

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

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

Company No. 429298

Registered Charity No. 261307

THE VICTORY (SERVICES) ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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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

Major General J S Kerr CBE

VICE-CHAIRMAN

Colonel P R Rossiter

HONORARY TREASURER

Lieutenant Colonel R Ward

DIRECTORS

Warrant Officer J Alpert Warrant Officer (retired 23rd March 2022)
Warrant Officer R Angove (Class 1) (CRSM) (retired 13th December 2021)
General Sir Richard Barrons KCB CBE (retired 23rd March 2022)
Mr P Brackley
Air Vice-Marshal S Chisnall CB
Mrs P Clayton
Commodore R Harris RN (retired 23rd March 2022)
Mrs M Hickson (retired 23rd March 2022)
Air Commodore P Higgins
Major General J S Kerr CBE
Mr C N B Lacey
Major C Marment FCSI
Warrant Officer (Class 1) Dean Morgan (retired 23rd March 2022)
Mrs C Newhall-Caiger
Lieutenant Colonel D Pealin (retired 23rd March 2022)
Wing Commander T Pilkington MBE (retired 29th December 2021)
Mr G Roberts
Colonel P R Rossiter
Warrant Officer (Class 1) C Steedman (retired 23rd March 2022)
Lieutenant Colonel R Ward

SECRETARY

Air Commodore N P Beet CBE

BANKERS

NatWest plc
69 Baker Street
PO Box No 2
London
W1U 6AT

REGISTERED ADDRESS

63-79 Seymour Street
London
W2 2HF

SOLICITORS

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

Bates Wells
10 Queens Street Place
London
EC4R 1BE

AUDITORS

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

THE VICTORY (SERVICES) ASSOCIATION

CHAIRMAN'S STATEMENT AND THE STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

I have much pleasure in submitting my report on the financial statements for the year which ended on 31st March 2022.

The Directors of the Victory (Services) Association, which controls the Victory Services Club, together with our outstandingly loyal and professional staff have had again an exceptional year, which has been focused on recovering operations towards pre-Covid levels. Although this recovery work remains in progress, there is much to be commended, against an extremely challenging backdrop.

Notably, the Victory Services Club remained open throughout the year ended 31st March 2022, as it did throughout the whole of the pandemic period, although initially the offer of services to members and guests was limited. The lifting of the majority of the remaining Covid restrictions on 19th July 2021 enabled the restart of our charitable activities. Through the staff's considerable endeavours, we were able to host 205 families from the Royal Navy, Royal Marines, the Army and the Royal Air Force up until the 31st March 2022, as part of our free Respite and Welfare Breaks (RWB) in the Club, which benefitted 381 adults and 233 children. This was an outstanding achievement having broken our previous record of 158 breaks, despite a shorter operating year. In addition, we provided a further 50 adults and their 23 children with free Reward and Recognition Breaks. These two schemes, together with our provision of free membership for serving personnel and their spouses, demonstrate our clear support for the Armed Forces Family, and which underpinned our successful Gold Award in the Defence Employers Recognition Scheme in July 2021. Also, since July 2021, the Club has welcomed countless military charities and Regimental Associations and their sister Service equivalents to conferences and dinners. All of these have benefited from our charitable rates which are aimed at supporting the military community, through offering a West End dining and meeting experience at considerably reduced prices, which is part of our commitment to deliver Value, Service and Courtesy. Inevitably, our recovery progress was impacted by the Omicron variant and the onset of considerably higher in-year food and utility charges, with a £250k increase in the latter expected in the new financial year. Nevertheless, the year ended positively, and the charity is cautiously optimistic about FY 2022-23. The Club has remained engaged in the local community, principally via our involvement in the Marble Arch Business District and helping our neighbouring school with our facilities staff when crisis moments have occurred. Through rising bedroom occupancy figures, increasing food and beverage sales and members holding reunion lunches and dinners we can evidence the esprit de corps activities which take place in the Club. Notwithstanding the financial pressures, the Club completed a £316,000 light refurbishment programme of 85 Club bedrooms and fully updated the Club's Wi-Fi; the latter was made possible by an extremely generous donation of £40,000 from the Army Central Fund and £10,000 of Club money. Both of these projects were of considerable benefit to our members. CAPEX spending was otherwise restricted to operationally essential items, including our continuing commitment to enhancing our fire prevention and mitigation measures.

All of the above would not be possible without our outstanding staff who have delivered exemplary standards of service, under difficult circumstances, including shortages of key personnel in some departments. This hard work was recognised by our exceptionally supportive members who responded positively to an appeal from the Chairman to donate to the Staff Fund at Christmas which led to all middle managers and below receiving a £600 gift (before tax). Until more staff are recruited the Club will only operate at 75% of previous capacity and will look to be fully reinstated by September 2022. With effect from 1st April 2022, the Club now pays above the London Living Wage.

Following work initiated at the Trustee's Strategy Away Day in September 2021, an important review concluded that the charity's Board was too large and that there were opportunities to streamline work. Following consultation with the Trustees it was agreed that the longstanding Council and Executive Committee structure should be merged into a single Board. The need for two new sub-committees, specifically Membership and also Communications and Marketing, were also identified and some Trustees agreed that they would take this opportunity to stand down as Directors, but continue to serve as committee members. The changes were unanimously agreed. Thus, the Association now has a much reduced Board of twelve Directors which accords with the Charity Commission guidelines and provides sufficient representation on our increased number of sub-committees. The process was completed by a Special Resolution on 28th March 2022 which approved the changes to our Articles of Association. We look forward to the Charity Commission's agreement to the changes. The first new Board met on 15th June 2022.

Financially, the Association is in a positive position with our end of year cash position standing at £2,558,934 which was considerably better than the previous year which was £2,140,475. As before, we have not touched our CBILs loan and nor have we drawn down any investments in-year; we do not foresee the need to do so in FY 2022-23. The support from our 58,200 members worldwide has been remarkable. The Board has every confidence that with the very solid end-of-year cash position, higher investments, increasing bedroom occupancy levels being experienced in the first quarter of FY 2022-23, and with more conferences being booked, together with more international travellers back in the Club, that the Association is very much a going concern.

The Board looks forward to the outcomes of the new financial year which will build on the clear recovery achieved in FY 2021-22.

A handwritten signature in dark ink, appearing to read 'Seumas Kerr', written in a cursive style.

Major General Seumas Kerr
Chairman

The Board submits its report together with the audited financial statements of the Association for the year ended 31st March 2022.

THE VICTORY (SERVICES) ASSOCIATION

BOARD'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Board members (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 2022.

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 page 1.

The Victory (Services) Association, company registration number 429298, was incorporated on the 7th February 1947 and it controls the Victory Services Club. 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 member to £1. The members of the Board are Directors of the company for the purposes of the Companies Act 2006 and serve as Trustees of the charitable company.

Board members

The Board (previously 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 Board and the Association's sub-committees is first considered by the Nominations Committee, prior to the submission of recommendations to the Board 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. Board Members attend up to eight meetings a year and all Board Members receive the minutes of each meeting.

Changes to the Board which the Chairman highlighted in his report, within the year are highlighted as follows:

- Warrant Officer J Alpert Warrant Officer retired from the Council on 23rd March 2022
- Warrant Officer R Angove (Class 1) (CRSM) retired from the Council 13th December 2021
- General Sir Richard Barrons KCB CBE retired from the Council 23rd March 2022
- Wing Commander T Pilkington MBE retired from the Council 29th December 2021
- Commodore R Harris RN retired from the Council 23rd March 2022
- Mrs M Hickson retired from the Council 23rd March 2022
- Warrant Officer (Class 1) Dean Morgan retired from the Council 23rd March 2022
- Lieutenant Colonel D Pealin retired from the Council 23rd March 2022
- Warrant Officer (Class 1) C Steedman retired from the Council 23rd March 2022

No Member of the Board has any financial interest in the Association, nor draws any benefits. The Association reimbursed travelling expenses of £645 (2021: £95) to certain members of the Board for attendance at meetings.

Executive Committee members

During the majority of FY 2021-22, specific powers were delegated by the Council to the Executive Committee which was responsible to the Council for the development of the Victory Services Club. The Executive Committee was responsible for preparing the annual Business Plan including the budget and submitting it for approval by the Council. The Executive Committee subsequently delivered the Business Plan and, through the Chairman, oversees the work of the CEO/Club Secretary and the Senior Management Team.

THE VICTORY (SERVICES) ASSOCIATION

BOARD'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2022

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

- Major General J S Kerr CBE as Chairman.
- 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.

The Association operates the following sub-committees and working group:

- Nominations Committee (Chaired by General Sir Richard Barrons KCB CBE)
- Remuneration Committee (Chaired by Major General J S Kerr CBE)
- Investment Committee (Chaired by Major Charles Marment)
- Trading Committee (Chaired by Lieutenant Colonel R Ward)
- Membership Committee (Chaired by Mr G Roberts)
- Communications and Marketing Committee (Chaired by Mrs P Clayton)
- 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 Board 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

BOARD'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2022

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 Board.

Risk management

The Board of Directors is required to include a statement that the major risks to which the Association are exposed, as identified by the Board, have been reviewed and that the systems in place will mitigate those risks. The Board 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 Board fully recognises the significant importance of effective internal controls on expenditure and payment and takes every action to minimise this risk. At each Board meeting one risk is considered in detail. The Senior Management Team are responsible for day-to-day monitoring of all risks on behalf of the Board. The principal risks the Association faces, and their mitigation strategies are as follows:-

Risk	Mitigation and Controls
Failure to recruit and retain a quality, motivated workforce	- Monitor staff turnover, pay and benefits - Incrementally uplift pay, benefits and staff facilities whilst benchmarking with the London hospitality sector - Deliver agile recruitment processes - Continually assess what further in-year pay adjustments are necessary to retain and recruit staff - Monitor leave taken, sickness rates and overtime being worked
Cyber-crime or inadequate IT policies.	- Managed IT support contract provides firewall, back-ups, anti-virus software, password control and mail holding service. - Ongoing Cyber and IT Security awareness training - IT and Disaster Recovery policies in place - Cyber and Fraud insurance policies in place - Club has achieved Cyber Essentials certification.
Supplier price increases, competition from other Clubs/hotels, erosion of prices and inflation affecting consumer spending	- Monitoring of supplier prices and appropriate action taken - 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 and negotiation of supplier contract costs.
Members decide not to use the Club or renew their membership and the Club fails to recruit a matching or higher number of members.	- Continuous monitoring 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 - New Membership Committee to give leadership and focus to member recruitment - Launch the Ambassador and Investiture schemes once the Coronavirus restrictions allow.

Remuneration of senior staff

The Board, supported by the salaried Senior Management Team, comprise the key management personnel of the charity in charge of directing and 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 Board. 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 of 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 dependents.

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

The Charity's mission is to deliver outstanding Value, Service and Courtesy.

Public Benefit

The Board has had due regard to the Charity Commission guidance in deciding how to implement the Charity's objectives for the benefit of the public. The work conducted by the Charity to further the charitable objectives are highlighted in the Chairman's statement.

From the 1st April 2021 to the 19th July 2021, the charity's operation was limited by the Government's Covid related restrictions. Notwithstanding this, the Club remained open to support key workers and accommodate military personnel. Once the remaining restrictions were lifted, the Club was able to restart the full delivery of its objectives, although understandably the willingness of some of our members to travel to London saw an initially slow return to operating levels. When members returned they all recognised the continuing delivery of our first objective through the provision of smart, comfortable, and modern accommodation equally matched by a high standard of service in support of esprit d'corps activities. Specifically, these included increasing numbers of formal and informal meetings, and social occasions and also military dinners and conferences. The Club provides a pricing model which deliberately favours charities in comparison to private or corporate Event bookers, who pay higher rates. The Club also provides free membership to serving personnel and their spouses which on 31st March 2022 numbered 28,411, which was almost 50% of the Club's total membership. If all of the serving members and spouses were to be paying members and they were to pay the lowest subscription rate that would generate £1.2m, which the Club forgoes.

Our RWB scheme, as mentioned by the Chairman earlier, 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. In the year ended 31st March 2020, the Club hosted 158 such breaks, in contrast the year ended 31st March 2021 when the Club hosted ten family breaks owing to the most stringent lockdown conditions, which prevented nominated individuals (many of whom had underlying, or significant health conditions) from travelling to the Club. With the lifting of restrictions from 19th July 2021 to 31st March 2022, the Club hosted 205 RWB which was a remarkable record-breaking number during what was a foreshortened standard operating year, with latent impact due to the Omicron variant. The RWB benefited a total of 614 individuals including serving personnel, recently retired serving personnel, their spouses and children (a total of 381 adults and 233 children). Our Trustees are committed to annually increasing the numbers benefitting from this offer. The Club's staff frequently engages 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. In the year ended 31st March 2022, 73 serving personnel, their spouses and children had enjoyed a two night stay in the Club.

With the RWB breaks this totalled 687 individuals who had received a free two nights stay with all of their meals. The Reward and Recognition Breaks 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 main hall is occasionally used by our neighbouring school for their major annual activities.

THE VICTORY (SERVICES) ASSOCIATION

BOARD'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2022

Capital and Works Expenditure

In the reporting period the Club conducted a limited range of capital and maintenance projects, owing to reduced income in the prior year. The Club's pre-Covid plan to start a three year annual rolling programme in Financial Year 2021-22, costing £1m to upgrade the non-refurbished 85 bedrooms in the Memorial Wing, was significantly downsized, due to affordability. Instead, the charity sent £316k on the 85 bedrooms over a three month period to deliver a light refurbishment programme. The Club also initiated a programme to spend £50k to upgrade our Wi-Fi system, with new infrastructure. This project was generously supported by a grant of £40k from the Army Central Fund. A number of minor new works were also taken forward including the provision of a new waterproofing coating over the flat roof above the rental areas. Finally, of note, the Club installed fire rated boarding in 60 intra-floor riser cupboards within the Centenary Wing and installed new mid-corridor fire doors in the Centenary Wing bedroom corridors and replacement end of corridor fire doors, which was part of our continuing fire upgrade work. Inevitably, some planned projects were slipped into subsequent financial years.

Plans for the Future.

FY 2022-23 presents opportunities to continue to improve the fabric and operating performance of the Club and to enhance the offer to members and our beneficiaries. This will again be constrained by anticipated revenue levels that will still be lower than March 2020 concurrent with rising costs of goods and services and mindful that individuals, companies and Associations continue to adjust to operating post-Covid. The charity will continue to focus on actions that will recruit and retain staff which within the hospitality sector is in extremely short supply, but vital to the continuing delivery of our objectives.

In the New Year CAPEX will be focussed on safety focussed works including our five yearly Electricity Inspection (£30k), a replacement of the fire alarms in the Carisbrooke Hall, Presidents' Suite and floors two to four of the Memorial Wing (£61k) and an upgrade to our Centenary Wing passenger lifts (£50k). The Club will also conduct a survey to confirm the extent of necessary repairs to the front facade, in line with our lease commitments, and will address any identified issues (£30k). Our major CAPEX item is to start the three year programme to replace the Club's air-conditioning equipment, which in FY 2022-23 has a budget of £250k. Subject to potential external funding support from military charities, we aspire to continue upgrading our family bedrooms.

The Club will work to increase its links to the Armed Forces community, both serving and retired, with the new Membership Committee providing the coordination of work to further increase our membership numbers and the Club's offer. This will be achieved in concert with the also new Communications and Marketing Committee which will provide guidance on the style and content of our social media and traditional communications to serving members of the Armed Forces, those members who are transitioning to civilian life (or already have done so), and to our existing and potential new family members.

The Trustees are deeply appreciative of the cost of living challenges being faced by our members, their guests and staff and will ensure that we will remain committed to the delivery of Value, Service and Courtesy.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities shows a net surplus £386,030 (2021: Net deficit £1,764,884). The surplus is after an unrealised gain in our investments of £385,550 (2021: gain £881,225). As the Investments are held for the long term, the Investment Committee does not propose a change in investment strategy. As a consequence of the return to normal operations after Covid 19 and extensive periods of closure, income increased from £2,705,969 to £6,223,263. The accumulated funds at the balance sheet date totals £14,587,184 (2021: £14,201,154).

Fixed assets

In the opinion of the Board 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 Board Members.

THE VICTORY (SERVICES) ASSOCIATION

BOARD'S REPORT (Continued)

FOR THE YEAR ENDED 31 MARCH 2022

Fundraising

The Association does not actively fundraise from the public although grants are sought from grant making bodies. For instance, the Army Central Fund made a generous donation of £40,000 towards our Wi-Fi equipment replacement project. In addition, some individuals have left bequests to the Association, and have voluntarily made some donations, for which we are very grateful. The charity's website does have a section concerning donations and legacies and occasionally the Secretary is asked to provide some additional information. We have not received any complaints in respect of fundraising activity in the course of the year ended 31st March 2022.

Reserves policy

In the year to the 31st March 2020 the Trustees conducted 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 Reserves Policy 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 £6.19m);
- The designated fixed asset fund at the net book value of the fixed assets £9,137,220 (2021: £9,957,369);
- 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 and the impact of this on the Club's revenue, the Charity added £100k to this fund. (2021: £nil); In FY 2022-23 the Trustees have planned to increase the amount to be saved to £150k, before returning to an annual saving target of £500k in FY 2023-24 which was being achieved pre-Covid.
- The creation of a restricted Respite and Welfare Breaks Reserve which is equivalent to delivering one year of respite and welfare breaks. The reserve is valued at £75,000 and this is replenished from cash each year (2021: £75,000).
- On 31st March 2022, the Charity had total reserves of £14,587,184 (2021: £14,201,154). Of the total, £197,845 relates to restricted funds (2021: £216,077) and £9,137,220 is included in a designated fund which reflects the net book value of tangible fixed assets (2021: £9,957,369).

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 2022, the Charity had general, unrestricted reserves, excluding restricted and designated reserves of £5,252,119 (2021: £4,027,708).

Investment performance

On 31st March 2022 investment balances were:

- M&G Charifund: £2,002,367 (2021: £1,777,110).
- M&G Charibond: £301,828 (2021: £294,120).
- Armed Forces Common Investment Fund: £649,775 (2021: £592,850).
- Investec Wealth & Investment Managers: £1,457,513 (2021: £1,247,804)

THE VICTORY (SERVICES) ASSOCIATION

BOARD'S REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

The unrealised gain on investments was £385,550 (2021: £881,225). At the end of the financial year, the Charity's total investments stood at £4,403,775 (2021: £3,919,824).

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

Company law requires the Board Members to prepare financial statements for each financial year. Under that law the Board 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 Board 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 Board 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 Board 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 Board's Report, the Directors are also approving the Strategic Report included herein in their capacity as company directors.

BY ORDER OF THE BOARD



Air Commodore N P Beet CBE

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

Opinion

We have audited the financial statements of The Victory (Services) Association for the year ended 31 March 2022 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 of 31 March 2022 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 Board'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 Board'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 Board'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 Board'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 10, 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 and payroll taxes.

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 the completeness and cut-off of income. 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.
- 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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

THE VICTORY (SERVICES) ASSOCIATION

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

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME FROM:					
Donations and legacies	3	364,298	40,000	404,298	999,306
Charitable activities					
Membership		1,016,661	-	1,016,661	814,112
Catering and accommodation		4,065,223	-	4,065,223	672,963
Trading activities		501,445	-	501,445	14,821
Investments	4	235,636	-	235,636	204,767
TOTAL INCOME		6,183,263	40,000	6,223,263	2,705,969
EXPENDITURE ON:					
Raising funds					
Fundraising and publicity		593,607	-	593,607	156,275
Charitable activities					
Catering and accommodation		4,438,084	-	4,438,084	3,307,107
Membership and central allocation		1,156,697	34,395	1,191,092	1,888,696
TOTAL EXPENDITURE	6	6,188,388	34,395	6,222,783	5,352,078
Net gains/(losses) on investments		385,550	-	385,550	881,225
NET INCOME /(EXPENDITURE)	5	380,425	5,605	386,030	(1,764,884)
Transfer between funds		23,837	(23,837)	-	-
NET MOVEMENT IN FUNDS		404,262	(18,232)	386,030	(1,764,884)
Reconciliation of funds:					
Total funds brought forward		13,985,077	216,077	14,201,154	15,966,038
TOTAL FUNDS CARRIED FORWARD		14,389,339	197,845	14,587,184	14,201,154

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.

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

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,137,220		9,957,369
Investments	10		4,403,775		3,919,824
			<u>13,540,995</u>		<u>13,877,193</u>
CURRENT ASSETS					
Stocks	12	37,183		27,527	
Debtors	13	368,715		342,435	
Cash at bank and in hand		<u>2,725,041</u>		<u>2,205,950</u>	
		3,130,939		2,575,912	
CREDITORS: amounts falling due within one year	14	(1,084,750)		(976,951)	
NET CURRENT ASSETS			<u>2,046,189</u>		<u>1,598,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,587,184		15,476,154
CREDITORS: falling due after more than 1 year	14	(1,000,000)		(1,275,000)	
TOTAL NET ASSETS OR LIABILITIES			<u>14,587,184</u>		<u>14,201,154</u>
FUNDS					
	15				
Restricted funds			197,845		216,077
Unrestricted funds:					
Designated funds			9,137,220		9,957,369
General funds			<u>5,252,119</u>		<u>4,027,708</u>
			<u>14,389,339</u>		<u>13,985,077</u>
			<u>14,587,184</u>		<u>14,201,154</u>

The unconsolidated surplus of the Association was £386,030 (2021: deficit of £1,764,884).

The financial statements were approved and authorised for issue by the members of the Council on 13th July 2022 and were signed below on its behalf by:



Major General Seumas Kerr
Chairman



Lieutenant Colonel Ward
Honorary Treasurer

ASSOCIATION BALANCE SHEET

AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,137,220		9,957,369
Investments	10		4,403,775		3,919,822
Investment in trading company	11		2		2
			<u>13,540,997</u>		<u>13,877,193</u>
CURRENT ASSETS					
Stocks	12	37,183		27,527	
Debtors	13	495,665		349,585	
Cash at bank and in hand		<u>2,558,934</u>		<u>2,140,475</u>	
		3,091,782		2,517,587	
CREDITORS: amounts falling within one year	14	(1,045,595)		(918,626)	
NET CURRENT ASSETS			<u>2,046,187</u>		<u>1,598,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,587,184		15,476,154
Creditors falling due after more than 1 year	14	(1,000,000)		(1,275,000)	
NET ASSETS			<u>14,587,184</u>		<u>14,201,154</u>
FUNDS					
	15				
Restricted funds			197,845		216,077
Unrestricted funds:					
Designated funds			9,137,220		9,957,369
General funds			<u>5,252,119</u>		<u>4,027,708</u>
			<u>14,389,339</u>		<u>13,985,077</u>
			<u>14,587,184</u>		<u>14,201,154</u>

The financial statements were approved and authorised for issue by the members of the Council on 13th July 2022 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 2022

	Note	2022		2021	
		£	£	£	£
Cash Flow from operating activities	21		1,017,377		(1,728,268)
Cash flows from investing activities					
Rents receivable		223,182		202,788	
Income from investments		11,676		-	
Other interest receivable		778		1,979	
Payments to acquire tangible fixed assets		(435,861)		(108,858)	
Disposal of tangible fixed assets		340		-	
Purchase of investments		(260,591)		(296,987)	
Proceeds from sale of investments		162,190		294,672	
Net cash provided by (used in) investing activities			<u>(298,286)</u>		<u>93,594</u>
Cash flows from financing activities					
Cash inflows /(outflows) from new borrowing			(200,000)		1,500,000
Change in cash and cash equivalents in the year			<u>519,091</u>		<u>(134,674)</u>
Cash and cash equivalents at the beginning of the year			<u>2,205,950</u>		<u>2,340,624</u>
Total cash and cash equivalents at the end of the year			<u><u>2,725,041</u></u>		<u><u>2,205,950</u></u>
Analysis of changes in net debt					
	At start of year	Cash-flows	Other non-cash changes	At end of year	
Cash and cash equivalents	2,205,950	519,091		2,725,041	
		519,091			
Loans falling due within one year	-	(300,000)		(300,000)	
Loans falling due after more than one year	-	(1,000,000)		(1,000,000)	
Total	<u>2,205,950</u>	<u>(780,909)</u>		<u>1,425,041</u>	
Analysis of cash and cash equivalents		2022		2021	
		£		£	
Cash at bank and in hand		2,225,041		1,705,950	
Notice deposits (less than 3 months)		500,000		500,000	
Total Cash and cash equivalents		<u><u>2,725,041</u></u>		<u><u>2,205,950</u></u>	

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 5 to 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 2022

(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 2022

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

	2022 £	2021 £
<i>Restricted voluntary income</i>		
Grants	40,000	-
Legacies	-	-
	<u>40,000</u>	<u>-</u>
<i>Unrestricted voluntary income</i>		
Grants	104,027	779,644
Legacies	94,070	12,500
Gift Aid on membership subscriptions and donations	154,496	131,014
Donations	11,705	76,148
Other	-	-
	<u>404,298</u>	<u>999,306</u>

4. INVESTMENT INCOME

	2022 £	2021 £
Rents receivable	223,182	190,321
Investment income	11,676	12,466
Other interest receivable	778	1,980
	<u>235,636</u>	<u>204,767</u>

5. NET (EXPENDITURE)/INCOME FOR THE YEAR

	2022 £	2021 £
This is stated after charging the following:		
- Amortisation of leasehold property	12,654	12,654
- Depreciation on other fixed assets	1,243,017	1,244,366
- Auditors remuneration for audit services		
for audit services	18,725	16,730
for other services	-	1,020
- Operating lease rentals	<u>36,106</u>	<u>32,211</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

6. EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2022

	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
a) ANALYSIS OF EXPENDITURE				
Raising Funds				
Fundraising and publicity	218,715	161,967	212,925	593,607
Expenditure on charitable activities:				
Catering and accommodation	1,915,704	1,897,246	625,134	4,438,084
Membership and central allocation	433,382	654,543	103,167	1,191,092
TOTAL EXPENDITURE	2,567,801	2,713,756	941,226	6,222,783

Fundraising and publicity expenditure includes support, staffing and other costs associated with commercial events activity and marketing.

Expenditure includes £287,752 incurred by VSC (Trading) Limited (2021: £77,145). Of the total expenditure, £34,394 was restricted (2021: £7,030).

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 2022

	Office expenses	Property costs	Other support costs	Governance costs	Total
	£	£	£	£	£
Raising Funds					
Fundraising and publicity	19,388	169,642	20,404	9,281	218,715
Expenditure on charitable activities:					
Catering and accommodation	159,127	1,392,361	311,818	52,398	1,915,704
Membership and central allocation	40,027	350,241	42,126	988	433,382
TOTAL SUPPORT COSTS:	218,542	1,912,244	374,348	62,667	2,567,801

c) GOVERNANCE COSTS

2022
£

	2022	2021
	£	£
Wages and salaries	9,281	9,756
Legal and professional, including audit	52,398	94,411
Council and Committee expenses	988	95
	62,667	104,262

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

6. EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2021

	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
d) 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	<u>2,183,749</u>	<u>2,912,054</u>	<u>256,275</u>	<u>5,352,078</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 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:	<u>160,243</u>	<u>1,837,002</u>	<u>82,243</u>	<u>104,261</u>	<u>2,183,749</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

7. STAFF NUMBERS AND COSTS

	2022	2021
	No.	No.
The average number of persons employed during the year were as follows		
Accommodation	43	60
Catering	39	50
Membership	2	2
Support	5	6
	<u>90</u>	<u>118</u>

In October 2020 the Club completed a collective consultation. After the redundancy process, the Club had 62 permanent members of staff and four regular casual workers. The club reopened in July 2021, and continues to recruit new members of staff to return to pre-Covid levels.

	£	£
The aggregate payroll costs of these persons were as follows		
Salaries and wages	2,383,703	2,599,440
Social security costs	216,720	201,386
Pension scheme contributions	113,333	111,229
	<u>2,713,756</u>	<u>2,912,055</u>

Included in the above are termination payments of £0 (2021: £199,397 and there were no settlement agreement (2021: £49,434. The number of employees whose emoluments, excluding pension contributions and employer's national insurance who were in excess of £60,000 were:

	2022	2021
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1
£100,000 - £109,999	1	1
	<u>4</u>	<u>3</u>

Contributions of £44,615 were paid on behalf of these employees into a money purchase pension scheme (2021: £26,187)

The total employee benefits of the key management personnel of the Charity were £308,680 (2021: £309,697).

8. COUNCIL MEMBERS' REMUNERATION AND REIMBURSED EXPENSES

No remuneration is paid to any member of the Council. Reimbursements of travelling expenses totalling £645 (2021: £95) 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 2022

9. TANGIBLE ASSETS

Consolidated and Association	Long Leasehold Buildings	Leasehold improvements, fixtures, fittings and equipment	Total
Cost or Valuation	£	£	£
At 1 April 2021	837,952	19,277,308	20,115,260
Additions	-	435,861	435,861
Disposals	-	(350,139)	(350,139)
At 31 March 2022	<u>837,952</u>	<u>19,363,030</u>	<u>20,200,982</u>
Depreciation & Amortisation			
At 1 April 2021	460,706	9,697,185	10,157,891
Charged in Year	12,654	1,243,017	1,255,671
Disposals	-	(349,799)	(349,799)
At 31 March 2022	<u>473,360</u>	<u>10,590,402</u>	<u>11,063,762</u>
Net Book Value			
At 31 March 2022	<u>364,592</u>	<u>8,772,627</u>	<u>9,137,220</u>
At 31 March 2021	<u>377,246</u>	<u>9,580,123</u>	<u>9,957,369</u>

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 (2021: None).

10. INVESTMENTS

	£
Market value at 1 April 2021	3,919,824
Additions	260,591
Disposal	(162,190)
Net gains/(losses) on investments	<u>385,550</u>
Market value at 31 March 2022	<u>4,403,775</u>
Historical cost at 31 March 2021	<u>2,676,768</u>

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	649,775
M & G Charifund	2,002,367
M & G Charibond	294,120
Investec Wealth & Investment Limited	<u>1,457,513</u>
	<u>4,403,775</u>

At 31 March 2022 the investment revaluation reserve was £1,727,007 (2021: £1,313,715). The subsidiary company did not own any investments during the year (2021: None).

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022	2021
	£	£
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	2022	2021
	£	£
Turnover	501,445	37,044
Cost of Sales	<u>(107,892)</u>	<u>(1,133)</u>
Gross profit	393,553	35,911
Administration expenses (net of interest receivable)	<u>(179,860)</u>	<u>(76,012)</u>
	213,693	(40,102)
Amount payable under Gift Aid to the Association	(213,710)	39,985
Interest receivable and similar income	<u>17</u>	<u>116</u>
Retained in subsidiary	<u>-</u>	<u>=</u>

In 2020/21, the loss in the Trading company was acknowledged as a one-off only as trading activities were closed during the Coronavirus lockdowns.

Balance sheet	2022	2021
	£	£
Current assets	272,400	70,365
Current liabilities	(39,653)	(58,323)
Amounts owed to the Association	<u>(59,020)</u>	<u>(52,025)</u>
	<u>173,727</u>	<u>(39,983)</u>
Share capital	2	2
Reserves	<u>173,725</u>	<u>(39,985)</u>
	<u>173,727</u>	<u>(39,983)</u>

12. STOCK

Consolidated and Association	2022	2021
	£	£
Food and wine	31,458	20,419
Club shop	<u>5,725</u>	<u>7,108</u>
	<u>37,183</u>	<u>27,527</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

13. DEBTORS

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	125,584	117,903	20,682	114,088
Amounts due from group undertaking	-	-	213,710	12,040
Other debtors	65,423	33,084	84,458	33,074
Prepayments and accrued income	<u>177,708</u>	<u>191,448</u>	<u>176,817</u>	<u>190,383</u>
	<u>368,715</u>	<u>342,435</u>	<u>495,667</u>	<u>349,585</u>

14. CREDITORS: Amounts falling due within one year

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	286,043	111,074	286,042	111,074
Amounts due to group undertaking		-		-
Other creditors including taxation and social security	285,684	334,847	248,630	278,522
CBIL Loan	300,000	225,000	300,000	225,000
Accruals and deferred income	<u>213,023</u>	<u>306,030</u>	<u>210,923</u>	<u>304,030</u>
	1,084,750	976,951	1,045,595	918,626

CREDITORS: Amounts falling due after one year

CBIL Loan	1,000,000	1,275,000	1,000,000	1,275,000
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Total	<u>2,084,750</u>	<u>2,251,951</u>	<u>2,045,595</u>	<u>2,193,626</u>
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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 commenced in July 2021.

15. FUNDS

	At 1 April 2021	Income	Expenditure	Transfers/ gains/ (losses)	At 31 March 2022
	£	£	£	£	£
Unrestricted Funds					
Designated Funds					
Fixed Assets	9,957,369	-	-	(820,149)	9,137,220
Significant Capital Projects Fund	-	-	-	-	-
General Funds	<u>4,027,708</u>	<u>6,183,263</u>	<u>(6,188,388)</u>	<u>1,229,536</u>	<u>5,252,119</u>
	13,985,077	6,183,263	(6,188,388)	409,387	14,389,339
Restricted Funds					
<i>Grants</i>					
The Nuffield Trust	24,619	-	(3,572)	-	21,047
ABF Soldiers' Charities	16,458		(14,660)		1,798
Respite & Welfare Breaks Reserve	75,000		(16,163)	16,163	75,000
Army Central Fund	-	40,000		(40,000)	-
<i>Legacies</i>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>216,077</u>	<u>40,000</u>	<u>(34,395)</u>	<u>(23,837)</u>	<u>197,845</u>
	<u>14,201,154</u>	<u>6,223,263</u>	<u>(6,222,783)</u>	<u>385,550</u>	<u>14,587,184</u>

The year end restricted fund balance represents £21,047 from the Nuffield Trust for the funding of Reward and Recognition breaks, £1,798 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 2022

15. FUNDS (comparative)	At 1 April 2020	Income	Expenditure	gains/ (losses)	2021
	£	£	£	£	£
Unrestricted Funds					
Designated Funds	11,114,527	-	-	(1,157,158)	9,957,369
General Funds	4,633,892	2,705,969	(5,345,049)	2,032,896	4,027,708
	<u>15,748,419</u>	<u>2,705,969</u>	<u>(5,345,049)</u>	<u>875,738</u>	<u>13,985,077</u>
Restricted Funds					
<i>Grants</i>					
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
<i>Legacies</i>	100,000	-	-	-	100,000
Other specific donations					
	<u>217,619</u>	<u>-</u>	<u>(7,029)</u>	<u>5,487</u>	<u>216,077</u>
	<u>15,966,038</u>	<u>2,705,969</u>	<u>(5,352,078)</u>	<u>881,225</u>	<u>14,201,154</u>

16. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	AT 31 MARCH 2022			
	Restricted Funds	General Funds	Designated Funds	Total
	£	£	£	£
Tangible fixed assets	-	-	9,137,220	9,137,220
Investments	-	4,403,775	-	4,403,775
Net current assets	197,845	848,344	-	1,046,189
	<u>197,845</u>	<u>5,252,119</u>	<u>9,137,220</u>	<u>14,587,184</u>
	AT 31 MARCH 2021			
	Restricted Funds	General Funds	Designated Funds	Total
	£	£	£	£
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
	<u>216,077</u>	<u>4,027,708</u>	<u>9,957,369</u>	<u>14,201,154</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

17. CAPITAL COMMITMENTS

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

	2022	2021
	£	£
Authorised and contracted for works for a new lift controller, wireless fire alarms and electrical installation condition report.	<u>131,838</u>	<u>32,906</u>

18. OPERATING LEASE COMMITMENTS

	2022		2021	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Leases which expire:				
In one to five years	-	36,106	-	55,789
After five years	<u>597,750</u>	<u>-</u>	<u>631,500</u>	<u>-</u>
	<u>597,750</u>	<u>36,106</u>	<u>631,500</u>	<u>55,789</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 £113,333 (2021: £111,229). At 31 March 2022, contributions of £16,973.06 were outstanding (2021: £12,081)

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

	2022	2021
	£	£
Net movement in funds	386,030	(1,764,884)
Dividends, interest and rents from investments	(235,636)	(204,767)
Interest Paid		-
Net (gains)/losses on investments	(385,550)	(881,225)
Depreciation and amortisation charges	1,255,671	1,257,020
Increase/ (Decrease) in creditors	32,798	(183,577)
(Increase)/ Decrease in debtors	(26,280)	29,102
Decrease/(increase)/ in stocks	(9,656)	20,063
Net Cash generated by operating activities	<u>1,017,377</u>	<u>(1,728,268)</u>

22. RELATED PARTY TRANSACTIONS

At the year end VSC (Trading) Limited (the subsidiary) owed The Victory (Services) Association £213,710 (2021: £9,970)

	2022	2021
	£	£
Payments from VSC (Trading) Limited to parent charity for shared resources	1,012,771	1,012,771
Profits donated by VSC (Trading) to The Victory (Services) Association	217,428	

23. POST BALANCE SHEET EVENTS

There were no post balance sheet events to disclose.

THE VICTORY (SERVICES) ASSOCIATION

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

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME FROM:					
Donations and legacies	3	364,298	40,000	404,298	999,306
Charitable activities					
Membership		1,016,661	-	1,016,661	814,112
Catering and accommodation		4,065,223	-	4,065,223	672,963
Trading activities		501,445	-	501,445	14,821
Investments	4	235,636	-	235,636	204,767
TOTAL INCOME		6,183,263	40,000	6,223,263	2,705,969
EXPENDITURE ON:					
Raising funds					
Fundraising and publicity		593,607	-	593,607	156,275
Charitable activities					
Catering and accommodation		4,438,084	-	4,438,084	3,307,107
Membership and central allocation		1,156,697	34,395	1,191,092	1,888,696
TOTAL EXPENDITURE	6	6,188,388	34,395	6,222,783	5,352,078
Net gains/(losses) on investments		385,550	-	385,550	881,225
NET INCOME /(EXPENDITURE)	5	380,425	5,605	386,030	(1,764,884)
Transfer between funds		23,837	(23,837)	-	-
NET MOVEMENT IN FUNDS		404,262	(18,232)	386,030	(1,764,884)
Reconciliation of funds:					
Total funds brought forward		13,985,077	216,077	14,201,154	15,966,038
TOTAL FUNDS CARRIED FORWARD		14,389,339	197,845	14,587,184	14,201,154

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.

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

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,137,220		9,957,369
Investments	10		4,403,775		3,919,824
			<u>13,540,995</u>		<u>13,877,193</u>
CURRENT ASSETS					
Stocks	12	37,183		27,527	
Debtors	13	368,715		342,435	
Cash at bank and in hand		<u>2,725,041</u>		<u>2,205,950</u>	
		3,130,939		2,575,912	
CREDITORS: amounts falling due within one year	14	(1,084,750)		(976,951)	
NET CURRENT ASSETS			<u>2,046,189</u>		<u>1,598,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,587,184		15,476,154
CREDITORS: falling due after more than 1 year	14	(1,000,000)		(1,275,000)	
TOTAL NET ASSETS OR LIABILITIES			<u><u>14,587,184</u></u>		<u><u>14,201,154</u></u>
FUNDS	15				
Restricted funds			197,845		216,077
Unrestricted funds:					
Designated funds			9,137,220		9,957,369
General funds			<u>5,252,119</u>		<u>4,027,708</u>
			<u>14,389,339</u>		<u>13,985,077</u>
			<u><u>14,587,184</u></u>		<u><u>14,201,154</u></u>

The unconsolidated surplus of the Association was £386,030 (2021: deficit of £1,764,884).

The financial statements were approved and authorised for issue by the members of the Council on 13th July 2022 and were signed below on its behalf by:

Major General Seumas Kerr
Chairman

Lieutenant Colonel Ward
Honorary Treasurer

ASSOCIATION BALANCE SHEET

AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,137,220		9,957,369
Investments	10		4,403,775		3,919,822
Investment in trading company	11		2		2
			<u>13,540,997</u>		<u>13,877,193</u>
CURRENT ASSETS					
Stocks	12	37,183		27,527	
Debtors	13	495,665		349,585	
Cash at bank and in hand		<u>2,558,934</u>		<u>2,140,475</u>	
		3,091,782		2,517,587	
CREDITORS: amounts falling within one year	14	(1,045,595)		(918,626)	
NET CURRENT ASSETS			<u>2,046,187</u>		<u>1,598,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,587,184		15,476,154
Creditors falling due after more than 1 year	14	(1,000,000)		(1,275,000)	
NET ASSETS			<u><u>14,587,184</u></u>		<u><u>14,201,154</u></u>
FUNDS	15				
Restricted funds			197,845		216,077
Unrestricted funds:					
Designated funds			9,137,220		9,957,369
General funds			<u>5,252,119</u>		<u>4,027,708</u>
			<u>14,389,339</u>		<u>13,985,077</u>
			<u><u>14,587,184</u></u>		<u><u>14,201,154</u></u>

The financial statements were approved and authorised for issue by the members of the Council on 13th July 2022 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 2022

	Note	2022		2021	
		£	£	£	£
Cash Flow from operating activities	21		1,017,377		(1,728,268)
Cash flows from investing activities					
Rents receivable		223,182		202,788	
Income from investments		11,676		-	
Other interest receivable		778		1,979	
Payments to acquire tangible fixed assets		(435,861)		(108,858)	
Disposal of tangible fixed assets		340		-	
Purchase of investments		(260,591)		(296,987)	
Proceeds from sale of investments		162,190		294,672	
Net cash provided by (used in) investing activities			(298,286)		93,594
Cash flows from financing activities					
Cash inflows /(outflows) from new borrowing			(200,000)		1,500,000
Change in cash and cash equivalents in the year			519,091		(134,674)
Cash and cash equivalents at the beginning of the year			2,205,950		2,340,624
Total cash and cash equivalents at the end of the year			2,725,041		2,205,950
Analysis of changes in net debt					
		At start of year	Cash-flows	Other non-cash changes	At end of year
Cash and cash equivalents		2,205,950	519,091		2,725,041
			519,091		
Loans falling due within one year		-	(300,000)		(300,000)
Loans falling due after more than one year		-	(1,000,000)		(1,000,000)
Total		2,205,950	(780,909)		1,425,041
Analysis of cash and cash equivalents			2022		2021
			£		£
Cash at bank and in hand			2,225,041		1,705,950
Notice deposits (less than 3 months)			500,000		500,000
Total Cash and cash equivalents			2,725,041		2,205,950

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 5 to 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 2022

(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 2022

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	2022	2021
	£	£
<i>Restricted voluntary income</i>		
Grants	40,000	-
Legacies	-	-
	<u>40,000</u>	<u>-</u>
<i>Unrestricted voluntary income</i>		
Grants	104,027	779,644
Legacies	94,070	12,500
Gift Aid on membership subscriptions and donations	154,496	131,014
Donations	11,705	76,148
Other	-	-
	<u>404,298</u>	<u>999,306</u>
4. INVESTMENT INCOME	2022	2021
	£	£
Rents receivable	223,182	190,321
Investment income	11,676	12,466
Other interest receivable	778	1,980
	<u>235,636</u>	<u>204,767</u>
5. NET (EXPENDITURE)/INCOME FOR THE YEAR	2022	2021
	£	£
This is stated after charging the following:		
- Amortisation of leasehold property	12,654	12,654
- Depreciation on other fixed assets	1,243,017	1,244,366
- Auditors remuneration for audit services		
for audit services	18,725	16,730
for other services	-	1,020
- Operating lease rentals	<u>36,106</u>	<u>32,211</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

6. EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2022

	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
a) ANALYSIS OF EXPENDITURE				
Raising Funds				
Fundraising and publicity	218,715	161,967	212,925	593,607
Expenditure on charitable activities:				
Catering and accommodation	1,915,704	1,897,246	625,134	4,438,084
Membership and central allocation	433,382	654,543	103,167	1,191,092
TOTAL EXPENDITURE	2,567,801	2,713,756	941,226	6,222,783

Fundraising and publicity expenditure includes support, staffing and other costs associated with commercial events activity and marketing.

Expenditure includes £287,752 incurred by VSC (Trading) Limited (2021: £77,145). Of the total expenditure, £34,394 was restricted (2021: £7,030).

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 2022

	Office expenses	Property costs	Other support costs	Governance costs	Total
	£	£	£	£	£
Raising Funds					
Fundraising and publicity	19,388	169,642	20,404	9,281	218,715
Expenditure on charitable activities:					
Catering and accommodation	159,127	1,392,361	311,818	52,398	1,915,704
Membership and central allocation	40,027	350,241	42,126	988	433,382
TOTAL SUPPORT COSTS:	218,542	1,912,244	374,348	62,667	2,567,801

c) GOVERNANCE COSTS

2022

2021

	£	£
Wages and salaries	9,281	9,756
Legal and professional, including audit	52,398	94,411
Council and Committee expenses	988	95
	62,667	104,262

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

6. EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2021

	Support Costs	Staff Costs	Other Direct	Total
	£	£	£	£
d) 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	<u>2,183,749</u>	<u>2,912,054</u>	<u>256,275</u>	<u>5,352,078</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 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:	<u>160,243</u>	<u>1,837,002</u>	<u>82,243</u>	<u>104,261</u>	<u>2,183,749</u>

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

7. STAFF NUMBERS AND COSTS

	2022	2021
	No.	No.
The average number of persons employed during the year were as follows		
Accommodation	43	60
Catering	39	50
Membership	2	2
Support	5	6
	<u>90</u>	<u>118</u>

In October 2020 the Club completed a collective consultation. After the redundancy process, the Club had 62 permanent members of staff and four regular casual workers. The club reopened in July 2021, and continues to recruit new members of staff to return to pre-Covid levels.

	£	£
The aggregate payroll costs of these persons were as follows		
Salaries and wages	2,383,703	2,599,440
Social security costs	216,720	201,386
Pension scheme contributions	<u>113,333</u>	<u>111,229</u>
	<u>2,713,756</u>	<u>2,912,055</u>

Included in the above are termination payments of £0 (2021: £199,397 and there were no settlement agreement (2021: £49,434. The number of employees whose emoluments, excluding pension contributions and employer's national insurance who were in excess of £60,000 were:

	2022	2021
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1
£100,000 - £109,999	<u>1</u>	<u>1</u>
	<u>4</u>	<u>3</u>

Contributions of £44,615 were paid on behalf of these employees into a money purchase pension scheme (2021: £26,187)

The total employee benefits of the key management personnel of the Charity were £308,680 (2021: £309,697).

8. COUNCIL MEMBERS' REMUNERATION AND REIMBURSED EXPENSES

No remuneration is paid to any member of the Council. Reimbursements of travelling expenses totalling £645 (2021: £95) 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 2022

9. TANGIBLE ASSETS

Consolidated and Association	Long Leasehold Buildings	Leasehold improvements, fixtures, fittings and equipment	Total
Cost or Valuation	£	£	£
At 1 April 2021	837,952	19,277,308	20,115,260
Additions	-	435,861	435,861
Disposals	-	(350,139)	(350,139)
At 31 March 2022	837,952	19,363,030	20,200,982
Depreciation & Amortisation			
At 1 April 2021	460,706	9,697,185	10,157,891
Charged in Year	12,654	1,243,017	1,255,671
Disposals	-	(349,799)	(349,799)
At 31 March 2022	473,360	10,590,402	11,063,762
Net Book Value			
At 31 March 2022	364,592	8,772,627	9,137,220
At 31 March 2021	377,246	9,580,123	9,957,369

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 (2021: None).

10. INVESTMENTS

	£
Market value at 1 April 2021	3,919,824
Additions	260,591
Disposal	(162,190)
Net gains/(losses) on investments	385,550
Market value at 31 March 2022	4,403,775
Historical cost at 31 March 2021	2,676,768

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	649,775
M & G Charifund	2,002,367
M & G Charibond	294,120
Investec Wealth & Investment Limited	1,457,513
	4,403,775

At 31 March 2022 the investment revaluation reserve was £1,727,007 (2021: £1,313,715). The subsidiary company did not own any investments during the year (2021: None).

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022	2021
	£	£
VSC (Trading) Limited	2	2

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	2022	2021
	£	£
Turnover	501,445	37,044
Cost of Sales	(107,892)	(1,133)
Gross profit	393,553	35,911
Administration expenses (net of interest receivable)	(179,860)	(76,012)
	213,693	(40,102)
Amount payable under Gift Aid to the Association	(213,710)	39,985
Interest receivable and similar income	17	116
Retained in subsidiary	-	-

In 2020/21, the loss in the Trading company was acknowledged as a one-off only as trading activities were closed during the Coronavirus lockdowns.

Balance sheet	2022	2021
	£	£
Current assets	272,400	70,365
Current liabilities	(39,653)	(58,323)
Amounts owed to the Association	(59,020)	(52,025)
	173,727	(39,983)
Share capital	2	2
Reserves	173,725	(39,985)
	173,727	(39,983)

12. STOCK

Consolidated and Association	2022	2021
	£	£
Food and wine	31,458	20,419
Club shop	5,725	7,108
	37,183	27,527

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

13. DEBTORS

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	125,584	117,903	20,682	114,088
Amounts due from group undertaking	-	-	213,710	12,040
Other debtors	65,423	33,084	84,458	33,074
Prepayments and accrued income	177,708	191,448	176,817	190,383
	<u>368,715</u>	<u>342,435</u>	<u>495,667</u>	<u>349,585</u>

14. CREDITORS: Amounts falling due within one year

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	286,043	111,074	286,042	111,074
Amounts due to group undertaking		-		-
Other creditors including taxation and social security	285,684	334,847	248,630	278,522
CBIL Loan	300,000	225,000	300,000	225,000
Accruals and deferred income	213,023	306,030	210,923	304,030
	<u>1,084,750</u>	<u>976,951</u>	<u>1,045,595</u>	<u>918,626</u>

CREDITORS: Amounts falling due after one year

CBIL Loan	1,000,000	1,275,000	1,000,000	1,275,000
Total	<u>2,084,750</u>	<u>2,251,951</u>	<u>2,045,595</u>	<u>2,193,626</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 commenced in July 2021.

15. FUNDS

	At 1 April 2021	Income	Expenditure	Transfers/ gains/ (losses)	At 31 March 2022
	£	£	£	£	£
Unrestricted Funds					
Designated Funds					
Fixed Assets	9,957,369	-	-	(820,149)	9,137,220
Significant Capital Projects Fund	-	-	-	-	-
General Funds	<u>4,027,708</u>	<u>6,183,263</u>	<u>(6,188,388)</u>	<u>1,229,536</u>	<u>5,252,119</u>
	13,985,077	6,183,263	(6,188,388)	409,387	14,389,339
Restricted Funds					
Grants					
The Nuffield Trust	24,619	-	(3,572)	-	21,047
ABF Soldiers' Charities	16,458		(14,660)		1,798
Respite & Welfare Breaks Reserve	75,000		(16,163)	16,163	75,000
Army Central Fund	-	40,000		(40,000)	-
Legacies	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	216,077	40,000	(34,395)	(23,837)	197,845
	<u>14,201,154</u>	<u>6,223,263</u>	<u>(6,222,783)</u>	<u>385,550</u>	<u>14,587,184</u>

The year end restricted fund balance represents £21,047 from the Nuffield Trust for the funding of Reward and Recognition breaks, £1,798 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 2022

15. FUNDS (comparative)	At 1 April 2020	Income	Expenditure	Transfers/ gains/ (losses)	At 31 March 2021
	£	£	£	£	£
Unrestricted Funds					
Designated Funds	11,114,527	-	-	(1,157,158)	9,957,369
General Funds	4,633,892	2,705,969	(5,345,049)	2,032,896	4,027,708
	15,748,419	2,705,969	(5,345,049)	875,738	13,985,077
Restricted Funds					
<i>Grants</i>					
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
<i>Legacies</i>	100,000	-	-	-	100,000
Other specific donations					
	217,619	-	(7,029)	5,487	216,077
	15,966,038	2,705,969	(5,352,078)	881,225	14,201,154

16. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	AT 31 MARCH 2022			
	Restricted Funds	General Funds	Designated Funds	Total
	£	£	£	£
Tangible fixed assets	-	-	9,137,220	9,137,220
Investments	-	4,403,775	-	4,403,775
Net current assets	197,845	848,344	-	1,046,189
	197,845	5,252,119	9,137,220	14,587,184
	AT 31 MARCH 2021			
	Restricted Funds	General Funds	Designated Funds	Total
	£	£	£	£
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

THE VICTORY (SERVICES) ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

17. CAPITAL COMMITMENTS

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

	2022	2021
	£	£
Authorised and contracted for works for a new lift controller, wireless fire alarms and electrical installation condition report.	<u>131,838</u>	<u>32,906</u>

18. OPERATING LEASE COMMITMENTS

	2022		2021	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Leases which expire:				
In one to five years	-	36,106	-	55,789
After five years	<u>597,750</u>	<u>-</u>	<u>631,500</u>	<u>-</u>
	<u>597,750</u>	<u>36,106</u>	<u>631,500</u>	<u>55,789</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 £113,333 (2021: £111,229). At 31 March 2022, contributions of £16,973.06 were outstanding (2021: £12,081)

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

	2022	2021
	£	£
Net movement in funds	386,030	(1,764,884)
Dividends, interest and rents from investments	(235,636)	(204,767)
Interest Paid		-
Net (gains)/losses on investments	(385,550)	(881,225)
Depreciation and amortisation charges	1,255,671	1,257,020
Increase/ (Decrease) in creditors	32,798	(183,577)
(Increase)/ Decrease in debtors	(26,280)	29,102
Decrease/(increase)/ in stocks	(9,656)	20,063
Net Cash generated by operating activities	<u>1,017,377</u>	<u>(1,728,268)</u>

22. RELATED PARTY TRANSACTIONS

At the year end VSC (Trading) Limited (the subsidiary) owed The Victory (Services) Association £213,710 (2021: £9,970)

	2022	2021
	£	£
Payments from VSC (Trading) Limited to parent charity for shared resources	1,012,771	1,012,771
Profits donated by VSC (Trading) to The Victory (Services) Association	217,428	

23. POST BALANCE SHEET EVENTS

There were no post balance sheet events to disclose.