

PHYLLIS COURT

MEMBERS CLUB

PHYLLIS COURT MEMBERS CLUB LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



Company No: 00088274

**PHYLLIS COURT MEMBERS CLUB LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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PHYLLIS COURT CLUB

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

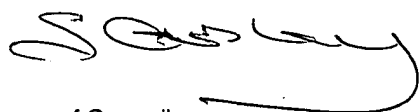
Phyllis Court Members Club is over one hundred years old and well positioned for the next hundred. Eighteen acres of prime real estate on the banks of the River Thames, a Clubhouse with one hundred rooms and an historic grade II listed Riverside Pavilion on the finish line of the famous Henley Royal Regatta - all owned by the members. Demand for membership continues to be very strong and at the end of the year we had 3,579 members with a waiting list of 52. At the end of 2018 we had 3,402 members and prior to the decision on the Fitness Centre we had less than 2,850.

The Club enjoys a strong Balance Sheet with an excellent debt to equity ratio. This means that the Club is financially secure, and members can be proud to be part of such a strong heritage. The Directors are aware of their fiduciary responsibility to ensure that the Club is economically stable and remains a great institution for future generations. The mission for the Club continues to be: providing members with a Country Club by the river Thames and associated facilities including restaurants, bars and bedroom accommodation; promoting sports, recreational and cultural activities; generating a surplus to invest in the Club and maintain the estate.

2019 was a challenging year in many respects. In keeping with many other businesses in the hospitality industry, the Club experienced little growth in income from food and beverage, accommodation and functions, yet there was a healthy demand for membership. Overall, the Club experienced a 7% revenue growth when the industry average was 2%. The Club had budgeted for 14% growth and established a cost base to support and service it, expecting the increased membership would bring more spend within the Club. In the event this did not materialise nor was it possible to anticipate the political and economic uncertainty and the impact this would have on our members' spending patterns. Consequently, the Club was unable to reduce costs quickly in line with the fall in income. In Q4, action was taken to cut wages and overheads and build a stronger business model for 2020 and so the Club is well positioned for the future. 2020 has started well and after 2 months we are better than the same period in 2019

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown. The Club will continue to provide limited services to members during this period but there will be increased liquidity risk to the business. The Directors will mitigate this with detailed cash flow forecasting and by ensuring the club reduces its costs as much as possible. At the time of signing the accounts the Club estimates it has sufficient cash for 2020. The Directors will also seek further external finance as required.

These are difficult times but the Club's healthy balance sheet and net worth ensure we will resume full operations as soon as practicable and return again as a great institution.



Chairman of Council

31st March 2020

PHYLLIS COURT CLUB

STATEMENT OF COUNCILS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

Councils' responsibilities statement

The council is responsible for preparing the Chairman's Report and the financial statements in accordance with applicable law and regulations.

The Club requires the council to prepare financial statements for each financial year. The council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'). In preparing the financial statements, the council are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The council is responsible for keeping adequate accounting records that are sufficient to show and explain the Club's transactions and disclose with reasonable accuracy at any time the financial position of the Club. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

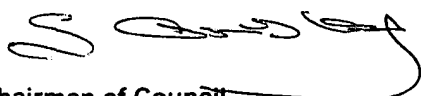
The council confirms that:

- So far as each council member is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The council have taken all the steps that they ought to have taken as council members in order to make themselves aware of any relevant audit information and to establish that the Club's auditor is aware of that information.

The council is responsible for the maintenance and integrity of the corporate and financial information included on the Club's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- The financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities and financial position of the Club and undertakings; and
- The Chairman's Report includes a fair review of the development and performance of the business and the position of the Club together with a description of the principal risks and uncertainties that the Club faces.



Chairman of Council

31st March 2020

PHYLLIS COURT CLUB

FOR THE YEAR ENDED 31 DECEMBER 2019

For historical reasons, there are two entities:

Phyllis Court Club; and Phyllis Court Members Club Limited which is the trading company.

Phyllis Court Club is an unincorporated dormant holding entity that owns the shares in the limited company. The shares are held by the trustees as nominees on behalf of all members. All income from subscriptions is paid directly to the limited company

The accounts on the following page are those of Phyllis Court Club only.

The accounts further on are those of the trading company, Phyllis Court Members Club Limited.

PHYLLIS COURT CLUB

YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

		Total 2019 £	Total 2018 £
INVESTMENTS AT COST:			
Phyllis Court Members Club Limited	1	30	30
Represented by:			
CURRENT LIABILITIES:			
Amount due to Phyllis Court Members Club Limited		30	30

1 Investments

The Investments are stated at cost. Where the cost is £Nil or less than the nominal value of the shares held, this is because the respective investments were gifted to the Club.

2 General information

The Club is an unincorporated dormant holding entity that owns the shares in the limited company. The shares are held by the trustees as nominees on behalf of all members.
All income from subscriptions is paid directly to the limited company.

REPORT OF THE COUNCIL

The Council presents the Statement of Financial Position as at 31 December 2019, together with the Auditor's Report thereon.



By Order of the Council

Chris Hogan

Chief Executive and Club Secretary
31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHYLLIS COURT CLUB
FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of Phyllis Court Club (the 'Club') for the year ended 31 December 2019 which comprise the Balance Sheet and notes to the financial statements. 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 Company's affairs as at 31 December 2019;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Club's rules.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

Responsibilities of the Council

As explained more fully in the Council's responsibilities statement, the Council is 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 Council determines 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 directors are responsible for assessing the Club'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 directors either intend to liquidate the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHYLLIS COURT CLUB
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the [group's or the parent] charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Use of our report

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Wilson (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date: 7th April 2020

10 Queen Street Place
London
EC4R 1AG

PHYLLIS COURT MEMBERS CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

REVIEW OF THE BUSINESS

Introduction

The principal activity of the Company is the running of a Private Members Club.

Business review and future developments

The development of the Fitness Centre was approved in 2016 leading to an increase in membership applications thereafter. In 2018, income grew 16% over the prior year. The 2019 budget for income and associated costs reflected a similar growth.

Throughout 2019, whilst demand for membership remained strong, the UK political position and economy led to an uncertain year resulting in lower than expected member and non-member spend. Ultimately, income growth in 2019 was just under half the previous year - well above the industry average, but less than forecast. Action was taken to reduce costs in the second half but it was not sufficient and so the 2019 deficit before tax was disappointing.

Trading Update

Compared to the prior year, subscription and related income increased by 12% but other income sources increased only 4%. Phyllis Court Members Club Limited posted a surplus before tax. In addition, income was received in respect of the premiums payable on the extension of one lease of the flats in Phyllis Court Drive.

Membership

At the end of the year, the Club had 3,579 members. This is the highest on record. A total of 379 new Members joined and 202 Members resigned. A waiting list was in place during the year.

Food and Beverage

The Orangery continued as the main Club restaurant. The Riverside Pavilion was used for some special events all year round and for regular dining during the summer months. In Q3 the Club invested in a make-over of the dining room. "Cromwell's" was open for 60 nights in Q4 and attracted over 1,000 members and guests.

Bedroom Income

The Club has 17 bedrooms for members and guests. Non-members can book the rooms subject to availability. The number of bedrooms sold during the year was 12% down on 2018. This was mainly due to low take up from non-members.

Henley Royal Regatta

The weather was kind and the attendance was exceptional. Around ten thousand members and guests enjoyed the five-day event. The Regatta generated the highest ever income.

Costs

High, inflexible costs were a major contributor to an unsatisfactory deficit in 2019. The Club will be making investments in 2020 to better manage this area of the business. A stock control system will improve wastage and margins; a purchase order system, replacing the current manual one, will improve purchase and invoice controls and an HR system will enable better management of staff costs and payroll.

During the year, the Club's investments included: making a survey of the Clubhouse and creating a five year preventative maintenance plan; replacement boilers and fridges; a new grounds and maintenance office; replacement furniture; replacement of part of the roof of the Clubhouse; a replacement kitchen for one of the staff houses; replacement grounds equipment and new computer equipment.

PHYLLIS COURT MEMBERS CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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Financial Key Performance Indicators

£000	2019	2018	2017	2016	2015	2014
Income from all sources	6,068	5,660	4,954	4,648	4,363	4,307
(Loss)/surplus before depreciation, interest, exceptional items, taxation and revaluation gains	(47)	364	432	331	338	525
Depreciation	425	304	284	300	309	273
Investment income	4	2	24	39	38	39
Profit on sale of fixed assets	43	108	7	328	165	8
(Loss)/surplus before taxation	(214)	348	526	411	907	648
Permanent staff numbers	96	83	74	65	72	72
Membership numbers	3,579	3,402	3,003	3,011	2,980	3,027

RISK

Principal Risks and Uncertainties

Phyllis Court Club is a private, not for profit, members' club. The Club believes the key risks to be liquidity risk, interest rate risk and specific business risks. The Club's financial operation is also reliant on income from non-member business and the annual Regatta event. The Club must therefore position its operation, staffing and facilities to cater for both income streams.

As part of the 5-year plan, a review was conducted of strengths, weaknesses, opportunities and threats in relation to the Club. Identifying these elements enables the Board and Management Team to enhance strengths, explore opportunities, plan to reduce weaknesses and minimise risk surrounding threats.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due. The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Due to the seasonality of the business, the Company's liquidity is at a low point in December. The impact of this risk is that the Company could have difficulty in meeting its financial obligations as they fall due. The Directors mitigate this risk by focussing on cash management and detailed cash flow forecasting. The Council Code of Practice stipulates that a minimum bank balance of a quarter of a million pounds must be held at all times and this was achieved during the year.

PHYLLIS COURT MEMBERS CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Member subscription renewal dates have been based on when they joined the Club. To further improve liquidity, the Directors decided in 2019 to change all member renewal dates to January 1st from 2020. In addition, from the same date, an administration charge was added to monthly payments to encourage members to pay annually. These two actions will also reduce loss of income should members decide to leave the Club part way through the year.

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown. The Club will continue to provide limited services to members during this period but there will be increased liquidity risk to the business. The Directors will mitigate this risk by detailed cash flow forecasting, by ensuring the club manages its costs in a manner that will enable it to preserve its resources, and also to seek further external finance as required.

Interest Rate Risk

Interest rate risk is the risk of increased net financing costs due to rising market interest rates. The Club finances its operations through a mixture of retained profits and bank borrowings; the Club's main interest rate risk therefore comes from its bank borrowings and is linked to the Bank of England base rate. The bank loan agreement does allow for early redemption and if interest rates were to rise materially, the Club may look at ways to reduce the loan.

Business Risks

Risks to the business include the buoyancy of the UK economy, availability of staff, rising costs and cyber-attack. Despite all the security systems, backups and business continuity plans in place to protect our infrastructure and commercial activities, an unforeseen event could cause an interruption to our services and operations. The Club is insured against most of these risks but Covid 19 is not covered.

The Regatta event is a very important contributor to the Club's income and surplus. Possible risks of cancellation include an extreme weather event, a security incident or some other environmental cause that might make the river unusable. The Club has put in place procedures to minimise the possible loss of income and is continually reviewing options to ensure the events success. The 2020 Regatta has been cancelled due to Covid 19.

Future Developments

The Club's five-year business plan has been updated.

The key objectives are:

- Member retention and meeting the demand for new membership
- Modest income growth and strong cost control
- Evolving the brand and enhancing the offering to members
- Investing £2M over the Plan period to improve the estate for all members
- Providing Club members with excellent value for their subscriptions
- Reducing staff turnover

Financial Risk management objective and policies

The Company uses a variety of financial instruments including cash, equity, trade creditors and debtors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies set by the Board of Directors are implemented by the Company's finance department. The Directors are of the view that the main risk arising from the Company's financial instruments is liquidity risk.

The Directors set and review policies for managing risk and they are summarised in the Principal Risks and Uncertainties above.

PHYLLIS COURT MEMBERS CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The report was approved by the Board and signed on its behalf by order of the Board on 31 March 2020



Chris Hogan
Company Secretary

31st March 2020

PHYLLIS COURT MEMBERS CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in presenting their report and accounts for the year ended 31 December 2019.

OFFICERS

The Directors who held office during the year were as follows:

S Ainsley
G L Markham
A M Horsfall
Sir W Perry
C H Tollit
G L Lockett
C P C Thompson (Appointed 11th March 2019)
S M Van Der Veen (Appointed 11th March 2019)
B M Jackson (Resigned 20th May 2019)

Company Secretary during the year:
DA Johns (Resigned 31st July 2019)
C Hogan (Appointed 21st August 2019)

GOING CONCERN

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown. The Club will continue to provide limited services to members during this period however this situation will materially impact its income streams from food and drink, events and hospitality as well as bedroom sales.

The Directors have prepared forecasts which model the impact this situation may have on the Club's income streams and cashflow under a range of possible scenarios for the length of the shutdown. These forecasts cover the foreseeable future which for the avoidance of doubt is a period of not less than 12 months from the date of this report. Depending on the length of the shutdown the Club may be required to secure additional financing within 18 months of the date of this report to enable it to continue trading. The Club has a number of options available to it to secure any financing which may be required and the Directors are confident that the Club would be able to secure any financing as required. Notwithstanding this the Directors acknowledge the uncertainty around the impact of Covid-19 on the business does present a material uncertainty over the business's future cashflows. Despite this, for the reasons stated above, the Directors are comfortable that the going concern basis is appropriate when preparing these accounts, and these financial statements have been prepared on a going concern basis.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a director to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing to appoint Hays Macintyre as auditors will be put to the Annual General Meeting.

By order of the Board on 31 March 2020


Chris Hogan
Company Secretary

31st March 2020

PHYLLIS COURT MEMBERS CLUB LIMITED

STATEMENT OF THE COUNCIL'S RESPONSIBILITIES FOR YEAR ENDED 31 DECEMBER 2019

Council's responsibilities statement

The Council is responsible for preparing the Strategic Report, Directors' Report and Chairman's Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the council to prepare financial statements for each financial year. Under that law the Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Council are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council confirms that:

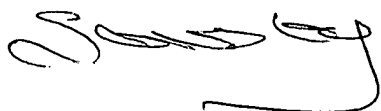
- So far as each Council member is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Council members have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the Company's audit is aware of that information.

The Council is responsible for preparing the annual report in accordance with applicable law and regulations.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- The financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and Chairman's Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Chairman of Council

31st March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHYLLIS COURT MEMBERS CLUB LIMITED

Opinion

We have audited the financial statements of Phyllis Court Members Club Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet, 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 Company's affairs as at 31 December 2019 and of the its loss 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that since the balance sheet date, the club has been required to restrict its services for an unknown length of time by the government due to the Covid-19 outbreak. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHYLLIS COURT CLUB
FOR THE YEAR ENDED 31 DECEMBER 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 Company; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Wilson (Senior Statutory Auditor)
For and on behalf of Haysmacintyre, Statutory Auditors
Date: 7th April 2020

10 Queen Street Place
London
EC4R 1AG

PHYLLIS COURT MEMBERS CLUB LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Total 2019 £	Total 2018 £
INCOME	5	6,067,975	5,659,675
Direct expenses		(1,321,447)	(1,978,445)
GROSS SURPLUS		4,746,528	3,681,230
Administrative expenses:			
Depreciation	12	(424,695)	(304,671)
Other		(4,793,401)	(3,317,175)
		(5,218,096)	(3,621,846)
OPERATING (LOSS)/SURPLUS		(471,568)	59,384
Profit on disposal of investment property	6	42,656	108,412
Fair value gain on revaluation of investment property	13	265,000	256,000
Irrecoverable VAT from prior years		-	(41,823)
Interest paid on borrowings		(54,121)	(36,797)
Interest receivable and similar income	10	3,914	2,357
(LOSS)/SURPLUS FOR THE YEAR BEFORE TAXATION	7	(214,119)	347,533
TAX ON (LOSS)/SURPLUS	11	(34,535)	(32,663)
(LOSS)/SURPLUS FOR THE YEAR AFTER TAXATION		(248,654)	314,870

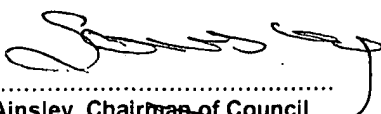
There was no other comprehensive income during the year (2018: £nil). All operations are continuing.

The notes on pages 20 to 29 form part of these financial statements.

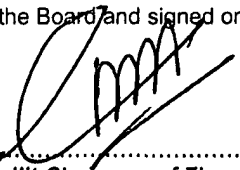
PHYLLIS COURT MEMBERS CLUB LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible fixed assets	12		9,221,180		9,461,209
Investment properties	13		2,405,000		2,225,000
			<u>11,626,180</u>		<u>11,686,209</u>
CURRENT ASSETS					
Stock			62,571		58,895
Trade debtors	14		258,357		149,308
Prepayments			104,979		94,801
VAT recoverable	14		409,433		463,112
Other Debtors			36,976		23,860
Cash at bank, on deposit and in hand			418,027		1,147,640
			<u>1,290,343</u>		<u>1,937,616</u>
CREDITORS: amounts falling due within one year					
Trade creditors			(468,500)		(304,786)
Other creditors and accruals			(318,673)		(425,936)
Regatta deposits			(43,172)		(37,740)
Corporation tax			(632)		(39,176)
Bank loan	16		(135,000)		(135,000)
Other taxes and social security			(86,045)		(189,635)
Deferred income – Subscriptions & Club House advances	15		(51,252)		(329,252)
			<u>(1,103,274)</u>		<u>(1,461,525)</u>
NET CURRENT ASSETS			<u>187,069</u>		<u>476,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,813,249</u>		<u>12,162,300</u>
CREDITORS: amounts falling due after more than one year					
Bank Loan	16		(2,430,068)		(2,565,000)
PROVISION FOR LIABILITIES: Deferred taxation	17		(561,835)		(527,300)
			<u>(2,991,903)</u>		<u>(3,092,300)</u>
NET ASSETS			<u>8,821,346</u>		<u>9,070,000</u>
CAPITAL AND RESERVES					
Called up share capital	18		3,109		3,109
Revaluation reserve	19		2,405,000		2,225,000
Retained earnings	19		6,413,237		6,841,891
SHAREHOLDERS' FUNDS			<u>8,821,346</u>		<u>9,070,000</u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on xxx:


 S Ainsley Chairman of Council

31st March 2020


 CH Tollit Chairman of Finance

31st March 2020

The notes on pages 20 to 29 form part of these financial statements.

PHYLLIS COURT MEMBERS CLUB LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called-up share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2018	3,109	2,185,000	6,567,021	8,755,130
Surplus for the year	-	256,000	58,870	314,870
Transfer on disposal of investment property	-	(216,000)	216,000	-
At 31 December 2018	3,109	2,225,000	6,841,891	9,070,000
Surplus/(loss) for the year	-	265,000	(513,654)	(248,654)
Transfer on disposal of investment property	-	(85,000)	85,000	-
At 31 December 2019	3,109	2,405,000	6,413,237	8,821,346

The notes on pages 20 to 29 form part of these financial statements.

PHYLLIS COURT MEMBERS CLUB LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Cash flows from operating activities		
(Deficit)/surplus for the year before taxation	(214,119)	347,533
Adjustments for:		
Interest receivable	(3,914)	(2,357)
Interest paid	54,121	36,797
Depreciation	424,695	304,671
Gain on revaluation of investment properties	(265,000)	(256,000)
Net gain on disposal of leaseholds and tangible fixed assets	(42,656)	(108,412)
(Increase) / Decrease in stocks	(3,676)	28,187
(Increase) / Decrease in debtors	(78,664)	835,322
Decrease in creditors	(319,707)	(1,208,981)
Income taxes paid	(38,544)	(18,889)
Net cash from operating activities	(487,464)	(42,129)
Cash flows from investing activities		
Purchases of tangible fixed assets	(184,666)	(2,875,720)
Proceeds from sale of investment properties	127,656	324,412
Interest payable	3,914	2,357
Net cash used in investing activities	(53,096)	(2,548,951)
Cash flows from financing activities		
Interest paid	(54,121)	(36,797)
Cash from bank loan received	-	2,518,708
Repayment of loan	(134,932)	-
Net cash from financing activities	(189,053)	2,481,911
Net decrease in cash and cash equivalents	(729,613)	(109,169)
Cash and cash equivalents at beginning of year	1,147,640	1,256,809
Cash and cash equivalents at end of year	418,027	1,147,640

The notes on pages 20 to 29 form part of these financial statements.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Company information

Phyllis Court Members Club is a private company limited by shares, incorporated in England and Wales, with company number 00088274. The registered office at Phyllis Court Club, Marlow Road, Henley-on-Thames, RG9 2HT.

2. Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Ireland ("FRS102"), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown. The Club will continue to provide limited services to members during this period however this situation will materially impact its income streams from food and drink, events and hospitality as well as bedroom sales.

The Directors have prepared forecasts which model the impact this situation may have on the Club's income streams and cashflow under a range of possible scenarios for the length of the shutdown. These forecasts cover the foreseeable future which for the avoidance of doubt is a period of not less than 12 months from the date of this report. Depending on the length of the shutdown the Club may be required to secure additional financing within 18 months of the date of this report to enable it to continue trading. The Club has a number of options available to it to secure any financing which may be required and the Directors are confident that the Club would be able to secure any financing as required. Notwithstanding this the Directors acknowledge the uncertainty around the impact of Covid-19 on the business does present a material uncertainty over the business's future cashflows. Despite this, for the reasons stated above, the Directors are comfortable that the going concern basis is appropriate when preparing these accounts, and these financial statements have been prepared on a going concern basis.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The carrying value of investment properties, which are measured at fair value. Management engage an independent valuer with a recognised and relevant professional qualification to assist in making this judgement.

4. Accounting policies

a) Income

All income and endowments are recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

Income from the sale of goods is recognised when the significant risks and rewards of ownership of the items has transferred to the buyer. This is usually at the point at which the items are provided to the customer. Sale of goods relates to Food and Beverage sales.

Income from the rendering of services is recognised over the period in which the services are carried out. Rendering of services relates to the sale of hotel rooms, general room hire, the hiring of boat moorings, the annual Regatta event and the supply of membership to the Club.

4. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is recognised as soon as the related liability is incurred and has been classified under headings that aggregate all costs relating to that category. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Club to the expenditure.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

The Company make payments to a defined contribution pension scheme for some of its employees. Contributions are recognised as an expense in the period in which they are incurred. Included in accruals is £19,497 relating to pension contributions unpaid at the end of the year (2018: £18,567)

c) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense is presented either in profit or loss, other comprehensive income, or equity, depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The Club has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially recognised at cost.

Depreciation is provided on fixed assets to write off their cost less estimated residual value over their estimated useful economic life by equal annual instalments as follows:

Freehold property	2%
Freehold improvements	2-10%
Furniture and fittings	10-25%
Computer equipment	25-33%

The carrying values of tangible fixed assets are reviewed for impairment in accordance with the requirements of FRS102.

4. ACCOUNTING POLICIES (continued)

e) **Investment properties**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income statement.

f) **Stocks**

Stocks are held at the lower of cost, using the first in, first out method, and selling price less costs to complete and sell.

g) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

h) **Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable are accounted for on the following basis:

Cash and cash equivalents

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

Debtors and creditors

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Income

Income is derived primarily from the rental of rooms, conferences and events (including Henley Royal Regatta) and banqueting and food and beverage sales. Income is recognised when rooms are occupied, conferences and events are held, and food and beverages are sold. Membership income is recognised over the life of the membership, usually on an annual basis and joining fees are recognised at the point of joining.

Revenue in the year arose from the following:

	2019 £	2018 £
Bedrooms	340,049	387,220
Room hire	124,307	115,801
Food	1,396,443	1,334,863
Bar	528,676	521,022
Boat moorings	133,056	132,043
Minor departments	-	10,984
Regatta	771,029	686,833
Membership	2,712,327	2,427,069
Other operating income	62,088	43,840
	<u>6,067,975</u>	<u>5,659,675</u>

6. Profit on disposal of investment properties

Profit on disposal of investment properties relates to proceeds from the extension of leasehold properties, for which the Club owns the freehold, less the disposal value of the properties removed from the Statement of Financial Position.

7. Loss/surplus for the year

The loss/surplus before taxation is stated after charging:

	2019 £	2018 £
Depreciation – owed assets	424,695	304,671
Irrecoverable VAT adjustments from prior years	(323)	41,823
Bank interest paid on borrowings	54,121	36,797
Operating lease rental payments	20,998	3,365
Net gain on the disposal of investment properties	(42,656)	(108,412)
Auditor's remuneration – audit fees	16,600	15,950
Auditor's remuneration – non-audit fees	<u>2,903</u>	<u>4,450</u>

Stock of £734,801 (2018: £781,535) was recognised as an expense in the period.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Staff costs

	2019	2018
	£	£
Wages and salaries	2,524,901	2,313,137
Social security costs	211,706	180,513
Pension costs	<u>127,118</u>	<u>116,160</u>
	<u>2,863,725</u>	<u>2,609,750</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Management and administration	52	55
Catering	37	27
Regatta staff	7	10
Part-time casuals	<u>17</u>	<u>35</u>
	<u>113</u>	<u>127</u>

The Company operates a stakeholder defined contributions pension scheme for the benefit of employees. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £127,118 (2018: £116,160).

9. Directors and key management personnel

No director received any remuneration for their services during the year (2018: none). Key management personnel received remuneration for their services during the year of £432,291 (2018: £430,466).

10. Interest receivable and similar income

	2019	2018
	£	£
Interest on short-term deposits	<u>3,914</u>	<u>2,357</u>
	<u>3,914</u>	<u>2,357</u>

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tax on profit on ordinary activities

	2019	2018
	£	£
Analysis of charge in the year:		
Current tax		
UK corporation tax on profits	-	39,169
Adjustments in respect of previous periods	-	(7,276)
Current tax charge/(credit)	-	31,893
Deferred tax		
Origination and reversal of timing differences	34,535	770
Changes to tax rates	-	-
Deferred tax charge/(credit)	-	770
Taxation on profit on ordinary activities	<u>34,535</u>	<u>32,663</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019	2018
	£	£
Factors affecting tax charge for the year:		
(Loss)/profit on ordinary activities before tax	(214,119)	347,533
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of % (2018: 19.00%)	(40,683)	66,032
Effects of:		
Fixed asset differences	1,461	32,751
Non-taxable income	(1,020,228)	(1,035,531)
Expenses not deductible for tax purposes	981,068	933,547
Adjustments in respect of prior periods	1,371	(7,289)
Deferred tax liabilities not recognised	51,046	(24,302)
Chargeable gains	58,396	70,391
Adjustments to opening deferred tax asset for changes in tax rates	2,104	(2,936)
	<u>34,535</u>	<u>32,663</u>

Factors that may affect future tax charge

A reduction in the long-term UK corporation tax rate to 17% (effective from 1 April 2020) was enacted on 15 September 2016. This will reduce the club's tax charges in future years.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Assets under Construction £	Freehold Property & Improvements £	Furniture fittings & computer equipment £	Fitness Centre £	Total £
COST					
1 January 2019	88,318	6,903,651	2,595,910	3,868,447	13,456,326
Additions	-	35,989	114,369	34,308	184,666
Transfer	(71,318)	-	-	71,318	-
31 December 2019	<u>17,000</u>	<u>6,939,640</u>	<u>2,710,279</u>	<u>3,974,073</u>	<u>13,640,992</u>
DEPRECIATION					
1 January 2019	-	1,899,670	1,937,499	157,948	3,995,117
Charge for the year	-	161,217	169,397	94,081	424,695
Transfers	-	-	-	-	-
31 December 2019	-	<u>2,060,887</u>	<u>2,106,896</u>	<u>252,029</u>	<u>4,419,812</u>
NET BOOK VALUE					
31 December 2019	<u>17,000</u>	<u>4,878,753</u>	<u>603,383</u>	<u>3,722,044</u>	<u>9,221,180</u>
31 December 2018	<u>88,318</u>	<u>5,003,981</u>	<u>658,411</u>	<u>3,710,499</u>	<u>9,461,209</u>

Included within freehold property is land of £793,699 (2018: £793,699), which is not depreciated.

13. INVESTMENT PROPERTY

	Freehold Investment Property £
VALUATION	
1 January 2019	2,225,000
Gain on revaluation	265,000
Disposals	(85,000)
31 December 2019	<u>2,405,000</u>

The freehold investment properties were valued by Strettons Chartered Surveyors, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, as at 31 December 2019 and 31 December 2018, on the basis of open market value.

14. DEBTORS

	2019 £	2018 £
Trade debtors		
Members – Subscriptions & Club House Advances	254,902	146,756
Trade debtors	<u>3,455</u>	<u>2,552</u>
	<u>258,357</u>	<u>149,308</u>

VAT recoverable

Included in the VAT recoverable debtor of £409,433 is £361,626 (2018: £409,804) which is due after more than one year.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

15. DEFERRED INCOME

	2019 £	2018 £
Members subscriptions and Club House Advances	<u>51,252</u>	<u>329,252</u>

16. CREDITORS

	2019 £	2018 £
Bank loan		
Amounts due:		
Within one year	135,000	135,000
Between one and five years	540,000	540,000
In more than five years	<u>1,890,068</u>	<u>2,025,000</u>
	<u>2,565,068</u>	<u>2,700,000</u>

In July 2018, the Club entered a loan agreement for £2.7m which is repayable over 20 years. Interest is paid on the bank loan at a rate of 2.19% over the base rate. The loan is secured by a first legal charge over the freehold of Phyllis Court and its associated assets and a debenture has been granted by the Club.

17. DEFERRED TAXATION

	2019 £	2018 £
At 1 January	527,300	526,530
Charged to the profit or loss account	<u>34,535</u>	<u>770</u>
At 31 December	<u>561,835</u>	<u>527,300</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	25,951	20,383
Capital gains	538,091	507,393
Capital gains	(1,320)	-
Other timing differences	<u>(887)</u>	<u>(476)</u>
	<u>561,835</u>	<u>527,300</u>

18. SHARE CAPITAL

	2019 £	2018 £
Authorised:		
1,000 Preference shares of £5 each	5,000	5,000
3,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
	<u>8,000</u>	<u>8,000</u>
Allocated, called up, and fully paid:		
22 Preference shares of £5 each	110	110
2,999 Ordinary shares of £1 each	<u>2,999</u>	<u>2,999</u>
	<u>3,109</u>	<u>3,109</u>

The holders of the ordinary shares are entitled to one vote in any circumstances. Holders of the preference shares have no right of voting at a General Meeting except on any question of altering the articles so as to affect directly the rights of the holders.

The Ordinary and Preference shares are entitled pari passu to participate in any distributions arising from a winding up of the company.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

19. RESERVES

Called-up share capital represents the nominal value of shares that have been issued.

Revaluation reserve includes the surplus of deficit arising on the revaluation of investment properties held by the Company.

Retained earnings includes all other current and prior period retained surpluses and deficits.

20. OPERATING LEASE COMMITMENTS

At the year-end, the Company had annual commitments under non-cancellable operating leases as follows:

	2019 £	2018 £
Within 1 year	18,452	18,100
Between 2 and 5 years	<u>48,754</u>	<u>65,852</u>
	<u>67,206</u>	<u>83,952</u>

21. FINANCIAL RISK MANAGEMENT

The Club has exposures to three main areas of risk – liquidity risk, interest rate risk and credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due. The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Due to the seasonality of the business, the Company's liquidity is at a low point in November. The impact of this risk is that the Company could have difficulty in meeting its financial obligations as they fall due. The Directors mitigate this risk by focussing on cash management and detailed cash flow forecasting. The Council Code of Practice stipulates that a minimum bank balance of a quarter of a million pounds must be held at all times and this was achieved during the year.

Member subscription renewal dates have been based on when they joined the Club. To further improve liquidity, the Directors decided in 2019 to change all member renewal dates to January 1st from 2020. In addition, from the same date, an administration charge was added to monthly payments to encourage members to pay annually. These two actions will also reduce loss of income should members decide to leave the Club part way through the year.

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown. The Club will continue to provide limited services to members during this period but there will be increased liquidity risk to the business. The Directors will mitigate this risk by detailed cash flow forecasting, by ensuring the club manages its costs in a manner that will enable it to preserve its resources, and also to seek further external finance as required.

Interest Rate Risk

Interest rate risk is the risk of increased net financing costs due to rising market interest rates. The Club finances its operations through a mixture of retained profits and bank borrowings; the Club's main interest rate risk therefore comes from its bank borrowings and is linked to the Bank of England base rate. The bank loan agreement does allow for early redemption and if interest rates were to rise materially, the Club may look at ways to reduce the loan.

PHYLLIS COURT MEMBERS CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Business Risk

Risks to the business include the buoyancy of the UK economy, availability of staff, rising costs and cyber-attack. Despite all the security systems, backups and business continuity plans in place to protect our infrastructure and commercial activities, an unforeseen event could cause an interruption to our services and operations. The Club is insured against most of these risks but Covid 19 is not covered.

The Regatta event is a very important contributor to the Club's income and surplus. Possible risks of cancellation include an extreme weather event, a security incident or some other environmental cause that might make the river unusable. The Club has put in place procedures to minimise the possible loss of income and is continually reviewing options to ensure the events success. The 2020 Regatta has been cancelled due to Covid 19.

22. FINANCIAL ASSETS AND LIABILITIES

	2019 £	2018 £
Financial assets measured at amortised cost	295,333	173,168
Financial liabilities measured at amortised cost	3,395,413	3,488,462
Investment properties measured at fair value	2,405,000	2,225,000
Cash	418,027	1,147,640

Financial assets measured at amortised cost comprise trade debtors of £258,357 (2018: £149,308) and other debtors of £36,976 (2018: £23,860).

Financial liabilities measured at amortised cost comprise the bank loan of £2,565,068 (2018: £2,700,000), trade creditors of £468,500 (2018: £304,786), other creditors and accruals of £318,673 (2018: £425,936), and deposits of £43,172 (2018: £37,740).

23. RELATED PARTY TRANSACTIONS

Transactions with related parties including directors were in the normal course of business as members of the Club.

24. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Since the year end, the Coronavirus, Covid-19, has ravaged the UK and the implications to the Club in 2020 are unclear. Members are unable to leave their homes to visit the Club and the facilities offered by the Club have been substantially reduced, by the government legislation. At the date of signing the accounts the length of the period before normal services are resumed is unknown.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties of the Club are its members.

PHYLLIS COURT MEMBERS CLUB LIMITED
UNAUDITED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
INCOME		
Members' subscriptions and entrance fees	2,712,327	2,427,069
Food and beverage	1,925,119	1,902,023
Bedrooms	340,049	387,220
Henley Royal Regatta	771,029	686,833
Boat Moorings and Ground Rent	133,056	132,043
Room hire	124,307	115,801
Other income	66,001	59,537
TOTAL INCOME	<u>6,071,888</u>	<u>5,662,031</u>
COST OF SALES		
Catering, beverages, functions and bedrooms	734,801	665,865
Henley Royal Regatta	586,646	480,784
TOTAL COST OF SALES	<u>1,321,447</u>	<u>1,146,649</u>
STAFF EXPENSES		
Wages, salaries, agency and employers contributions	3,002,273	2,604,607
Pensions, life assurance, and health care	127,118	116,160
Training	24,943	18,418
Other staff costs	144,659	68,981
TOTAL STAFF EXPENSES	<u>3,298,993</u>	<u>2,808,166</u>
OPERATING EXPENSES		
Rent, rate, and insurance	207,257	206,255
Lighting and heating	213,322	147,381
Repairs and maintenance	310,992	239,011
House supplies and laundry	304,463	158,422
Marketing	106,808	110,728
Printing and stationery	29,056	29,214
Telephone and postage	33,114	35,284
Audit, tax, and accountancy fees	47,465	32,978
Professional charges	49,911	47,854
Miscellaneous expenses	82,838	262,877
Bank charges and bad debt	29,587	30,286
Depreciation	424,695	304,524
Gain on disposal of investment properties	(42,656)	(108,412)
Computers and software	79,594	82,484
Loan interest	54,121	36,797
TOTAL OPERATING EXPENSES	<u>1,930,567</u>	<u>1,615,683</u>
GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES	<u>265,000</u>	<u>256,000</u>
SUMMARY		
Income	6,071,888	5,662,031
Expenditure	(6,551,007)	(5,570,498)
Gain on revaluation of investment properties	265,000	256,000
(LOSS)/SURPLUS FOR THE YEAR BEFORE TAXATION	<u>(214,119)</u>	<u>347,533</u>

PHYLLIS COURT MEMBERS CLUB LIMITED
UNAUDITED TEN-YEAR RECORD
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000s	2018 £000s	2017 £000s	2016 £000s	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s	2010 £000s
Income	6,072	5,660	4,890	4,648	4,363	4,307	4,238	4,371	4,219	4,169
Subscriptions and entrance fees	2,712	2,427	1,893	1,706	1,599	1,558	1,539	1,457	1,356	1,320
Regatta surplus	184	206	168	179	189	182	202	168	195	141
Depreciation	425	304	284	300	304	269	264	273	266	259
Investment income	4	2	24	39	38	39	75	70	42	29
Surplus/(loss) before tax and gain on revaluation of investment property	(479)	59	149	255	241	308	478	377	394	350
Surplus/(loss) before tax	(214)	348	526	411	907	648	1,174	377	394	350
Surplus/(loss) % income	(3.5)%	6.1%	10.8%	8.8%	20.8%	14.9%	27.4%	8.6%	9.3%	8.4%
Permanent number of employees	96	83	74	65	72	72	68	68	70	70
Wages and salaries (excluding Regatta)	3,002	2,604	2,148	2,159	2,025	1,953	1,839	1,817	1,752	1,774
Number of members	3,579	3,402	3,003	3,011	2,980	3,027	3,167	3,279	3,277	3,271
Average subscription fee (excluding VAT)	714.78	659.53	580.30	550.30	525.83	497.65	468.75	442.47	413.79	400.50