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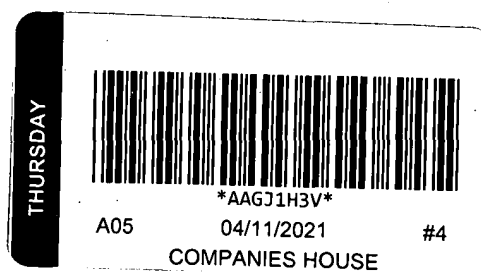
THE VICTORY (SERVICES) ASSOCIATION
(A company limited by guarantee)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

Company No. 429298

Registered Charity No. 261307



THE VICTORY (SERVICES) ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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THE VICTORY (SERVICES) ASSOCIATION

REFERENCE AND ADMINISTRATIVE DETAILS

PATRON-IN-CHIEF

Her Royal Highness The Duchess of Cornwall GCVO

PRESIDENT

General Sir Richard Barrons KCB CBE

CHAIRMAN

Rear Admiral M Kimmons CB (until 8th July 2020)

Major General J S Kerr CBE (from 8th July 2020)

VICE-CHAIRMAN

Colonel P R Rossiter

HONORARY TREASURER

Lieutenant Colonel R Ward

COUNCIL MEMBERS

Warrant Officer J Alpert

Warrant Officer (Class 1) (CRSM) R Angove (appointed 31st July 2020)

General Sir Richard Barrons KCB CBE

Mr P Brackley

Air Vice-Marshal S Chisnall CB

Mrs P Clayton (appointed 29th March 2021)

Captain R Harris RN

Mrs M Hickson

Air Commodore P Higgins

Major General J S Kerr CBE

Rear Admiral M Kimmons CB (retired 8th July 2020)

Mr C N B Lacey

Major C Marment FCSI

Warrant Officer (Class 1) Dean Morgan (appointed 13th July 2020)

Warrant Officer (Class 1) (CRSM) D Mason RM (retired 31st July 2020)

Lieutenant Colonel A Newcourt MBE TD (retired 23rd March 2021)

Mrs C Newhall-Caiger

Command Corporal Major S Parker (retired 3rd July 2020)

Lieutenant Colonel D Pealin

Wing Commander T Pilkington MBE

Mr G Roberts

Colonel P R Rossiter

Warrant Officer (Class 1) C Steedman

Lieutenant Colonel R Ward

SECRETARY

Air Commodore N P Beest CBE

BANKERS

NatWest plc

PO Box No 2

69 Baker Street

London W1U 6AT

SOLICITORS

Bates Wells LLP

10 Queens Street Place

London EC4R 1BE

Charles Russell Speechlys

5 Fleet Place

London EC4M 7RD

AUDITORS

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

REGISTERED ADDRESS

63-79 Seymour Street

London W2 2HF

THE VICTORY (SERVICES) ASSOCIATION

CHAIRMAN'S STATEMENT AND THE STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

I have much pleasure in submitting my report on the financial statements for the financial year ended 31st March 2021.

The Directors of the Victory (Services) Association, which controls the Victory Services Club, have like many other companies and charities, faced an unprecedented year, which has been characterised by unwelcomed changes to our operating model due to Coronavirus, which brought about enforced closures of the Charity for long periods of time for the majority of our members. This substantially reduced our normal sources of revenue. We were though delighted to be able to keep the doors open to the Victory Services Club for essential and key workers throughout the three lockdowns. In the course of the year to 31st March 2021, and then beyond, we accommodated personnel from the Armed Forces (who augmented the Ministry of Defence, other Government Departments and helped construct the London Nightingale Hospital), NHS staff, Civil Servants and construction workers. The staff showed commendable spirit by living-in to provide the key workers with meals via room service, in support of those who were working extremely long hours on Coronavirus duties. The staff ensured that we were fully Covid compliant, which was underpinned by an outstanding plan, the timely acquisition of PPE together with market leading thermal scanning equipment and cleaning materials and an extensive training programme.

With FY 2019-20 probably the most successful year in the Club's history, the impact of Coronavirus on the Association's finances was swift and the reversal over the year to 31st March 2021 was stark. The Charity has always prided itself on offering Value, Service and Courtesy, but had thankfully developed a financial cushion which was a reserve for longer term capital projects. These funds, which were accumulated through previous years of hard work, was vital to sustain the Club and the staff until the Government's support measures were deployed. The Association gratefully acknowledges the support provided by the Government and also Westminster City Council. The Club availed itself of the Coronavirus Business Interruption Loan Scheme (CBILS) by borrowing £1.5m, and we chose to defer our March 2020 VAT bill. The Coronavirus Job Retention Scheme was also well utilised and this proved pivotal in retaining many jobs, which otherwise would have been lost. The extension of Council Tax relief by Westminster City Council to the Association was also invaluable. As in the previous financial year, the members of the Victory Services Club responded magnificently with kind donations and when the appeal for support was finally closed in July 2020 a total of £237,675 had been raised, of which £76,148 was from the start of the year from 1st April 2020. While those sources of funding were vital, the staff displayed commendable foresight and rigour in reducing expenditure across all budget areas, with potential contracts not being signed (especially for long-planned infrastructure works), and existing contracts either terminated, reduced or deferred; some of our contractors were exceptionally understanding.

Notwithstanding the considerable efforts of the staff to try and attract more key workers to stay with us, the aforementioned external and internal support, together with deep cost cutting and strict cash control, a restructuring programme was necessary. The Club saw a reduction in permanent, and part time staff, together with our casual workers from 146 to 66. This action was not taken lightly and we will re-hire staff again when the recovery takes hold. The Directors ensured that staff who were furloughed received months of fully topped up wages and salaries and there were only two months when they did not receive 100% of their standard pay.

During the year, the Club was unable to fully deliver our charitable objectives as effectively as normal as we were only opened from 4th July 2020 to 5th November and for two weeks in December 2020. The Club also faced a number of subsequent operating restrictions including the Covid Tiers. Collectively, this meant that the opportunities for formal and informal esprit de corps activities were much reduced and countless military reunions, Association dinners and charity meetings were postponed beyond the reporting period. The Club's provision of free Respite and Welfare Breaks (RWB) which is a key component of our second charitable objective was also adversely affected by the coronavirus. While in the previous year 157 RWB were provided, in the year to 31st March 2021 only 10 were provided, with 51 postponed into the following year. Many of those who were recommended to us for our RWB scheme were medically vulnerable, hence it was not possible for them to travel, even when we opened between lockdowns. The Club's provision of free Reward and Recognition Breaks to personnel recommended by the Serving Warrant Officer Trustees was also impaired as only one break took place out of potential allocation of 30. Closures and then understandable Covid-19 nervousness amongst our partners impeded the further deepening of relationships with the local community, including the neighbouring school, and with the advent of Zoom meetings many did not wish to meet in person.

Although in the previous six years the Club's membership had increased year-on-year rising to 65,049 on 31st March 2020, Covid-19 led many members to reflect on the need for membership and paying subscriptions for a year to the Club when they could not travel to London from the UK, or overseas. Importantly, the Club's Membership Staff were unable to attend the many external military charity conferences, garrison open days and military training units which collectively saw our overall membership number fall to 59,482 by 31st March 2021. Of that number, the Club still provided free membership to 29,091 serving members of the Armed Forces and their spouses. The Club normally attends military garrison events across the country to recruit new serving Armed Forces members which have been postponed in 2020. In

2019, the Club recruited 1,292 members from such events. When possible, we look forward to resuming our traditional membership recruitment programme so that the Club's commitment to the delivery of Value, Service and Courtesy is fully understood by all potential members.

After an exceptionally challenging year, which required many difficult but necessary decisions, the Club's cash position throughout the year remained positive and we ended with £2,205,950 in the bank on 31st March 2021, of which £1.5m was the drawn down, but untouched CBILS. None of our investments were sold in the course of the year. Taken together this has created a solid platform from which we will address the challenges and uncertainties in Financial Year 2021-22. The Board is confident that the Association will remain a going concern and that our wonderful members and hardworking staff will see the recovery of the Club's activity levels.

In summary, this has been an exceptional year for the Victory (Services) Association and the Victory Services Club. Our ability to adapt to the ever changing operating circumstances was very largely due to the unfailing support of our members, the energy and determination of the staff and the commitment of our Directors. We look positively towards seeing a better year in 2021-22, in which we have greater opportunities to deliver our charitable objectives, with fewer restrictions.



Major General Seumas Kerr
Chairman

The Council submits its report together with the audited financial statements of the Association for the year ended 31st March 2021.

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Council (who are also the Directors for the purposes of the Companies Act) present their report, incorporating the Strategic Report, for the year ended 31st March 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Reference and Administrative Information

The Victory Services Club was founded in 1907 and is registered with the Charity Commission of England and Wales under charity number 261307. The Trustees, Secretary, principal advisors and addresses are listed on pages 1 and 2.

The Victory (Services) Association, company registration number 429298, was incorporated on the 7th February 1947 and it controls the Victory Services Club. On 5th May 2020, the company changed its name from The Victory (Services) Association Ltd to The Victory (Services) Association. The Victory (Services) Association is a charitable company limited by guarantee and does not have a share capital. The Charity is governed by its Memorandum and Articles of Association and limits the liability of each Director of the Association to £1. The members of the Council are Directors of the company for the purposes of the Companies Act 2006 and serve as Trustees of the charitable company.

Council members

The Council determines the general policy of the Association. The Trustees are legally responsible for the overall management, finances and control of the Club. The recruitment and selection of new Trustees to serve on the Council and the Association's sub-committees is first considered by the Nominations Committee, prior to the submission of recommendations to the Council and necessary approval. Potential new Trustees, and all appointees to sub-committees and senior Trustee roles, are assessed for their suitability in terms of knowledge, skills, experience and availability. New Trustees are inducted into the workings of the Charity by the Chairman and Chief Executive/Club Secretary, with the latter providing a pack including the Charity Commission's guidance for Trustees and the Club's Business Plan. Council Members attend up to eight meetings a year and all Council Members receive the minutes of each meeting.

Changes to the Council within the year are highlighted as follows:

- Warrant Officer Class 1 (Corps RSM) R Angove RM joined the Council on 31st July 2020.
- Mrs Petra Clayton joined the Council on 29th March 2021
- Warrant Officer (Class 1) D Morgan joined the Council on 13th July 2020.
- Warrant Officer (Class 1) (CRSM) D Mason RM retired from the Council on 31st July 2020.
- Lieutenant Colonel A Newcourt MBE TD retired from the Council on 23rd March 2021.
- Command Corporal Major S Parker retired from the Council on 3rd July 2020.

No member of the Council has any financial interest in the Association, nor draws any benefits. The Association reimbursed travelling expenses of £95 (2020: £2,500) to certain members of Council for attendance at meetings.

Executive Committee members

Specific powers are delegated by the Council to the Executive Committee who are responsible to the Council for the development of the Victory Services Club. The Executive Committee is responsible for preparing the annual Business Plan including the budget and submitting it for approval by the Council. The Executive Committee subsequently oversees the delivery of the Business Plan and, through the Chairman, oversees the work of the CEO/Club Secretary and the Senior Management Team.

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2021

The following Council Members served on the Executive Committee during the year:

- Rear Admiral M Kimmons CB, as Chairman until 8th July 2020.
- Major General J S Kerr CBE as Chairman from 8th July 2020.
- Colonel P R Rossiter, as Vice Chairman.
- Lieutenant Colonel R Ward, as Hon Treasurer.
- Air Vice-Marshal S Chisnall CB.
- Air Commodore P Higgins.
- Major C Marment.
- Mrs C Newhall-Caiger.

In addition to the Executive Committee, and subordinate to the Council, the Association operates the following sub-committees and working group:

- Nominations Committee (Chaired by General Sir Richard Barrons KCB CBE)
- Remuneration Committee (Chaired by Rear Admiral M Kimmons CB until 8th July 2020 and thereafter by Major General J S Kerr CBE)
- Investment Committee (Chaired by Major Charles Marment).
- Trading Committee (Chaired by Lieutenant Colonel R Ward).
- Governance Working Group (Chaired by Colonel P R Rossiter).

The day-to-day management of the Association is delegated to the Chief Executive/Club Secretary, who is supported by the Operations Director and the Finance and HR Director, who together comprise the Senior Management Team. The Chief Executive/Club Secretary attends all Council meetings and meetings of the Association's Sub committees. Relevant members of the Senior Management Team also attend meetings of sub-committees when required.

VSC (Trading) Limited

The Association holds 100% of the share capital of VSC (Trading) Limited, registered number 03532841. This company is responsible for using the Association's facilities and resources which fall outside the charitable objectives of the Association by generating income to support the charitable objectives. All trading surpluses are distributed by Gift Aid to the Association. A summary of the results of the company are shown in note 11 of the financial statements.

Investment powers and policy

Powers

In furtherance of the objects of the Association, but not otherwise, the Association shall have the power to invest monies of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) as may for the time being, be imposed or required by law. The investments of the Victory Services Association are managed by Investec, Blackrock and M&G.

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2021

Policy

It is the policy of the Association to run the Club from trading surpluses and only to call upon investment reserves when essential for capital improvements. For the present it is the Association's aim to achieve maximum growth while at the same time protecting the real value of investments. The Investment Committee re-invests the dividends in the fund. The value of the Association's long-term investments should not be reduced below £1,000,000 at market value unless exceptional circumstances are approved by the Council.

Risk management

The Council is required to include a statement that the major risks to which the Association are exposed, as identified by Council, have been reviewed and that the systems in place will mitigate those risks. The Council reviews the formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, listing them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The Council fully recognises the significant importance of effective internal controls on expenditure and payment and takes every action to minimise this risk. The full Risk Register is reviewed at each Board meeting and one risk is considered in detail. The Senior Management Team are responsible for day-to-day monitoring of all risks on behalf of the Council which will be an on-going activity throughout the new financial year ending 31st March 2021. The principal risks the Association faces and their mitigation strategies are as follows:-

Risk	Mitigation and Controls
Failure to recover from the Coronavirus in a sufficiently agile manner.	- Look for new opportunities in the short term such as providing accommodation for key workers. - Provide additional technology resources in our primary Conference Rooms through enhanced VTC capability and wi-fi. - Create a social distancing norm within the Club, which meets all legislative requirements and professional guidelines. - Re-profile cashflow lines and cease all non-essential expenditure.
Failure to recruit and retain a quality, motivated workforce	- Monitor staff turnover. - Incrementally uplift pay, benefits and staff facilities based on benchmarking, with the London hospitality sector. - Deliver agile recruitment processes. - Apply findings from the Annual Staff Survey. - Provide an efficient Appraisal System.
Members decide not to use the Club or renew their membership and the Club fails to recruit a matching or higher number of members.	- Monitor attrition and joiners rates and the associated reasons. - Monitor the numbers of SAF and paying members and the movement thereof and monitor the SAF conversion rate. - Track closely the member's age profile and seek younger members - Focus long term marketing plan - Offer talks and events both within the Club and online. - Launch the Ambassador and Investiture schemes once the Coronavirus restrictions allow.
Supplier price increases, competition from other Clubs/hotels, erosion of prices and inflation affecting consumer consumption	- Senior Management Team ("SMT") weekly review of sales performance. - Executive Committee and SMT monthly review of Management Accounts. - Frequent benchmarking with Hospitality Assured, Venues of Excellence/ABPCO, BDO and Association of London Clubs. - Regular review of supplier contract costs.

Cyber-crime or inadequate IT policies.	- Firewall, back-ups, anti-virus software, password control and mail holding service provided. - Reviews conducted by external IT support company. - IT Policy and appropriate insurance in place. - Financial controls in place to prevent Fraud. Insurance in place. - Club has achieved Cyber Essentials certification.
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Remuneration of senior staff

The Council, supported by the salaried Senior Management Team, comprise the key management personnel of the charity in charge of directing, controlling, running and operating the Association on a day-to-day basis. All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 8 to the accounts. The pay of the Senior Management Team and all staff is reviewed annually by the Remuneration Committee which reports to the Council. The Remuneration Committee considers comparative data from several external sources including the Association of London Clubs, and the Institute of Hospitality.

CHARITABLE OBJECTIVES, VISION, MISSION AND ACTIVITIES

The objectives for which the Charity are:

- (i) To promote military efficiency and esprit de corps by bringing together members of the Armed Forces of the Crown, former members of the Armed Forces of the Crown and members of the Armed Forces of the Commonwealth and Foreign countries with whom they are currently allied and by improving the conditions of life of such persons.
- (ii) To relieve need, hardship or distress among persons who have served in the Armed Forces of the Crown and their dependants.

The Club's Vision is to be the leading military members' Club, where membership is cherished, and outstanding standards of services are the norm.

The Club's Mission is to deliver outstanding Value, Service and Courtesy.

Public Benefit

The Council has had due regard to the Charity Commission guidance in deciding how to implement the Charity's object for the benefit of the public. The work carried out by the Charity to further the charitable objectives are highlighted in the Chairman's statement. Whilst the Government closed much of hospitality as a defence measure against Covid-19, the Club remained open to support key workers and military personnel working to support London's hospitals and its population.

By way of expansion on those points the Trustees and staff have been focused on our two objectives to ensure that we continue to provide a benefit to our members and the wider military 'family'. To meet the Charity's first objective we provide a smart, comfortable, and modern venue for esprit d'corps activities. Specifically, these include informal and formal meetings, and Ships, Regimental and Squadron dinners, and conferences. Ordinarily, the Club hosts a wide range of military Association events due to a more effective marketing programme, and a pricing model that is tailored to provide an enjoyable event that is affordable, which allows individuals from all ranks to participate and be accommodated at very reasonable prices. Inevitably, our ability to meet this objective in the reporting period has been constrained by reasons beyond our control.

Our RWB scheme, as mentioned by the Chairman earlier on Page 3, is a unique offer in London which provides free accommodation and all meals for a two-night stay to a family consisting of two adults and usually up to three school age children; this offer is extended to an accompanying carer if necessary. Over the last five years we have hosted 1,434 individuals under this scheme. Understandably, the numbers for Financial Year 2020/21 have been significantly reduced as the Club was very largely closed, apart providing a service to essential and key Workers for a significant part of the year. Our Trustees are committed, when allowed, to annually increasing the numbers benefitting from this offer. The Club's staff frequently engage with the leading military charities and the single Service and Defence Medical Rehabilitation staff to seek nominations. The Club also continues to offer thirty free weekend Reward and Recognition breaks to members of the serving Armed Forces who are recommended to us. This scheme is generously funded by the Nuffield Trust for the Forces of the Crown. Notably, the Club also supports the work of other military charities by providing discounted charges for meeting and event rooms. Our ability to support the local community in FY 2021/22 has been similarly constrained due to Covid-19.

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2021

Capital and Works Expenditure

In the reporting period the Club significantly reduced the programme of planned capital and maintenance projects, in order to reduce expenditure. The planned refurbishment of two floors of bedrooms in the Memorial Wings was deferred to FY 2022/23. Minor projects to replace office carpeting, work surfaces in the Club's Lounge Bar and upgrades to bedroom air conditioning controls, amongst others, were also deferred. The Club did complete a number of fire stopping works including the installation of new mid-corridor fire doors on six floors of the Memorial Wing and also works in the inter-floor services cupboards. This was at a cost of £71,110. In response to Covid-19 the Club spent £14,467 on unforeseen works. These included two tripod mounted thermal scanning cameras and two hand held devices for use on members, staff and contractors at our entrances. In addition, desk top and full height screens were installed in the Club's Reception area, the Dining Room, Event spaces, the Lounge Bar and a number of offices. In addition, the Club spent £39,416 on PPE.

Plans for the Future.

From the reopening to Members on 17th May 2021, the Club has seen a gradual and steady increase of usage of the Club by its members and a small number of Events and meetings have taken place. The Board anticipates considerably greater bedroom occupancy and more events in the third quarter of the year, so that by 31st March 2022 the Club will be operating at 60% of its pre-Covid capacity.

In Financial Year 2021/22 the Club's planned capital and works expenditure will again be reduced owing to uncertainty associated with Covid-19 and reduced usage, combined with the lower revenue from the previous year. The Club has extensive air conditioning in our bedrooms, Event Rooms and 'public' areas, with a collective value of £1m. With a budget of £35k the Club will contract with a Mechanical and Electrical Company to carry out an equipment condition survey, from which we will have a plan to manage a replacement programme over a period of up to 4 years. The Club will deliver upgrades to our Wi-Fi systems to improve our free service in our public rooms, bedrooms and conference rooms to meet the increasing demand for faster speed and more capacity. The Army Central Fund will generously donate £40,000 in August 2021 to this project, with the Club contributing £10k. Planned work to further upgrade the Club's fire protection systems will be completed in Financial Year 2021/22 programme at a cost of £30k, as the Board is fully committed to complying with all HSAW legislation and regulations. Works to prevent water ingress on the flat roof canopy over our sublets will cost £20,000.

The Club's linkages to the Armed Forces community, both serving and retired, will continue to be developed through greater links with membership organisations and those who are transitioning from Service to civilian life. Our provision of our free Respite and Welfare Breaks will build back up following the reopening on 17th May 2021, and the subsequent lifting of restrictions. We look forward to being able to visit military units, Charity conferences and AGM's to raise our presence again, in addition to our online marketing activities, so that we recruit more members and make our offer more available.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities shows a net deficit of £1,764,884 (2020: Net surplus £411,524). The deficit is after an unrealised gain in our investments of £881,225 (2020: loss £414,959). As the Investments are held for the long term, the Investment Committee does not propose a change in investment strategy. As a result of Covid 19 and extensive periods of closure, income decreased from £9,319,421 to £2,705,969. Expenditure in all areas of operations were carefully managed and have been further tightened in the Covid 19 environment. We are working to reduce our annual expenditure on major capital works, thus leading to lower depreciation over time. The accumulated funds at the balance sheet date totals £13,985,077 (2020: £15,748,419).

Fixed assets

In the opinion of the Council the market value of the leasehold premises is significantly higher than the book value, details of which are given in the notes to the financial statements. However, because of the various covenants in the lease, it is not practicable to ascertain with any degree of precision, the market value of the leasehold premises.

The investments held by the Association have been acquired in accordance with the powers available to the Council Members.

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2021

Fundraising

The Association does not actively fundraise from the public although grants are sought from grant making bodies. However, on 19th March 2020 an appeal was launched to the members of the Victory Services Club to raise money to support the Club and its staff through the Coronavirus period. The appeal has raised £212,940 of which £161,527 plus gift aid was in the year to 31st March 2020 and £51,413 is in the year to 31st March 2021.

In addition, some individuals have left bequests to the Association, and have voluntarily made some donations, for which we are very most grateful. We have not received any complaints in respect of fundraising activity. In 2021 there were also no complaints.

Reserves policy

In the year to the 31 March 2020 the Trustees carried out a review of the Reserves Policy. Using the Charity Commission guidance, the Trustees decided that the Charity needed to better ensure the long-term interests of the Charity and its beneficiaries were protected. Hence, the updated Reserves Policy was approved in October 2019 and consists of the following elements:

- The Charity's unrestricted reserve to cover business downturn, property and staff risk would be built up to twelve months of operating costs (currently calculated at £6.17m);
- The designated fixed asset fund at the net book value of the fixed assets £9,957,369 (2020: £11,114,527);
- The creation of a designated fund called the "Significant Capital Project Fund" which is a fund long term project. As a result of the Coronavirus, the Charity has been unable to add any monies to this Funds and hence the balance on 31st March 2021 is £nil (2020: £nil);
- The creation of a restricted Respite and Welfare Breaks Reserves which is equivalent to delivering one year of respite and welfare breaks. The value reserves are calculated at £75,000 (2020: £75,000).
- On 31st March 2021, the Charity had total reserves of £14,201,154 (2020: £15,966,038). Of the total, £216,077 relates to restricted funds (2020: £217,619) and £9,957,369 is included in a designated fund which reflects the net book value of tangible fixed assets (2020: £11,114,527).

The Trustees further decided that the Executive Committee review the Reserves Policy going forward as part of the annual budgeting process, or when the Charity's strategy is reviewed and when the risks faced by the Charity significantly change.

As of 31st March 2021, the Charity had general, unrestricted reserves, excluding restricted and designated reserves of £4,027,709 (2020: £4,633,892).

Investment performance

During the year Council, requested that the Investment Committee interview potential Investment Managers with a view to building a long-term fund as outlined in the updated Reserves Policy. The Investment Committee requested information from a selected number of investment managers and held a review of three investment managers. In 2019, the Trustees, as advised by the Investment Committee, appointed Investec to manage the long-term fund. At the end of the financial year on 31st March 2021 investment balances were:

- M&G Charifund: £1,777,110. (2020: £1,370,387).
- M&G Charibond: £301,828. (2020: £287,805).
- Armed Forces Common Investment Fund: £592,850 (2020: £494,829).
- Investec Wealth & Investment Managers: £1,248,036 (2020: £902,585)

THE VICTORY (SERVICES) ASSOCIATION

COUNCIL'S REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

The unrealised (loss)/gain on investments totalled gains of £881,225 (2020: loss of £(423,996)). At the end of the financial year, the Charity's total investments stood at £3,919,824 (2020: £ 3,036,281).

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council Members are responsible for preparing Council's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council Members to prepare financial statements for each financial year. Under that law the Council Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the charitable company and of the group and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the Council Members are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The Council Members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Council Members also confirm that they have made all necessary enquiries and taken such steps that they ought to, to ensure that they become aware of any relevant audit information and that they confirm that the Association's auditors have been made aware of such information.

In approving this Council's Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

BY ORDER OF THE BOARD

N P Beet

Air Commodore N P Beet CBE

Date: 7 July 2021

63/79 Seymour Street
London, W2 2HF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE VICTORY (SERVICES) ASSOCIATION

Independent auditor's report to the members of The Victory (Services) Association Limited

Opinion

We have audited the financial statements of The Victory (Services) Association Limited for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Association balance Sheet, the Consolidated 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's and parent charitable company's net movement in funds, including the 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE VICTORY (SERVICES) ASSOCIATION

- the information given in the Council's Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Council's 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 the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council's Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, 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's and the 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 the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales and Scotland, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE VICTORY (SERVICES) ASSOCIATION

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the group relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular donation and legacy recognition.

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

Use of our report

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



Gareth Ogden (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen, Street Place, London EC4R 1AG

Date: 7 July 2021

THE VICTORY (SERVICES) ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure account)

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
INCOME FROM:					
Donations and legacies	3	999,306	-	999,306	555,593
Charitable activities					
Membership		814,112	-	814,112	842,017
Catering and accommodation		672,963	-	672,963	6,627,490
Trading activities		14,821	-	14,821	1,054,548
Investments	4	204,767	-	204,767	239,773
TOTAL INCOME		2,705,969	-	2,705,969	9,319,421
EXPENDITURE ON:					
Raising funds					
Fundraising and publicity		156,275	-	156,275	1,412,645
Charitable activities					
Catering and accommodation		3,307,107	-	3,307,107	6,391,416
Membership and central allocation		1,881,667	7,029	1,888,696	679,839
TOTAL EXPENDITURE	6	5,345,049	7,029	5,352,078	8,483,900
Net gains/(losses) on Investments		881,225	-	881,225	(423,996)
NET (EXPENDITURE)/INCOME	5	(1,757,855)	(7,029)	(1,764,884)	411,524
Transfer between funds		(5,487)	5,487	-	-
NET MOVEMENT IN FUNDS		(1,763,342)	(1,542)	(1,764,884)	411,524
Reconciliation of funds:					
Total funds brought forward		15,748,419	217,619	15,966,038	15,554,514
TOTAL FUNDS CARRIED FORWARD		13,985,077	216,077	14,201,154	15,966,038

All transactions are derived from continuing activities. The split between unrestricted and restricted donations and legacies for the current and previous year is shown in note 3. There was no other restricted income or expenditure for the year ended 31 March 2021.

All recognised gains and losses are included in the Statement of Financial Activities.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,957,369		11,114,527
Investments	10		3,919,824		3,036,281
			<u>13,877,193</u>		<u>14,150,808</u>
CURRENT ASSETS					
Stocks	12	27,527		47,590	
Debtors	13	342,435		371,537	
Cash at bank and in hand		<u>2,205,950</u>		<u>2,340,624</u>	
		2,575,912		2,759,751	
CREDITORS: amounts falling due within one year	14	(976,951)		(944,520)	
NET CURRENT ASSETS			<u>1,598,961</u>		<u>1,815,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,476,154		15,966,038
CREDITORS: falling due after more than 1 year	14	(1,275,000)			
TOTAL NET ASSETS OR LIABILITIES			<u><u>14,201,154</u></u>		<u><u>15,966,038</u></u>
FUNDS	15				
Restricted funds			216,077		217,619
Unrestricted funds:					
Designated funds			9,957,369		11,114,527
General funds			<u>4,027,708</u>		<u>4,633,892</u>
			<u>13,985,077</u>		<u>15,748,419</u>
			<u><u>14,201,154</u></u>		<u><u>15,966,038</u></u>

The unconsolidated deficit of the Association was £1,764,884 (2020: surplus of £411,524).

The financial statements were approved and authorised for issue by the members of the Council on 7th July 2021 and were signed below on its behalf by:



Major General Seumas Kerr
Chairman



Lieutenant Colonel Ward
Honorary Treasurer

THE VICTORY (SERVICES) ASSOCIATION

Company Number: 429298

ASSOCIATION BALANCE SHEET

AT 31 MARCH 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,957,369		11,114,527
Investments	10		3,919,822		3,036,279
Investment in trading company	11		2		2
			<u>13,877,193</u>		<u>14,150,808</u>
CURRENT ASSETS					
Stocks	12	27,527		47,590	
Debtors	13	349,585		628,164	
Cash at bank and in hand		<u>2,140,475</u>		<u>2,035,698</u>	
		2,517,587		2,711,453	
CREDITORS: amounts falling within one year	14	(918,626)		(896,222)	
NET CURRENT ASSETS			<u>1,598,961</u>		<u>1,815,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,476,154		15,966,038
Creditors falling due after more than 1 year	14	(1,275,000)			
NET ASSETS			<u>14,201,154</u>		<u>15,966,038</u>
FUNDS					
Restricted funds	15		216,077		217,619
Unrestricted funds:					
Designated funds			9,957,369		11,114,527
General funds			<u>4,027,708</u>		<u>4,633,892</u>
			<u>13,985,077</u>		<u>15,748,419</u>
			<u>14,201,154</u>		<u>15,966,038</u>

The financial statements were approved and authorised for issue by the members of the Council on 7th July 2021 and were signed below on its behalf by:



Major General Seumas Kerr
Chairman



Lieutenant Colonel Ward
Honorary Treasurer

THE VICTORY (SERVICES) ASSOCIATION

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021		2020	
		£	£	£	£
Cash Flow from operating activities	21		(1,728,268)		1,715,864
Cash flows from investing activities					
Rents receivable		202,788		230,625	
Other interest receivable		1,979		9,148	
Payments to acquire tangible fixed assets		(108,858)		(726,878)	
Proceeds from sale of tangible fixed assets		-		17,335	
Purchase of investments		(296,987)		(1,082,059)	
Proceeds from sale of investments		294,672		87,003	
Net cash provided by (used in) investing activities			93,594		(1,464,826)
Cash flows from financing activities					
Cash inflows from new borrowing			1,500,000		-
Change in cash and cash equivalents in the year			(134,674)		251,038
Cash and cash equivalents at the beginning of the year			2,340,624		2,089,586
Total cash and cash equivalents at the end of the year			2,205,950		2,340,624
Analysis of changes in net debt					
	At start of year	Cash-flows	Other non-cash changes	At end of year	
Cash and cash equivalents	2,340,624	(134,674)		2,205,950	
		(134,674)			
Loans falling due within one year	-	(225,000)		(225,000)	
Loans falling due after more than one year	-	(1,275,000)		(1,275,000)	
Total	2,340,624	(1,634,674)		705,950	
Analysis of cash and cash equivalents		2021		2020	
		£		£	
Cash at bank and in hand		1,705,950		2,340,624	
Notice deposits (less than 3 months)		500,000		-	
Total Cash and cash equivalents		2,205,950		2,340,624	

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of Accounting

The financial statements have been prepared in accordance with 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) (Second edition effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Victory (Services) Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The accounts are prepared in pounds sterling, rounded to the nearest pound.

Group financial statements have been prepared in respect of the Association and its wholly owned trading subsidiary, VSC (Trading) Limited. The subsidiary has the same accounting reference date as the Association. No separate profit and loss account is presented for The Victory (Services) Association as provided by Section 408 of the Companies Act 2006.

(b) Subscriptions

Subscription income, including life membership subscriptions, is recognised in the period in which it is received.

(c) Grants, legacies and donations

Grants, legacies and donations are accounted for when their payment to the Association is confirmed and quantifiable.

Government grant income represents the total amount claimed from HMRC under the Coronavirus Job Retention Scheme. The income is accounted for in the period in which the associated salary costs are made to furloughed staff.

(d) Investment income

Investment income is accounted for in the period that it is receivable.

(e) Other income

Other income is accounted for in the period in which it falls due. Income received in advance is treated as deferred income and included in creditors.

(f) Allocation of Expenditure

Expenditure is charged directly to the cost centre to which it relates. Support costs are allocated based on income generated. Governance costs consist of those costs which relate to the overall running of the Association, including meeting statutory and regulatory requirements.

(g) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

(h) Investments

Investments are included at market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities.

(i) Tangible fixed assets

Expenditure on fixed assets more than £1,000 is capitalised and depreciated over the asset's expected useful life as follows:

- Leasehold premium is amortised over approximately 60 years.
- Furniture, equipment, electrical works and improvements to premises are depreciated by equal annual instalments over 10 years
- Computer equipment is depreciated by equal instalments over 5 years.
- En suite bedrooms, lifts and other leasehold improvements are depreciated by equal instalments over 10 to 25 years

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

(j) Stocks

Stocks are valued at the lower of cost or net realisable value.

(k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

The Victory (Services) Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The accounts are prepared in pounds sterling, rounded to the nearest pound.

Debtors are reviewed at the year-end for evidence of required impairment to their settlement amount. A Bad debts provision is calculated based on a conservative basis.

(l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(m) Fund Accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds - they are available for use at the discretion of the Council in furtherance of the general charitable objectives.

Designated funds are amounts that have been put aside at the discretion of the Council. At the year-end they comprise a fixed asset fund which represents the extent to which funds are invested in fixed assets for use by the charity and therefore not available for other purposes (see note 15).

Restricted funds are funds subject to specific restricted conditions imposed by the donors or the Council.

(n) Leasing and hire purchase commitments

Provision is made annually for the estimated cost of obligations under the lease of the Association's premises.

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

(o) Preparation of accounts on a going concern basis

The Council Members consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives the Council confidence the charity remains a going concern for the foreseeable future.

(p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Council Members are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. The main item within the financial statements where judgements and estimates have been made is in relation to estimating the useful economic life of tangible fixed assets.

(q) Pension arrangements

a) *Group personal pensions*

The Association provides group personal pension arrangements for certain employees. Contributions are made both by the Association and the employee into individual pension plans with a leading pension provider.

b) *Automatic enrolment*

The Association joined the Government auto enrolment scheme in May 2014. Eligible members of staff are automatically enrolled unless the staff member explicitly chooses to opt out. The Association currently contributes 5% (2020: 5%) of pensionable salary to the scheme.

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

2. INCOME

Income represents amounts receivable by the Association and its subsidiary from its membership and the services provided, net of value added tax recoverable. All income arose in the United Kingdom.

3. GRANTS, LEGACIES, DONATIONS AND FUNDRAISING

	2021	2020
	£	£
<i>Restricted voluntary income</i>		
Grants	-	75,000
	-	75,000
<i>Unrestricted voluntary income</i>		
Grants	779,644	-
Legacies	12,500	153,188
Gift Aid on membership subscriptions and donations	131,014	161,782
Donations	76,148	161,527
Other	-	4,096
	<u>999,306</u>	<u>555,593</u>

4. INVESTMENT INCOME

	2021	2020
	£	£
Rents receivable	190,321	221,309
Income from non-accumulating investments	12,466	9,317
Other interest receivable	1,980	9,147
	<u>204,767</u>	<u>239,773</u>

5. NET (EXPENDITURE)/INCOME FOR THE YEAR

	2021	2020
	£	£
This is stated after charging the following:		
- Amortisation of leasehold property	12,654	12,654
- Depreciation on other fixed assets	1,244,366	1,210,322
- Auditors remuneration for audit services		
for audit services	16,730	16,300
for other services	1,020	3,750
- Operating lease rentals	<u>32,211</u>	<u>33,065</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

6. EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2021

	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
a) ANALYSIS OF EXPENDITURE				
Raising Funds				
Fundraising and publicity	21,550	117,787	16,937	156,274
Expenditure on charitable activities:				
Catering and accommodation	978,485	2,136,886	191,736	3,307,107
Membership and central allocation	1,183,714	657,381	47,602	1,888,697
TOTAL EXPENDITURE	2,183,749	2,912,054	256,275	5,352,078

The increased allocation to Membership and central reflects the importance of Membership income in 2020/21. Fundraising and publicity expenditure includes support, staffing and other costs associated with commercial events activity and marketing.

Expenditure includes £77,145 incurred by VSC (Trading) Limited (2020: £936,754). Of the total expenditure, £7,030 was restricted (2020: £90,000).

b) ANALYSIS OF SUPPORT COSTS

The costs above include support costs which are allocated on the basis of income generated.

FOR THE YEAR ENDED 31 MARCH 2021

	Office expenses	Property costs	Other support costs	Governance costs	Total
	£	£	£	£	£
Raising Funds					
Fundraising and publicity	1,581	18,128	812	1,029	21,550
Expenditure on charitable activities:					
Catering and accommodation	71,801	823,116	36,851	46,717	978,485
Membership and central allocation	86,861	995,758	44,580	56,515	1,183,714
TOTAL SUPPORT COSTS:	160,243	1,837,002	82,243	104,261	2,183,749

c) GOVERNANCE COSTS

	2021	2020
	£	£
Wages and salaries	9,756	10,424
Legal and professional, including audit	94,411	105,942
Council and Committee expenses	95	4,774
	104,262	121,140

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

6. EXPENDITURE (comparative)	FOR THE YEAR ENDED 31 MARCH 2020			
	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
d) ANALYSIS OF EXPENDITURE				
Raising Funds				
Fundraising and publicity	420,016	620,479	372,150	1,412,645
Expenditure on charitable activities:				
Catering and accommodation	2,639,654	2,770,852	980,911	6,391,417
Membership and central allocation	335,367	172,163	172,309	679,839
TOTAL EXPENDITURE	<u>3,395,037</u>	<u>3,563,494</u>	<u>1,525,370</u>	<u>8,483,901</u>

e) ANALYSIS OF SUPPORT COSTS

The costs above include support costs which are allocated on the basis of income generated.

	FOR THE YEAR ENDED 31 MARCH 2020				
	Office expenses	Property costs	Other support costs	Governance costs	Total
	£	£	£	£	£
Raising Funds					
Fundraising and publicity	24,736	285,588	94,704	14,988	420,016
Expenditure on charitable activities:					
Catering and accommodation	155,458	1,794,824	595,185	94,187	2,639,654
Membership and central allocation	19,751	228,031	75,618	11,967	335,367
TOTAL SUPPORT COSTS:	199,945	2,308,443	765,507	121,142	3,395,037

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

7. STAFF NUMBERS AND COSTS

	2021	2020
	No.	No.
The average number of persons employed during the year were as follows		
Accommodation	60	72
Catering	50	58
Membership	2	3
Support	6	8
	<u>118</u>	<u>141</u>

As a result of Covid-19, on 26th August 2021, the Club announced a collective consultation. Hence, after the redundancy process the Club had 62 permanent members of staff and four regular casual workers.

The aggregate payroll costs of these persons were as follows

	£	£
Salaries and wages	2,599,440	3,484,935
Social security costs	201,386	271,126
Pension scheme contributions	<u>111,229</u>	<u>149,089</u>
	<u>2,912,055</u>	<u>3,905,150</u>

Included in the above are termination payments of £199,397 (2020: £2,040) and two settlement agreement payments for a total of £49,434 (2020: £0)

The number of employees whose emoluments, excluding pension contributions and employer's national insurance who were in excess of £60,000 were:

	2021	2020
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	-	2
£80,000 - £89,999	1	1
£100,000 - £109,999	<u>1</u>	<u>1</u>
	<u>3</u>	<u>5</u>

Contributions of £26,187 were paid on behalf of these employees into a money purchase pension scheme (2020: £27,704)

The total employee benefits of the key management personnel of the Charity were £309,697 (2020: £360,235).

8. COUNCIL MEMBERS' REMUNERATION AND REIMBURSED EXPENSES

No remuneration is paid to any member of the Council. Reimbursements of travelling expenses totalling £95 (2020: £2,500) were paid to certain Council members for attendance at the Charity's meetings.

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

9. TANGIBLE ASSETS

Consolidated and Association	Long Leasehold Buildings	Leasehold Improvements, fixtures, fittings and equipment	Total
Cost or Valuation	£	£	£
At 1 April 2020	837,953	19,178,428	20,016,381
Additions	-	108,858	108,858
Disposals	-	(9,979)	(9,979)
At 31 March 2021	837,953	19,277,307	20,115,260
Depreciation & Amortisation			
At 1 April 2020	448,052	8,453,804	8,901,856
Charged in Year	12,854	1,244,366	1,257,020
Disposals	-	(985)	(985)
At 31 March 2021	460,706	9,697,185	10,157,891
Net Book Value			
	377,247	9,580,122	9,957,369
At 31 March 2020	389,901	10,724,624	11,114,525

Substantially all the fixed assets are for direct activities in furtherance of the Charity's objectives. The lease on the property at 63/79 Seymour Street, London, W2 2HF was renewed during 2001 for a further 125 years.

The subsidiary company did not own any fixed assets during the year (2020: None).

10. INVESTMENTS

	£
Market value at 1 April 2020	3,036,283
Additions	296,987
Disposal	(294,671)
Net gains/(losses) on investments	881,225
Market value at 31 March 2021	3,919,824
Historical cost at 31 March 2021	2,606,109

Investments are held as units in managed funds operated by M & G Securities Limited, listed on the UK Stock Exchange and with the Armed Forces Common Investment Fund, managed by BlackRock Investment Management Limited and Investec Wealth & Investment Limited as follows:

	£
Armed Forces Common Investment Fund	592,850
M & G Charifund	1,777,110
M & G Charibond	301,828
Investec Wealth & Investment Limited	1,248,036
	3,919,824

At 31 March 2021 the investment revaluation reserve was £1,313,715 (2020: £889,587). The subsidiary company did not own any investments during the year (2020: None).

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

11. INVESTMENT IN TRADING COMPANY

The Association holds 100% of the share capital of VSC (Trading) Limited (Company registration number 03532841) which is responsible for the provision of accommodation, catering and conference facilities.

The Association's investment in the trading company was as follows:

	2021	2020
	£	£
VSC (Trading) Limited	<u>2</u>	<u>2</u>

The subsidiary is registered in England and Wales and pays under Gift Aid its entire profits as computed for corporation tax purposes to the Association.

Profit and Loss Account	2021	2020
	£	£
Turnover	37,044	1,054,550
Cost of Sales	<u>(1,133)</u>	<u>(218,518)</u>
Gross profit	35,911	836,032
Administration expenses (net of interest receivable)	<u>(76,012)</u>	<u>(718,236)</u>
	(40,101)	117,796
Amount payable under Gift Aid to the Association	39,985	(118,351)
Interest receivable and similar income	<u>116</u>	<u>555</u>
Retained in subsidiary	<u>-</u>	<u>-</u>

The Trustees have reviewed the loss in the Trading company and acknowledged that the loss is a one-off only as trading activities were closed during the Coronavirus lockdowns. The Trustees anticipate profits in the next financial year.

Balance sheet	£	£
Current assets	58,327	244,388
Current liabilities	<u>(58,325)</u>	<u>(244,386)</u>
Amounts owed to the Association	<u>2</u>	<u>2</u>
Share capital	2	2
Reserves	<u>2</u>	<u>2</u>

12. STOCK

Consolidated and Association	2021	2020
	£	£
Food and wine	20,420	40,483
Club shop	<u>7,107</u>	<u>7,108</u>
	<u>27,527</u>	<u>47,590</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

13. DEBTORS	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	117,903	64,343	114,088	6,532
Amounts due from group undertaking	-	-	12,040	314,438
Other debtors	33,084	66,974	33,074	66,974
Prepayments and accrued income	191,448	240,220	190,383	240,220
	<u>342,435</u>	<u>371,537</u>	<u>349,585</u>	<u>628,164</u>
14. CREDITORS: Amounts falling due within one year	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	111,074	300,806	111,074	300,806
Amounts due to group undertaking	-	-	-	-
Other creditors including taxation and social security	334,847	414,111	278,522	367,612
CBIL Loan	225,000	-	225,000	-
Accruals and deferred income	306,030	229,604	304,030	227,804
	<u>976,951</u>	<u>944,521</u>	<u>918,626</u>	<u>896,222</u>
CREDITORS: Amounts falling due after one year				
CBIL Loan	1,275,000	-	1,275,000	-
Total	<u>2,251,951</u>	<u>944,521</u>	<u>2,193,626</u>	<u>896,222</u>

In April 2020, the Club obtained a government backed CBIL Loan for £1,500,000. The Trustees approved the loan to support the Club through the pandemic and maintain liquidity. The loan is for six years, with a fixed interest rate of 2.10% for five years, with no interest or repayments in the first year. Loan repayments commence in July 2021.

15. FUNDS	At 1 April 2020	Income	Expenditure	Transfers/ gains/ (losses)	At 31 March 2021
	£	£	£	£	£
Unrestricted Funds					
Designated Funds					
Fixed Assets	11,114,527	-	-	(1,157,158)	9,957,369
Significant Capital Projects Fund	-	-	-	-	-
General Funds	<u>4,633,892</u>	<u>2,705,969</u>	<u>(5,345,049)</u>	<u>2,032,896</u>	<u>4,027,708</u>
	15,748,419	2,705,969	(5,345,049)	875,738	13,985,077
Restricted Funds					
Grants					
The Nuffield Trust	24,619	-	-	-	24,619
ABF Soldiers' Charities	18,000	-	(1,542)	-	16,458
Respite & Welfare Breaks Reserve	75,000	-	(5,487)	5,487	75,000
Legacies	<u>100,000</u>	-	-	-	<u>100,000</u>
	<u>217,619</u>	-	<u>(7,029)</u>	<u>5,487</u>	<u>216,077</u>
	<u>15,996,038</u>	<u>2,705,969</u>	<u>(5,352,078)</u>	<u>881,225</u>	<u>14,201,154</u>

The year end restricted fund balance represents £24,619 from the Nuffield Trust for the funding of Reward and Recognition breaks, £16,458 for the ABF Soldiers' Charities to fund soldiers who take advantage of the Charities respite and welfare breaks and a £100,000 legacy towards the refurbishment of adapted and other bedrooms.

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

15. FUNDS (comparative)	At 1 April 2019	Income	Expenditure	Transfers/ gains/ (losses)	At 31 March 2020
	£	£	£	£	£
Unrestricted Funds					
Designated Funds	11,627,959	-	-	(513,432)	11,114,527
General Funds	3,792,893	9,244,421	(8,393,901)	(9,521)	4,633,892
	15,420,852	9,244,421	(8,393,901)	(522,953)	15,748,419
Restricted Funds					
<i>Grants</i>					
The Nuffield Trust	33,662	-	(9,043)	-	24,619
ABF Soldiers' Charities		75,000	(57,000)		18,000
Respite & Welfare Breaks Reserve	-	-	(23,957)	98,957	75,000
<i>Legacies</i>	100,000		-	-	100,000
Other specific donations					
	133,662	75,000	(90,000)	98,957	217,619
	15,554,514	9,319,421	(8,483,901)	(423,996)	15,966,038

16. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	AT 31 MARCH 2021			Total
	Restricted Funds	General Funds	Designated Funds	
	£	£	£	£
Tangible fixed assets	-	-	9,957,369	9,957,369
Investments	-	3,919,824	-	3,919,824
Net current assets	216,077	107,884	-	323,961
	216,077	4,027,708	9,957,369	14,201,154

	AT 31 MARCH 2020			Total
	Restricted Funds	General Funds	Designated Funds	
	£	£	£	£
Tangible fixed assets	-	-	11,114,527	11,114,527
Investments	-	3,036,283	-	3,036,283
Net current assets	217,619	1,597,609	-	1,815,228
	217,619	4,633,892	11,114,527	15,966,038

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

17. CAPITAL COMMITMENTS

Commitments for capital expenditure for which no provisions have been made in these financial statements were as follows:

	2021	2020
	£	£
Authorised and contracted for fire risk improvements	32,906	-

18. OPERATING LEASE COMMITMENTS

	2021		2020	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Leases which expire:				
In one to five years	-	55,789	-	72,524
After five years	631,500	-	638,250	-
	<u>631,500</u>	<u>55,789</u>	<u>638,250</u>	<u>72,524</u>

19. MEMBERS' LIABILITY

The Charity is governed by its Memorandum and Articles of Association and limits the liability of each member to £1. The members of the Council are Directors of the company for the purposes of the Companies Act 2006 and serve as Trustees of the charitable company.

20. PENSION COMMITMENTS

The Association operates a Group pension arrangement. The overall pension charge for the year was £111,229 (2020: £149,089). At 31 March 2021, contributions of £12,081 were outstanding (2020: £17,791)

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW

	2021	2020
	£	£
Net movement in funds	(1,764,884)	411,624
Dividends, interest and rents from investments	(204,767)	(239,773)
Net (gains)/losses on investments	(881,225)	414,959
Depreciation and amortisation charges	1,257,020	1,222,976
Decrease in creditors	(183,577)	(196,222)
Decrease in debtors	29,102	110,595
Decrease/(increase)/ in stocks	20,083	(8,195)
Net Cash generated by operating activities	<u>(1,728,268)</u>	<u>1,715,864</u>

22. RELATED PARTY TRANSACTIONS

At the year end VSC (Trading) Limited (the subsidiary) owed The Victory (Services) Association £9,970 (2020: £314,423)

	2021	2020
	£	£
Payments from VSC (Trading) Limited to parent charity for shared resources	1,012,771	883,760
Profits donated by VSC (Trading) to The Victory (Services) Association	-	129,010

23. POST BALANCE SHEET EVENTS

In line with government guidance, the Club reopened on 17th May 2021.