stunned by its "matchless creativity, dedication to their audiences and the ability to overcome challenges". POSK Cinema very successfully transferred its activity online, continuing to bring the best of Polish cinema to audiences at home.

In 2020 POSK was able once again to be part of Open House London, with small groups booking visits online and being given guided tours around the building in a Covid-secure manner.

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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POSK normally provides a venue for many literary evenings such as book launches and discussions, (organised mainly by the Polish Library), as well as celebrations in connection with anniversaries of historical events and other meetings and debates on a wide variety of subjects. In 2020 due to the pandemic and two lockdowns these activities were severely curtailed and a new programme of events – POSK Online – was created. With investment in camera equipment and great enthusiasm from a small team of Directors and staff, POSK Online was able to produce two classical concerts, a jazz concert, a celebration in words and music for Polish Independence Day and a Christmas carol concert with stars of POSK Polish Opera on stage and joining virtually.

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. In 2020 nearly all of this activity ceased, although ArtsEd were able to use the premises sporadically. The Polish Consulate service on POSK premises for parents applying for children's' passports also continued when the regulations allowed and with special health and safety measures in place.

The Trustees consider that the main measures of POSK's success are a continuing vibrant and diverse programme of events and a high usage of the POSK building in terms of the number of people visiting POSK and attending events. This was obviously severely curtailed during 2020 but the organisation continued to serve all its client groups to the best of its ability in the circumstances of the pandemic, all the while having foremost in mind the health and safety of staff, tenants and visitors.

The Welfare Committee's activity, while growing in importance, was also circumscribed by the Covid regulations and was reduced primarily to keeping in contact with known vulnerable individuals to offer them support.

The completed plans for building residential property for rent on property belonging to POSK proved their worth in 2020, when they served as almost the only reliable source of ongoing revenue apart from that from those office tenants who were able to keep up their rent and service charges payments as they fell due.

Other sources of income which were of great help in keeping POSK afloat in 2020 were the Coronavirus Job Retention Scheme, of which it made as much use as was possible while keeping a skeleton staff in place, as well as some grants from London Borough of Hammersmith and Fulham in support of the Jazz Café POSK, which had to close completely for the duration with a consequent loss of revenue.

The Trustees would like to extend their most sincere thanks to all its staff, suppliers, volunteers, tenants and donors who all contributed towards its ability to remain solvent and continue its activities (although clearly on a much diminished scale) during the pandemic

### **Volunteers**

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

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

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Structure, Governance and Management

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

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

The Council comprises 51 members of POSK who are elected at General Meetings of POSK plus several members appointed by member organisations. The Chair is elected at POSK’s Annual General Meeting. At the first Council meeting after the Annual General Meeting, an Executive Committee selected by the Chair from among members of the elected Council is presented to the Council. In 2020 the Annual General Meeting was held on Zoom and the voting for candidates for Chair and Council was carried out by post.

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

Members of the Executive Committee who acted as the Trustees and Directors of POSK in 2020, are listed earlier in this report.

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

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

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

### Financial review

#### Income generation

Total income for POSK in 2020 was £1,204,117 (2019 - £1,125,825).

POSK’s income is very volatile due to donations and bequests. According to note 3, in 2020, total income from donations and legacies was £471,221 (2019 – £179,939. This included £10,000 from bequests (2019 – £25,195). Once one – off donations of £376,278 are stripped out POSK’s income has declined significantly year on year, which is not unexpected given the pandemic.

During the year POSK received £111,000 from the POSK Foundation (2019 - £60,000) and £273,924 in investment income (2019 - £260,703). The Trustees would like to thank the POSK Foundation for its continuing support. The relatively high level of investment income shows the positive effect of the Trustees’ policy of finding new revenue streams which do not impact materially on POSK’s charitable activities.

Clearly the relative stability of investment income assisted in negating the fact that the vast majority of POSK’s revenue generating activities ceased. The policy of obtaining new revenue streams has led to a relatively stable financial situation insofar as POSK suffered less from the pandemic than if such income did not arise.

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Resources expended

Resources expended on charitable activities and governance costs in 2020 were £915,481 (2019 - £1,080,786). The Trustees are pleased that steps taken when the pandemic and lockdowns hit to renegotiate contracts and curtail expenditure resulted in a significant decrease in costs.

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

A surplus of £301,424 (2019 – £1,236,319) was recorded on the Statement of Financial Activities for the year. The majority of the surplus in 2020 is represented by one – off income of £376,278 as below:

- Donation from Polish Ministry of Culture towards library running costs: £77,111
- Donation from Stowarzyszenie Wspólnota Polska towards refurbishing the main lifts £62,827
- Donations towards the Atrium: £102,000
- LBHF and HMG Coronavirus related grants £134,340

Without these donations and grants POSK would have been significantly lossmaking. The grants of £102,000 and £62,827 were spent on capital assets (Atrium and lift refurbishment respectively) and form part of restricted funds. As the assets they helped fund are depreciated / amortised these restricted funds are reduced accordingly (see note 20)

Bearing in mind that 2020 was a very tough year because of the pandemic 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 £9,142,712 (2018 - £8,841,288) of which £157,525 is restricted (2019 – £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.

### **Risk management**

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

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



# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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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
- (e) Ability to attract and retain suitable volunteers

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.

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

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

POSK will be looking at building human capital once its financial situation allows. POSK has become a very complex organisation and relying on volunteers to perform key tasks is not viable in the long term.

### **Plans for future periods**

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

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

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

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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 2020 POSK has continued to benefit from a high level of rental income and the occupancy of its UK investment property remains at almost 100%. POSK has no intention of selling any UK Investment Property and any revaluation movements will have no effect on future rental streams.

### **Charity's Public Benefit**

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

### **Trustees' Declaration**

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

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

### **Auditor**

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

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

**J Mludzinska (Chair)**

Trustee

Dated: 28 July 2021

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements 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 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 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 financial statements; and
- prepare the financial statements 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE TRUSTEES OF POLISH SOCIAL AND CULTURAL ASSOCIATION**

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#### **Opinion**

We have audited the financial statements of Polish Social and Cultural Association (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including 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 charitable company's affairs as at 31 December 2020 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**

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 charity'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 contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF POLISH SOCIAL AND CULTURAL ASSOCIATION**

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

#### **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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the 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.

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.

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

# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF POLISH SOCIAL AND CULTURAL ASSOCIATION**

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#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

4 August 2021

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
<b><u>Income from:</u></b>							
Donations and legacies	3	88,783	382,438	471,221	155,203	24,736	179,939
Charitable activities	4	458,972	-	458,972	661,615	23,568	685,183
Investments	5	273,924	-	273,924	260,703	-	260,703
<b>Total income</b>		<b>821,679</b>	<b>382,438</b>	<b>1,204,117</b>	<b>1,077,521</b>	<b>48,304</b>	<b>1,125,825</b>
<b><u>Expenditure on:</u></b>							
Raising funds	6	17,301	-	17,301	20,082	-	20,082
Charitable activities	7	644,506	224,914	869,420	895,399	165,305	1,060,704
<b>Total resources expended</b>		<b>661,807</b>	<b>224,914</b>	<b>886,721</b>	<b>915,481</b>	<b>165,305</b>	<b>1,080,786</b>
Net gains/(losses) on investments	11	(15,972)	-	(15,972)	1,191,280	-	1,191,280
Gross transfers between funds		-	-	-	(117,001)	117,001	-
<b>Net movement in funds</b>		<b>143,900</b>	<b>157,524</b>	<b>301,424</b>	<b>1,236,319</b>	<b>-</b>	<b>1,236,319</b>
Fund balances at 1 January 2020		8,841,288	-	8,841,288	7,604,969	-	7,604,969
<b>Fund balances at 31 December 2020</b>		<b>8,985,188</b>	<b>157,524</b>	<b>9,142,712</b>	<b>8,841,288</b>	<b>-</b>	<b>8,841,288</b>

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

All income and expenditure derive from continuing activities.

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	12	2,244,835		2,045,391	
Investment properties	14	6,520,000		6,520,000	
Investments	15	51,084		67,058	
		<u>8,815,919</u>		<u>8,632,449</u>	
<b>Current assets</b>					
Debtors	17	284,769		222,089	
Cash at bank and in hand		358,588		408,554	
		<u>643,357</u>		<u>630,643</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(316,564)</u>		<u>(421,804)</u>	
Net current assets			326,793		208,839
<b>Total assets less current liabilities</b>			<u>9,142,712</u>		<u>8,841,288</u>
<b>Income funds</b>					
Restricted funds	20	157,524		-	
Unrestricted funds		8,985,188		8,841,288	
		<u>9,142,712</u>		<u>8,841,288</u>	



# **POLISH SOCIAL AND CULTURAL ASSOCIATION**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2020**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

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

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 28 July 2021

J Mludzinska (Chair)

**Trustee**

**Company Registration No. 00816310**

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	23		(48,984)		(1,130)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(274,906)		(71,295)	
Purchase of investment property		-		(374,377)	
Investment Income		273,924		260,703	
<b>Net cash used in investing activities</b>			(982)		(184,969)
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(49,966)		(186,099)
Cash and cash equivalents at beginning of year			408,554		594,653
<b>Cash and cash equivalents at end of year</b>			358,588		408,554

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Charity information

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

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

At the time of approving the 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 for use at the discretion of the trustees in furtherance of their charitable objectives.

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

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

#### 1.4 Incoming resources

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

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

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

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

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

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

#### 1.6 Tangible fixed assets

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

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

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

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

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially 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.

#### 1.8 Fixed asset investments

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

#### 1.9 Impairment of fixed assets

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

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

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

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

#### 1.13 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.

#### 1.14 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.

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2020 £	2020 £	2020 £	2019 £
Donations and gifts	78,783	170,987	249,770	154,744
Legacies receivable	10,000	-	10,000	25,195
Grants receivable	-	211,451	211,451	-
	<u>88,783</u>	<u>382,438</u>	<u>471,221</u>	<u>179,939</u>
<b>For the year ended 31 December 2019</b>	<u>155,203</u>	<u>24,736</u>		<u>179,939</u>

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Donations and legacies

(Continued)

#### Donations and gifts

Bequests to POSK	10,000	-	10,000	34,015
Donations from the POSK Foundation	60,000	-	60,000	60,000
Other donations and membership subscriptions	13,843	1,435	15,278	23,418
Donations to Library	-	1,625	1,625	5,220
Donations to Cinema	-	3,100	3,100	-
Stowarzyszenie Wspolnota Polska	-	62,827	62,827	15,916
Polish Trustee Association	4,940	-	4,940	50,190
Donations for Atrium (see below)	-	102,000	102,000	-
Coronavirus Job Retention Scheme Grant	-	109,340	109,340	-
Ministerstwo Kultury i Dziedzictwa Narodowego grant	-	77,111	77,111	-
LBHF – Coronavirus Retail, Hospitality and Leisure Grant Fund	-	25,000	25,000	-
	<u>88,783</u>	<u>382,438</u>	<u>471,221</u>	<u>179,939</u>

#### Donations for Atrium

The POSK Foundation	51,000
The Polish Ex-Combatants Association in Great Britain Trust Fund	35,000
Polonia Aid Foundation Trust	10,000
The Relief Society for Poles Trust	4,000
The Roman and Natalii Guminski Foundation	2,000
	<u>102,000</u>

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Charitable activities

	Charitable rental income	Facilities, Arts Centre, Theatre and Jazz Cafe	Total 2020	Total 2019
	£	£	£	£
Sales within charitable activities	337,237	121,735	458,972	685,183
Analysis by fund				
Unrestricted funds	337,237	121,735	458,972	
<b>For the year ended 31 December 2019</b>				
Unrestricted funds	394,611	267,004		661,615
Restricted funds	-	23,568		23,568
	383,531	271,597		685,183

### 5 Investments

	Unrestricted funds	Unrestricted funds
	2020 £	2019 £
Rental income	269,877	252,655
Income from shares and other investments	4,047	8,048
	273,924	260,703

### 6 Raising funds

	2020 £	2019 £
Investment management costs	17,301	20,082
	17,301	20,082

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Charitable activities

	2020 £	2019 £
Staff costs	352,413	389,747
Depreciation and impairment	75,462	70,844
Grants payable	580	8,332
Legal and professional	4,840	16,117
Printing, postage and stationary	15,030	8,508
Cost of Jazz café events	4,325	18,771
Other expenses	251,505	357,891
Bad debts written off	58,416	25,226
Loss on foreign exchange movements	4,059	1,072
Speakers and performers' fees and expenses	11,723	59,520
	<u>778,353</u>	<u>956,028</u>
Share of support costs (see note 8)	82,717	96,246
Share of governance costs (see note 8)	8,350	8,430
	<u>869,420</u>	<u>1,060,704</u>
<b>Analysis by fund</b>		
Unrestricted funds	644,506	895,399
Restricted funds	224,914	165,305
	<u>869,420</u>	<u>1,060,704</u>



# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Staff costs	52,800	-	52,800	56,475	-	56,475
Printing, postage and stationary	8,956	-	8,956	13,128	-	13,128
Other expenses	16,520	-	16,520	22,696	-	22,696
Irrecoverable VAT	-	-	-	363	-	363
Accountancy	4,441	-	4,441	3,584	-	3,584
Audit and accounts	-	8,350	8,350	-	8,430	8,430
	<u>82,717</u>	<u>8,350</u>	<u>91,067</u>	<u>96,246</u>	<u>8,430</u>	<u>104,676</u>
Analysed between Charitable activities	<u>82,717</u>	<u>8,350</u>	<u>91,067</u>	<u>96,246</u>	<u>8,430</u>	<u>104,676</u>

Governance costs includes payments to the auditors of £7,350 (2019: £7,350) for audit fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. During the year, the Charity paid a sum of £2,114 (2019: £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 2020

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
House	9	10
Library	6	7
Part time staff (see below)	10	9
	<u>25</u>	<u>26</u>

#### Employment costs

	2020 £	2019 £
Wages and salaries	370,768	406,476
Social security costs	26,863	31,293
Other pension costs	7,582	6,262
	<u>405,213</u>	<u>444,031</u>

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

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

### 11 Net gains/(losses) on investments

	2020 £	2019 £
Revaluation of investments	(15,972)	4,319
Revaluation of investment properties (See note 14)	-	1,186,961
	<u>(15,972)</u>	<u>1,191,280</u>

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	2,827,848	84,742	742,693	3,655,283
Additions	209,085	-	65,821	274,906
At 31 December 2020	3,036,933	84,742	808,514	3,930,189
<b>Depreciation and impairment</b>				
At 1 January 2020	979,477	65,598	564,817	1,609,892
Depreciation charged in the year	46,306	4,787	24,369	75,462
At 31 December 2020	1,025,783	70,385	589,186	1,685,354
<b>Carrying amount</b>				
At 31 December 2020	2,011,150	14,357	219,328	2,244,835
At 31 December 2019	1,679,342	19,163	346,886	2,045,391

### 13 Heritage assets

The Charity has been bequeathed, over a number of years, artefacts of cultural and historical significance. These include furniture, paintings, books and sculptures. Due to the unique and specific nature of the artefacts and the context in which they were bequeathed there is no readily ascertainable market value and it has not been sought to attribute one within the financial statements. These assets are therefore included at £nil and it is not practical to provide a five-year summary for the reporting periods prior to 1 January 2020.

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 2020.

### 14 Investment property

	2020 £
<b>Fair value</b>	
At 1 January 2020 and 31 December 2020	6,520,000

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Investment property

(Continued)

#### Movement on investment property - 2020

	Market value at 1 January 2020	Additions/ (disposals)	Change in value in the year	Market value at 31 December 2019
9 Ravenscourt Avenue	1,550,000	-	-	1,550,000
Property in Poland (Frascati 4)	970,000	-	-	970,000
238A and B King Street	2,150,000	-	-	2,150,000
3 Ravenscourt Avenue	1,850,000	-	-	1,850,000
<b>Total</b>	<b>6,520,000</b>	<b>-</b>	<b>-</b>	<b>6,520,000</b>

#### Movement on investment property - 2019

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

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Investment property

(Continued)

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

The Trustees have based the fair value of POSK's investment property in Poland as POSK's share of the estimated proceeds on sale after deducting (1) all estimated costs of sale, obtaining vacant possession and tax and (2) the remuneration of its lawyers in Poland who have dealt with its recovery from the Warsaw authorities, management and subsequent sale amounting to £511,284 (2019: £511,284).

The historic cost of investment properties of £2,343,063 (2019: £2,343,063) comprises of 9 Ravenscourt Avenue at £225,392 (2019: £225,392), 3 Ravenscourt Avenue at £710,418 (2019: £710,418), property held in Poland (Frascati 4) at £900,464 (2019: £900,464) and 238 A/B King Street at £506,789 (2019: £506,789).

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

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

### 15 Fixed asset investments

	Listed investments £	Unlisted investments £	Share of freehold £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	60,892	3,166	3,000	67,058
Valuation changes	(15,974)	-	-	(15,974)
At 31 December 2020	44,918	3,166	3,000	51,084
<b>Carrying amount</b>				
At 31 December 2020	44,918	3,166	3,000	51,084
At 31 December 2019	60,892	3,166	3,000	67,058

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16	Financial instruments	2020 £	2019 £
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	200,164	183,139
	Equity instruments measured at cost/ fair value less impairment	51,084	67,058
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	316,564	414,125
		<u>          </u>	<u>          </u>

Debt instruments are made up of trade debtors (£112,231) and other debtors (£143,546). Equity instruments are made up of both listed (£44,918) and other investments (£6,166).

17	Debtors	2020 £	2019 £
	<b>Amounts falling due within one year:</b>		
	Trade debtors	112,231	165,076
	Other debtors	143,546	18,063
	Prepayments and accrued income	28,992	38,950
		<u>          </u>	<u>          </u>
		284,769	222,089
		<u>          </u>	<u>          </u>

18	Creditors: amounts falling due within one year	2020 £	2019 £
	Other taxation and social security	-	7,679
	Trade creditors	13,022	78,385
	Other creditors	139,568	149,492
	Accruals and deferred income (see note 19)	163,974	186,248
		<u>          </u>	<u>          </u>
		316,564	421,804
		<u>          </u>	<u>          </u>

### 19 Deferred Income

Accruals and deferred income of £163,974 (2019: £186,248 ) includes £93,690 (2019: £117,770) in respect of income charged to tenants and hall hirers for the period after 31 December 2020.

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 20 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		
	Incoming resources	Balance at 1 January 2020	Incoming resources	Resources expended	Balance at 31 December 2020
	£	£	£	£	£
Building Fund	-	-	102,000	(1,020)	100,980
Asset Purchase Fund	-	-	62,827	(6,283)	56,544
MKiDN Library Fund	-	-	77,111	(77,111)	-
Coronavirus Grants Fund	-	-	134,340	(134,340)	-
Library Fund	-	-	1,625	(1,625)	-
Cinema Fund	-	-	3,100	(3,100)	-
Minor Events Fund	-	-	1,435	(1,435)	-
	<u>-</u>	<u>-</u>	<u>382,438</u>	<u>(224,914)</u>	<u>157,524</u>

The Building Fund represents amounts received in respect of donations towards building works (Atrium). The movement on the fund in the year represents depreciation according to POSK's depreciation policy on these building works.

The Asset Purchase Fund represents amounts received in respect of donations towards replacement of fixed assets (Main Lifts). The movement on the fund in the year represents depreciation according to POSK's depreciation policy on these fixed assets.

The MKiDN Library Fund represents funding from the Polish Ministry of Culture (Ministerstwo Kultury i Dziedzictwa Narodowego) to support library activities. All amounts received were fully spent in the year.

The Coronavirus Grants Fund represents amounts received from HM Government under various initiatives to support businesses during the Coronavirus Pandemic. All amounts received were fully spent in the year.

The Library and Cinema funds represent income and expenditure relating to these specific POSK activities.

The Minor Events funds represents income and expenditure for specific POSK concerts or events.

# POLISH SOCIAL AND CULTURAL ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 Analysis of net assets between funds

	Unrestricted fund £	Restricted fund £	Total £
Fund balances at 31 December 2020 are represented by:			
Tangible assets	2,087,311	157,524	2,244,835
Investment properties	6,520,000	-	6,520,000
Investments	51,084	-	51,084
Current assets/(liabilities)	326,793	-	326,793
	<u>8,985,188</u>	<u>157,524</u>	<u>9,142,712</u>

### 22 Related party transactions

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

During the year, POSK received donations of £111,000 (2019: £60,000) from the POSK Foundation. AM Zakrzewski and R Wisniowski are Trustees of the POSK Foundation. The administrative costs of the POSK Foundation are borne by POSK.

Mr R. Wisniowski is also a director of Polish Daily Publishers Limited, a company that publishes "Tydzien Polski", a weekly newspaper that POSK advertises in. During the year a total of £2,180 (2019: £5,403) was paid by POSK to Polish Daily Publishers Limited.

### 23 Cash generated from operations

	2020 £	2019 £
Surplus for the year	301,424	1,236,319
Adjustments for:		
Investment income recognised in statement of financial activities	(273,924)	(260,703)
Fair value gains and losses on investment properties	-	(1,186,961)
Fair value gains and losses on investments	15,972	(4,319)
Depreciation and impairment of tangible fixed assets	75,462	70,844
Movements in working capital:		
(Increase)/decrease in debtors	(62,678)	94,150
(Decrease)/increase in creditors	(105,240)	49,540
<b>Cash absorbed by operations</b>	<u>(48,984)</u>	<u>(1,130)</u>

### 24 Analysis of changes in net funds

The charity had no debt during the year.