

Army and Navy Club Limited

(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 December 2025

Army and Navy Club Limited

Company Information

Directors	N A Johnson (Chairman)	
	M J Hawthorne	
	D F Gibbs	(Appointed 2 July 2025)
	A J Haig	(Appointed 2 July 2025)
	P A Lamb	
	L Macdonald	
	K Malin	
	E M McWhirter	
	E P Morgan	
	B M O'Hara	(Appointed 2 July 2025)
	M E Spragg	
	G Whiteside	
Secretary	L A Y Denton	
Company number	08499108	
Registered office	36 Pall Mall London SW1Y 5JN	
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP	
Business address	36 Pall Mall London United Kingdom SW1Y 5JN	

Army and Navy Club Limited

Contents

	Page
Strategic report	1 - 4
Directors' report	5
Directors' responsibilities statement	6
Independent auditor's report	7 - 10
Profit and loss account	11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16 - 28

Army and Navy Club Limited

Strategic Report

For the year ended 31 December 2025

The directors present the strategic report for the year ended 31 December 2025.

Executive summary

2025 was a positive year for the Club, marked by strong member engagement, stable operations, and continued utilisation of club facilities. Despite early-year challenges, the Club delivered a resilient financial performance, with **turnover increasing by £568,271 (7%) to £7.83M**, resulting in an operating **surplus of £669k**. This reflects disciplined cost management, strong core margins, and improved operational efficiency, which in turn enables us to reinvest in the Club's facilities and which Members will have seen in the refurbishment of public rooms.

Club Business Model

The Club operates as a private members' organisation providing accommodation, dining, social spaces, and event facilities for its members and their guests. Revenue is generated primarily through:

- Membership subscriptions
- Accommodation bookings
- Food & Beverage services
- Events & Member Private Dining

The Club's purpose is to deliver high-quality services and facilities that enhance the member experience, while reinvesting surpluses into the club, staff development, and long-term capital improvements. Governance is overseen by the Board, which provides strategic direction, financial stewardship, and oversight of risk management.

Operational Overview

Operational performance in 2025 was characterised by variability in revenue patterns across the year. The first quarter was affected by national train strikes and an unusually early Easter period, both of which reduced footfall and event activity. This was followed by a very quiet summer period, consistent with the seasonal reduction in member usage typically experienced during school holidays. As a result, revenue performance across accommodation, dining, and events was uneven during the middle part of the year.

Despite these fluctuations, the Club maintained strong operational discipline. Cost control remained robust throughout the year, supported by effective workforce planning, reduced reliance on agency labour, and continued investment in staff training. These measures ensured that operating efficiency was preserved even during periods of softer revenue performance.

From early autumn onwards, activity levels increased steadily across all core services. This improvement culminated in a particularly strong fourth quarter, during which all major revenue areas recovered and returned to forecasted levels. Increased member activity, improved conversion rates, and a fully staffed Membership Office contributed to this strong year-end performance.

Overall, while revenue performance across the year was uneven, the Club demonstrated effective operational management, maintaining high service standards and exercising strong cost control. The strong fourth-quarter performance ensured that the Club closed the year broadly in line with expectations.

Army and Navy Club Limited

Strategic Report (Continued)

For the year ended 31 December 2025

Financial Performance

Revenue and Direct Costs

- Turnover increased by 7%, reflecting strong demand and stable pricing.
- Cost of Sales increased by £46,071 (6%), rising slightly slower than revenue.
- Gross Profit increased by £522,200 (7%), maintaining a very strong gross margin

Operating Profitability

- Operating Profit increased by £66,684 , outpacing revenue growth.
- Operating profit margin improved from 8.3% to 8.5%.

Staffing and Organisational Stability

Staffing stabilised in 2025, with several departments—most notably Membership—fully staffed for the first time in several years. Staff turnover remained low at 5%, and substantial training investment improved service consistency. Reliance on agency labour decreased significantly, supporting both cost efficiency and operational stability.

Membership Performance

The Club welcomed **230 new full-paying members** during the year. However, this was offset by **359 leavers**, including **110 deaths**, resulting in a **net reduction in membership**. However, the proportion of paying and non-paying members reduced. At the year-end, total membership of the Club was 3,978 Members. Of this number 46% were military Members and 54% non-military members.

This elevated level of resignations reflects broader demographic trends and external pressures. It also highlights the importance of the Membership Committee's renewed focus on engagement, retention, and targeted recruitment. Encouragingly, the final quarter showed early signs of stabilisation, with improved enquiry levels and stronger conversion rates.

The outlook for 2026 remains cautiously optimistic, supported by enhanced engagement initiatives and a more structured approach to membership growth. Early indications are that more Members of the Naval Club will renew their membership when the transitional period comes to an end in September 2026, than initially anticipated

Capital Expenditure

Capital expenditure for the year totalled **£480K**, reflecting a deliberate and strategic investment programme while the Club's major capital project progresses through its early stages. The focus was on enhancing member-facing spaces, improving operational capability, and undertaking essential preparatory works.

Key investments included:

- **Installation of soundproof pods in the Dolphin Room**, improving flexibility and privacy for member use.
- **Full refurbishment of the Pall Mall Room**, delivering a modernised, high-quality space aligned with member expectations.
- **Creation of two prototype bedrooms**, stripped back to the concrete and fully rewired, replumbed, redecorated, and refurbished to establish the design and specification standards for the wider accommodation refurbishment programme

Army and Navy Club Limited

Strategic Report (Continued)

For the year ended 31 December 2025

- **Expansion of the Club's security camera network**, strengthening safety and operational oversight across the estate.
- **Comprehensive building surveys**, forming **Phase One of the Major Project**, providing the structural, mechanical, and electrical assessments required to progress the redevelopment of the bedrooms and gym.

These investments demonstrate the Club's commitment to maintaining high standards, enhancing the member experience, and laying the groundwork for the next phase of the major capital project.

Major Project: Long-Term Plan

The Club has initiated **Phase One** of its major redevelopment project, focused on the **bedrooms and gym**, with the objective of modernising core facilities and elevating the member experience.

Phase One (2025): Foundations and Feasibility

- Comprehensive building surveys (structural, M&E, compliance).
- Development of prototype bedrooms to test design, layout, and specification.
- Early feasibility work to determine scope, phasing, and cost parameters.

Long-Term Vision

The major project aims to:

- Deliver a **full refurbishment of all bedrooms**, improving comfort, accessibility, and design consistency.
- Create a **modern, fully equipped gym**, aligned with member expectations and industry standards.
- Upgrade supporting infrastructure (plumbing, electrics, ventilation) to ensure long-term resilience.

This multi-year programme represents a significant investment in the Club's future, ensuring facilities remain fit for purpose and aligned with member needs.

Survey work carried out in advance of the Major Project has identified that key areas of the supporting infrastructure need modernisation. Strengthening this infrastructure is a necessary first step before we can begin refurbishing the bedrooms and implementing other planned improvements, including the new gym placement.

Strategic Objectives for 2026

- **Upgrade Core Facilities** to enhance the member experience.
- **Enhance Member Engagement** through improved value and communication.
- **Grow Membership** via targeted promotion and retention strategies.
- **Strengthen Financial Stability** through cost control and new opportunities.
- **Improve Overhead Efficiency**, focusing on administrative cost.
- **Advance the Major Project**, progressing design & planning.

Army and Navy Club Limited

Strategic Report (Continued)

For the year ended 31 December 2025

Risks and Challenges Moving Into 2026

Key Risks Include:

- **Uncertain outcome of the Iran Conflict**
- **Membership attrition**, including the expected departure of Naval Club members in September 2026.
- **Rising labour costs** driven by wage and NI increases.
- **Business rates pressures** following the removal of the cap
- **Energy price volatility**.
- **Major Project risks**, including cost escalation, programme delays, and operational disruption.
- **Demographic attrition**, with a high number of age-related leavers.
- **Competitive pressures** within the London club sector.

Mitigation strategies include proactive financial planning, strengthened member engagement, and ongoing cost review.

Conclusion

While 2025 delivered a solid financial performance, the Club enters 2026 in a more uncertain and challenging environment. Global geopolitical tensions, continued economic volatility, and inflationary pressures are expected to influence both member behaviour and the Club's cost base. Rising labour costs, higher business rates, and the potential for renewed energy price instability will require careful financial management to protect operating margins.

Membership dynamics also remain sensitive, with demographic attrition and the anticipated departure of Naval Club members in 2026 likely to place further pressure on subscription income. At the same time, the progression of the Major Project introduces additional financial and operational risks that will need to be managed prudently.

Despite these headwinds, the Club remains on a stable financial footing, supported by strong gross margins, a committed membership, and a clear long-term strategy. Continued focus on cost control, operational efficiency, and member engagement will be essential to navigating the year ahead. The Board remains committed to safeguarding the Club's financial resilience while investing responsibly in facilities and services that enhance long-term member value.

On behalf of the board



N A Johnson (Chairman)
Director

Date: ..11 May 2026

Army and Navy Club Limited

Directors' Report

For the year ended 31 December 2025

The directors present their annual report and financial statements for the year ended 31 December 2025.

Principal activities

The principal activity of the company continued to be that of running a private Members' club.

Results and dividends

The results for the year are set out on page 11.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N A Johnson (Chairman)	
M J Hawthorne	
D F Gibbs	(Appointed 2 July 2025)
A J Haig	(Appointed 2 July 2025)
S J F James	(Resigned 2 July 2025)
P A Lamb	
L Macdonald	
K Malin	
E M McWhirter	
E P Morgan	
B M O'Hara	(Appointed 2 July 2025)
M E Spragg	
G Whiteside	
J Theophilus	(Resigned 2 July 2025)

Auditor

Moore Kingston Smith LLP have expressed their willingness to continue in office as auditor to the company and in accordance with section 485 of the Companies Act 2006 will be proposed for re-appointment at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



N A Johnson (Chairman)

Director

Date: 11 May 2026

Army and Navy Club Limited

Directors' Responsibilities Statement

For the year ended 31 December 2025

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Army And Navy Club Limited

Independent Auditor's Report

To the Members of Army And Navy Club Limited

Opinion

We have audited the financial statements of Army and Navy Club Limited (the 'company') for the year ended 31 December 2025 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2025 and of its profit 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Army And Navy Club Limited

Independent Auditor's Report (Continued)

To the Members of Army And Navy Club Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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, or returns adequate for our audit have not been received from branches not visited by us; 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.

Army And Navy Club Limited

Independent Auditor's Report (Continued)

To the Members of Army And Navy Club Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Army And Navy Club Limited

Independent Auditor's Report (Continued)

To the Members of Army And Navy Club Limited

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

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.

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

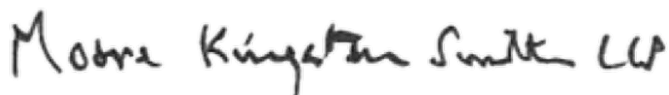
Our approach was as follows:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.



James Cross (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 3 June 2026...

**Chartered Accountants
Statutory Auditor**

6th Floor
9 Appold Street
London
EC2A 2AP

Army and Navy Club Limited

Profit and Loss Account

For the year ended 31 December 2025

	Notes	2025 £	2024 £
Turnover	3	7,829,836	7,261,565
Cost of sales		(786,986)	(740,915)
Gross profit		7,042,850	6,520,650
Administrative expenses		(6,373,830)	(5,918,314)
Operating profit	4	669,020	602,336
Interest receivable and similar income	6	65,491	109,374
Fair value gains and losses	7	347,978	203,593
Profit before taxation		1,082,489	915,303
Tax on profit	8	(29,213)	(56,644)
Profit for the financial year		<u>1,053,276</u>	<u>858,659</u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Army and Navy Club Limited

Statement of Comprehensive Income For the year ended 31 December 2025

	2025 £	2024 £
Profit for the year	1,053,276	858,659
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	-	(30,480)
Total comprehensive income for the year	<u>1,053,276</u>	<u>828,179</u>

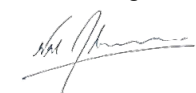
Army and Navy Club Limited

Balance Sheet

As at 31 December 2025

	Notes	2025 £	£	2024 £	£
Fixed assets					
Intangible assets	9		38,465		59,382
Tangible assets	10		3,757,758		3,593,301
			<u>3,796,223</u>		<u>3,652,683</u>
Current assets					
Stock	11	79,467		71,349	
Debtors	12	412,844		521,566	
Investments	13	3,693,920		3,310,365	
Cash at bank and in hand		1,233,129		978,175	
		<u>5,419,360</u>		<u>4,881,455</u>	
Creditors: amounts falling due within one year	14	(1,639,204)		(1,965,348)	
Net current assets			<u>3,780,156</u>		<u>2,916,107</u>
Total assets less current liabilities			<u>7,576,379</u>		<u>6,568,790</u>
Provisions for liabilities					
Deferred tax liability	15	(70,631)		(116,318)	
		<u>(70,631)</u>		<u>(116,318)</u>	
Net assets			<u><u>7,505,748</u></u>		<u><u>6,452,472</u></u>
Capital and reserves					
Profit and loss reserves			<u><u>7,505,748</u></u>		<u><u>6,452,472</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 May 2026. and are signed on its behalf by:



N A Johnson (Chairman)
Director



A J Haig
Director

Company Registration No. 08499108

Army and Navy Club Limited

Statement of Changes in Equity

For the year ended 31 December 2025

	Profit and loss reserves £
Balance at 1 January 2024	5,624,293
Year ended 31 December 2024:	
Profit for the year	858,659
Other comprehensive income:	
Actuarial gains on defined benefit plans	(30,480)
Total comprehensive income for the year	828,179
Balance at 31 December 2024	6,452,472
Year ended 31 December 2025:	
Profit and total comprehensive income for the year	1,053,276
Balance at 31 December 2025	7,505,748

Army and Navy Club Limited

Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 £	£	2024 £	£
Cash flows from operating activities					
Cash generated from operations	17		565,295		352,112
Investing activities					
Purchase of tangible fixed assets		(413,665)		(232,444)	
Non-operating income treated as investing activity		37,833		37,833	
Interest received		13,314		14,820	
Other income received from investments		52,177		94,554	
Net cash used in investing activities			(310,341)		(85,237)
Net increase in cash and cash equivalents			254,954		266,875
Cash and cash equivalents at beginning of year			978,175		711,300
Cash and cash equivalents at end of year			1,233,129		978,175

Army and Navy Club Limited

Notes to the Financial Statements

For the year ended 31 December 2025

1 Accounting policies

Company information

Army and Navy Club Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 36 Pall Mall, London, SW1Y 5JN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements are prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The Finance and Audit Committee of the Club have reviewed the cash flow and discussed the assumptions behind it with the CEO and Financial Controller and have taken all necessary steps to ensure the veracity of the Forecast Cash Flow. The Committee have recommended to the Full Board to accept the cash Flow as presented.

The full Board discussed the Cash Flow and taking in the knowledge of the trading position at that time agreed to accept the Cash Flow and confirmed that the Club was in a position to state that it was a going concern and had sufficient Cash Reserves, including the Value of the Investment Portfolio, to continue trading for the foreseeable future.

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. 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. The Club has several options available to it through use of government schemes, cash flow financing availability as well as investment portfolio to draw upon. Directors are confident that the Club can pay its debts as they fall due and are comfortable that the going concern basis is appropriate when preparing these accounts.

1.3 Turnover

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Subscriptions income is recognised over the period to which services are provided. Memberships run annually from January to December each year. Fees received in advance of the following membership year are treated as deferred income. Fees received during the year are pro-rated.

Income generated from food and beverage, accommodation and events is recognised when the service is provided or when the event takes place.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	4-7 years straight line
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1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Freehold property, furniture and equipment are held at an historic valuation. No depreciation is charged on freehold property. The Board are of the opinion that the Estimated Useful Economic Life of the freehold building is in excess of 50 years and that the Residual Value at the end of its estimated useful economic life is deemed to be in excess of £2,707k.

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

Fixtures and fittings	2-10 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The Club does not capitalise donated assets principally comprising works of art. Works of art which are purchased by the Club are included within fixed assets at cost.

1.6 Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises the direct cost of wines, spirits, foods and other stocks and includes those overheads that have been incurred in bringing the stock to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Freehold property

The freehold property is recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

Defined benefit pension scheme liabilities

The Club has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet as advised by an independent actuarial adviser. The assumptions reflect historical experience and current trends.

3 Turnover and other revenue

	2025 £	2024 £
Turnover analysed by class of business		
Subscriptions	2,501,463	2,312,023
Rooms	2,242,529	2,046,958
Food and Beverage	2,680,288	2,535,838
Other	405,555	366,746
	<u>7,829,836</u>	<u>7,261,565</u>
	2025 £	2024 £
Other significant revenue		
Interest income	13,314	14,820
Dividends received	52,177	94,554
Rent receivable	51,167	37,833
	<u></u>	<u></u>

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

4 Operating profit

	2025 £	2024 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	20,450	19,250
Depreciation of owned tangible fixed assets	249,209	231,560
Amortisation of intangible assets	20,917	20,136

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2025 Number	2024 Number
Administrative Staff	17	17
Operational Staff	105	91
Total	122	108

Their aggregate remuneration comprised:

	2025 £	2024 £
Wages and salaries	3,354,239	3,101,977
Agency staff	89,292	132,712
Social security costs	364,639	279,484
Pension costs	224,295	230,653
	4,032,465	3,744,826

Key Management remuneration amounted to £622,665 (2024: £551,506). None of the directors received remuneration or pension contributions (2024: none). The directors are also members of the club and pay for subscriptions and other services at normal rates.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

6 Interest receivable and similar income

	2025 £	2024 £
Interest income		
Interest on bank deposits	13,314	14,820
Income from fixed asset investments		
Dividends received	52,177	94,554
Total income	<u>65,491</u>	<u>109,374</u>

7 Fair value gains and losses

	2025 £	2024 £
Gain on disposal of financial assets held at fair value through profit or loss	<u>347,978</u>	<u>203,593</u>

8 Taxation

	2025 £	2024 £
Current tax		
UK corporation tax on profits for the current period	55,000	25,000
Adjustments in respect of prior periods	19,900	6,153
Total current tax	<u>74,900</u>	<u>31,153</u>
Deferred tax		
Origination and reversal of timing differences	(45,687)	25,491
Total tax charge	<u>29,213</u>	<u>56,644</u>

No tax liability arises on the company's normal operating activities as the company qualifies under the mutual trading exemption for corporation tax purposes. Corporation tax arises on bank deposit and other interest and the gains on disposals of investments.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

9 Intangible fixed assets

	Software £
Cost	
At 1 January 2025 and 31 December 2025	184,662
Amortisation and impairment	
At 1 January 2025	125,280
Amortisation charged for the year	20,917
At 31 December 2025	146,197
Carrying amount	
At 31 December 2025	38,465
At 31 December 2024	59,382

10 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2025	2,707,790	5,018,037	7,725,827
Additions	-	413,665	413,665
At 31 December 2025	2,707,790	5,431,702	8,139,492
Depreciation and impairment			
At 1 January 2025	-	4,132,525	4,132,525
Depreciation charged in the year	-	249,209	249,209
At 31 December 2025	-	4,381,734	4,381,734
Carrying amount			
At 31 December 2025	2,707,790	1,049,968	3,757,758
At 31 December 2024	2,707,790	885,511	3,593,301

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

11 Stock

	2025 £	2024 £
Consumable goods and goods for resale	79,467	71,349

12 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Trade debtors	169,711	258,997
Other debtors	14,648	40,480
Prepayments and accrued income	228,485	222,089
	412,844	521,566

13 Current asset investments

	2025 £	2024 £
Listed investments	3,638,301	3,263,159
Cash held at investment managers	55,619	47,205
	3,693,920	3,310,364
Listed investments included above:		
Historic cost of listed investments	3,411,398	2,650,961

14 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	122,000	86,983
Corporation tax	23,846	25,000
Other taxation and social security	357,002	376,185
Deferred income	553,333	1,017,908
Other creditors	245,951	225,930
Accruals	337,072	233,342
	1,639,204	1,965,348

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2025 £	Liabilities 2024 £
Balances:		
Investments	70,631	116,318
		2025 £
Movements in the year:		
Liability at 1 January 2025		116,318
Credit to profit or loss		(45,687)
Liability at 31 December 2025		70,631

16 Retirement benefit schemes

Defined benefit schemes

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge amounted to £nil (2024: £nil). Contributions totalling £Nil (2024 - £Nil) were payable to the fund at the balance sheet date.

The assumptions used to calculate the pension liabilities for the Company's account under accounting standard FRS102 are different from those used for the Actuarial Valuation of the Scheme to determine the contribution rate payable. In particular, Scheme funding regulations require the funding assumptions to be prudent whereas FRS102 requires the accounting assumptions to be best estimate. Also, the discount rate for the funding assumptions can be based on the expected return on the assets actually held by the Scheme, whereas for accounting purposes FRS102 requires the use of a good quality bond yield.

The pension cost and provision for the year ending 31 December 2025 are based on the advice of a professionally qualified actuary. The most recent formal triennial valuation is dated 31 December 2021.

The valuation of the scheme is indicative of the current market movement which has been effected by the cost of living crisis. These are valuations at a point in time and will adjust according to the market.

In line with the valuation, no allowance has been made for GMP equalisation and the justification is that due to the nature of the Scheme, there is significant uncertainty over the approach which would need to be adopted. Therefore, the Directors, after consulting with the Scheme's Actuary felt it was appropriate to wait until there is more legal certainty and more guidance regarding how the Scheme will equalise benefits before making any allowance in this Scheme.

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

Key assumptions	2025 %	2024 %
Discount rate	5.58	5.56
Retail price inflation (RPI)	3.06	3.34
Future salary increases	2.26	-
Future pension increases (RPI maximum 5%)	3.06	-
Mortality assumptions	2025 Years	2025 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	21.4	21.1
- Females	23.7	23.6
Retiring in 20 years		
- Males	22.4	22.0
- Females	24.8	24.7
Amounts recognised in the profit and loss account	2025 £	2024 £
Total costs	-	-
Movements in the fair value of plan assets		2025 £
Fair value of assets at 1 January 2024		4,508,000
Actuarial gains and (losses)		(287,000)
Interest income		180,000
Benefits paid		(200,000)
Contributions by the employer		(55,000)
At 31 December 2025		4,146,000

Army and Navy Club Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2025

	2025
	£
<i>Movements in the fair value of plan liabilities</i>	
Opening defined benefit obligation	4,106,000
Interest cost	180,000
Actuarial losses/(gains)	(650,000)
Benefits paid	(200,000)
At 31 December 2025	3,436,000

17 Cash generated from operations

	2025	2024
	£	£
Profit for the year after tax	1,053,276	858,659
Adjustments for:		
Investment income	(103,325)	(147,208)
Amortisation and impairment of intangible assets	20,917	20,915
Depreciation and impairment of tangible fixed assets	249,209	219,772
Investment gains and losses	(347,978)	(203,593)
Pension scheme non-cash movement	-	(30,480)
Movements in working capital:		
Increase in stock	(8,118)	(9,476)
Decrease in debtors	108,722	233,636
Decrease in creditors	(401,044)	(108,515)
(Increase) in investments	(35,577)	89,822
Cash generated from operations	536,082	295,468