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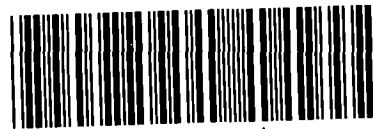
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Charity Registration No. 1140489

Company Registration No. 07465741 (England and Wales)

THE HENRY JACKSON SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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THE HENRY JACKSON SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|--------------------------|---|
| Trustees | S L Caplan A Levin Dr A L Mendoza D Rasouly Professor B P Simms G G Stuart |
| Charity number | 1140489 |
| Company number | 07465741 |
| Registered office | 26th Floor Millbank Tower London SW1P 4QP |
| Auditor | H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom |
| Bankers | Santander Business Banking PO Box 10102 21 Prescot Street London E1 8TN |

THE HENRY JACKSON SOCIETY

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THE HENRY JACKSON SOCIETY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees are pleased to present their report together with the financial statements of the Group for the year ended 31 December 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Structure, governance and management

Constitution

The company (no. 7465741) was incorporated on 9 December 2010. On 18 February 2011 the Trustees of the unincorporated The Henry Jackson Society Project for Democratic Geopolitics (UK registered charity number 1113948) transferred its assets, subject to its liabilities, to The Henry Jackson Society (a company limited by guarantee - UK registered charity number 1140489), a successor corporate charity with the same charitable objectives.

The Henry Jackson Society is established as a charitable company limited by guarantee and is a registered charity with the Charity Commission (No 1140489). The charity's affairs are governed by its Memorandum and Articles of Association which allows for any activities covered by the charity's objectives with no restrictions. In the event of the company being wound up the maximum amount each member will contribute is £1.

The trustees, who are also the directors for the purpose of company law, and who served during the year, were:

- Mr Stuart Caplan
- Mr Damian Collins MP (resigned on 23rd January 2017)
- The Rt Hon Michael Gove MP (appointed 23rd January 2017, resigned on 22nd June 2017)
- Mr Adam Levin
- Dr Alan Mendoza
- Mr David Rasouly
- Professor Brendan Simms
- The Rt Hon Gisela Stuart MP

Recruiting and Appointment of Trustees

Trustees are selected by those trustees who are serving at the time of selection. New trustees are selected on the basis of the added experience that they can bring to the Board. On selection, Trustees are provided with Charity Commission documentation and guidance, and have induction meetings with key management staff.

Public Benefit

The Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Organisational Structure

The charitable company is administered by the Board of Trustees which is its governing body. The Board meets regularly to discuss and formulate policy which is then implemented by the professional team. Trustees are appointed to the Board in accordance with the Articles of Association. Decisions made by the Board are informed with the relevant data and information and regular reports from the Executive Director (Dr Alan Mendoza) are taken on a majority vote basis. Operational decisions are delegated to the Executive Director, or

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

the Chief Operating Officer (Katie Parrett).

The setting of pay and remuneration of the charity's key management personnel is based on industry benchmarks and is reviewed on an annual basis.

The scale and nature of volunteer activity

Throughout 2017, the organisation's internship programme continued to be a success. We offered a range of engaging internships, several work experience opportunities and one University placement aimed at politically-minded, self-motivated individuals. Interns were taken on a full-time or part-time basis. The intern roles occupied throughout 2017 were: communications assistant, business intern, events assistant and several research assistants supporting our different research centres. All volunteers are offered access to internal training programmes, the opportunity to be mentored by a senior researcher or member of the management team. They are also coached by the Operations team on recruitment practices and career development.

Subsidiary activity

The subsidiary undertaking, Strategic Analysis Limited, transitioned out of dormancy in December 2016. Throughout 2017, there were two projects undertaken by the subsidiary, both of which were approved by the Board of Directors for the subsidiary, and the company. A Framework of Operations was established between the two organisations, and all activity in the subsidiary is governed using this framework. This process is overseen by the Chief Operating Officer, who is accountable to both Boards of Directors for the process. The results of Strategic Analysis Limited have been consolidated within these financial statements.

Strategic report

Organisation Objectives

The charity's objectives are to advance the education of the public in national and international political, social and economic policy, including the promotion of research in any of those areas and the publication of the useful results of such research.

Activities of the Charity

The charity works to bring together members of the public and academic, business, media and political leaders from all demographics through a series of themed lectures, meetings and events so that they can better understand the nature of contemporary national and international affairs. Extensive research covering a variety of national and international policy topics is also published for the same purpose.

Legal purposes

All of the organisation's activities work towards achieving our legal purposes – educating the public on national and international political, social and economic policy. Our 2017 achievements in landmark research publications, our extensive events programme, our national and international media coverage and education of political communities, have ensured that these purposes were met. The first year of the 5-year strategic plan approved in 2016, has proven successful in furthering our charitable objectives and activities.

Main areas of activity

The organisation has a series of policy and research projects that work towards achieving its strategic objectives. These are:

- **The Centre on Radicalisation and Terrorism:** the first-of-its-kind centre providing top-quality, in-depth research coupled with the execution and implementation of targeted, tangible and impactful activities in relation to the effects of violent and non-violent extremism.
 - **The Russia and Eurasia Studies Centre:** undertakes in-depth, analytically-focused research into domestic and foreign policy issues in Russia and the other post-Soviet states.
-

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

- **Student Rights:** a non-partisan group dedicated to supporting equality, democracy and freedom from extremism on university campuses. It was set up in June 2009 as a reaction to increasing political extremism and marginalisation of vulnerable students on campus and studies extremism on campus.
- **The Centre for the New Middle East:** designed to provide opinion-leaders and policy-makers with the fresh thinking, analytical research and policy solutions required to make geopolitical progress in one of the world's most complicated and fluid regions. Established following the fallout from the "Arab Spring," the Centre is dedicated to monitoring political, ideological, and military and security developments across the Middle East and providing informed assessments of their wide-ranging implications to key decision makers.
- **The Global Britain Programme:** established in June 2017, by a founding member of the Henry Jackson Society, the programme aims to educate the public on the need for an open, confident and expansive British geostrategic policy in the twenty-first century – drawing on the United Kingdom's unique strengths not only as an advocate for liberalism and national democracy, but also a custodian of both the European and international orders.
- **The Asia Studies Centre:** established in January 2017, the centre provides an in-depth understanding of the structural shifts, regional complexities and historic tensions that exist alongside the tremendous economic and social growth that traditionally characterize the "rise of Asia".

In addition to research projects, the organisation also has two streams that support such activity:

- **Events:** a wide-ranging programme of events that showcase our projects, with high-profile and engaging speakers from a variety of sectors and beliefs with a platform for debate.
- **Communications:** media relations, web and social media presence that promote our research and events programmes nationally and internationally.

Objectives for 2017

The charity's objectives for the year were to further increase its ability to educate the public on national and international political, social and economic policy. We aimed to achieve these objectives through increasing the breadth of our academic research, events and media coverage across all expert and elite communities. In addition to growing and diversifying our research centres; we aimed to expand our operational capability to support a growing research base and increasing our influence and impact.

Strategies for achieving 2017 objectives

The charity sought to achieve its objectives through a combination of new and increased donations from a wider range of supporters, expanding our member programme and diversifying our revenue streams. This increased support saw the hiring, development and retention of staff, and the expansion of our management and operational teams.

A more strategic focus on marketing and media presence helped ensure that the charity's work was brought to public attention in larger proportions than previous years. Our analysis on trends and forecasting around our specialist research centres enabled us to respond swiftly to events, highlighted our contribution to public education and demonstrated our position as educators on national and international issues. Finally, the operational transformation programme continued, with the organisation having the most successful year to date in terms of efficiency, performance, staff wellbeing and strategic planning.

2017 main achievements and performance

2017 was an very successful year for The Henry Jackson Society (HJS), in which we celebrated major achievements. We continued to produce in-depth research and high-quality publications, which have been widely distributed to the government, media and general public. In addition, our experts have embarked on extensive government and media outreach, particularly following the terror attacks that took place in the UK

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

between March and June, making sure that our policy recommendations were received and echoed in public discourse, as well as in government policy. Our experts have been consulted by relevant government departments, the police, the military and the media. They have also provided background information, guidance and commentary on a variety of topics, testimonies to key committees, and early-stage input at the inception stage of new counter-terrorism measures. Our experts have also contributed to key pieces of legislation, and stopped significant extremist activities on British university campuses.

Our popular events programme has continued to flourish in 2017, with over 100 events, many of which were held in Parliament, allowing our message to reach thought leaders and opinion formers. This year we hosted a superb range of scholars, diplomats, and world-leading experts, attracting a diverse and high-calibre audience, and reaffirming our status as the number one policy-hub in London.

Other notable achievements included:

- The launch of our flagship substantial research project 'Islamist Terrorism: Analysis of Offences and Attacks in the UK: 1998 – 2015'. The project was launched in early 2017, and has been described as "the most comprehensive ever overview of the threat from Islamism-inspired terrorism in the United Kingdom".
- The launch of the Global Britain Programme.
- The launch of the Asia Studies Centre.
- The expansion of our research team, to include world-leading experts and associate fellows.
- Hosted over 100 events and briefings in Parliament and at the HJS' headquarters, welcoming former CIA Director Michael Hayden, General Philip Breedlove, and Former United States Secretary of Homeland Security Jeh Johnson.
- Produced 23 major research publications. These ranged from in-depth reports, to shorter policy papers geared towards making policy-relevant recommendation, including:
 - *Spotting the Signs: Identifying Vulnerability to Radicalisation among Students*
 - *An Audit of Geopolitical Capability: A Comparison of Eight Major Powers*
 - *Russia's Policies Towards a Changing Arctic*
 - *Towards a Global Britain*
 - *"Tolerating The Intolerant": A Report on 'Students Not Suspects'*
 - *Global Britain and the Future of the British Armed Forces*
 - *Hong Kong After 20 Years: The Rollback of Civil, Human, and Legal Rights*
 - *Russia's Nationalists: Putin's Critical Children*
 - *A "Captured State": Moldova Between Russia and the West*
 - *Safeguarding Our Systems: Managing Chinese Investment into The UK's Digital and Critical National Infrastructure*
 - *Foreign Funded Islamist Extremism in the UK*
 - *Mitigating the Risks? An Assessment of University Speaker Policies*
 - *Extreme Speakers and Events in the 2016-17 Academic Year*
 - *Beyond Compliance: Iran and the JCPOA*
 - *MEND: 'Islamists Masquerading as Civil Libertarians'*
 - *Converts to Islam and Home Grown Jihadism*
 - *ISIS Khorasan: Presence and Potential*
 - *Trafficking Terror: How Modern Slavery and Sexual Violence Fund Terrorism*

Measures to assess success

The organisation critically assesses its success against its objectives. Main key performance indicators include: the number of guests at events, the number of printed and online media placements, the number of broadcast appearances, the number of members and the retention of donors. These are measured on a monthly basis and reported to the Trustees at regular intervals.

Risk Management

The Board of Trustees is responsible for the management of risks faced by the charity. Risks are identified, assessed, mitigated and controls established. The principal risks and uncertainties facing the organisation and

THE HENRY JACKSON SOCIETY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

the strategies for managing the risks are:

- Loss of income due to withdrawal of support from donors – the organisation continually liaises with existing donors and also reaches out to potential new ones at every possible opportunity
- The security of staff and premises – the office security is as tight as could reasonably be expected and the risks are discussed with staff and advice offered.

The management of risks is driven by the risk management policy. Consequently, the Trustees are satisfied that the major risks identified have been mitigated appropriately and there are no major threats.

Plans for the Future

The charity expects to be able to continue its organisational advancement in 2018. The first half of 2018 has already seen expansion in our staff and management team, and the launch of new branding and a refreshed website. Business improvement remains one of the Chief Operating Officer's priorities with processes and policies being reviewed regularly.

Financial Review

The charity received a similar level of income in the year 2017 compared to the previous year. The total income for the year was £1,294,992 (2016: £1,313,201). The total expenditure for the year increased by 18% to £1,341,020 (2016: £1,134,163) due to the expansion of its staff and activities. The charity incurred a deficit of £46,028 during the year 2017 (2016: £179,038 surplus). The unrestricted funds decreased to £180,863 (2016: £226,891).

Reserves Policy

The charity aims to hold levels of reserves of at least three months operating expenses. It is not the intention of the Trustees to accumulate reserves and the Trustees seek to distribute all funds above the required level in accordance with the charity's stated objectives.

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware, but of which the auditors are unaware, which is relevant to the audit. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

On behalf of the Board of Trustees

Professor B P Simms
Trustee



A Levin
Trustee

Dated: 6/9/2018

THE HENRY JACKSON SOCIETY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees, who are also the directors of The Henry Jackson Society for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE HENRY JACKSON SOCIETY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE HENRY JACKSON SOCIETY

Opinion

We have audited the financial statements of The Henry Jackson Society (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the group statement of financial activities, the group and charity balance sheets, the group statement of cash flows, and the 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 group's and the parent company's affairs as at 31 December 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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

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 charity'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.

Other information

The trustees 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 our audit:

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE HENRY JACKSON SOCIETY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE HENRY JACKSON SOCIETY

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Andrew Rich (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

27/9/18

THE HENRY JACKSON SOCIETY

GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | 2017 £ | 2016 £ |
|---|-------|------------------|------------------|
| <u>Income and endowments from:</u> | | | |
| Donations and legacies | 3 | 1,244,882 | 1,169,629 |
| Charitable activities | 4 | - | 2,821 |
| Other trading activities | 5 | 46,365 | 139,812 |
| Investment income | 6 | 33 | 169 |
| Other income | 7 | 3,712 | 770 |
| Total income | | 1,294,992 | 1,313,201 |
| <u>Expenditure on:</u> | | | |
| Cost of generating funds | 8 | 1,581 | 940 |
| Charitable activities | 9 | 1,339,439 | 1,133,223 |
| Total resources expended | | 1,341,020 | 1,134,163 |
| Net (expenditure)/income for the year/ Net movement in funds | | (46,028) | 179,038 |
| Fund balances at 1 January 2017 | | 226,891 | 47,853 |
| Fund balances at 31 December 2017 | | 180,863 | 226,891 |

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

All income and expenditure derive from continuing activities.

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

THE HENRY JACKSON SOCIETY

GROUP AND CHARITY BALANCE SHEETS

AS AT 31 DECEMBER 2017

| | Notes | Group 2017 £ | 2016 £ | Charity 2017 £ | 2016 £ |
|---|-------|--------------------|----------------|----------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | 5,026 | 2,357 | 5,026 | 2,357 |
| Investments | | - | - | 1 | 1 |
| | | <u>5,026</u> | <u>2,357</u> | <u>5,027</u> | <u>2,358</u> |
| Current assets | | | | | |
| Debtors | 15 | 72,955 | 114,100 | 80,158 | 133,342 |
| Cash at bank and in hand | | 181,079 | 164,612 | 173,876 | 145,365 |
| | | <u>254,034</u> | <u>278,712</u> | <u>254,034</u> | <u>278,707</u> |
| Creditors: amounts falling due within one year | 16 | (78,197) | (54,178) | (76,447) | (53,178) |
| Net current assets | | <u>175,837</u> | <u>224,534</u> | <u>177,587</u> | <u>225,529</u> |
| Total assets less current liabilities | | <u>180,863</u> | <u>226,891</u> | <u>182,614</u> | <u>227,887</u> |
| Income funds | | | | | |
| Unrestricted funds | | <u>180,863</u> | <u>226,891</u> | <u>182,614</u> | <u>227,887</u> |
| | | <u>180,863</u> | <u>226,891</u> | <u>182,614</u> | <u>227,887</u> |

The financial statements were approved by the Trustees on 26/09/18....



Dr A L Mendoza
Trustee

Company Registration No. 07465741

THE HENRY JACKSON SOCIETY

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|---|-------|-----------|---------|-----------|----------|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 20 | | 22,820 | | (40,457) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (6,386) | | (586) | |
| Interest received | | 33 | | 169 | |
| Net cash used in investing activities | | | (6,353) | | (417) |
| Net cash used in financing activities | | | - | | - |
| Net increase/(decrease) in cash and cash equivalents | | | 16,467 | | (40,874) |
| Cash and cash equivalents at beginning of year | | | 164,612 | | 205,486 |
| Cash and cash equivalents at end of year | | | 181,079 | | 164,612 |

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Charity information

The Henry Jackson Society is a private company limited by guarantee incorporated in England and Wales. The registered office is 26th Floor, Millbank Tower, London, SW1P 4QP.

1.1 Accounting convention

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

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

The group accounts reflect the results and combined financial position of The Henry Jackson Society and its subsidiary. The parent charity has not presented its own income and expenditure account and related notes. The charity's net expenditure for the year was £45,273 (2016: net income £179,038).

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

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, as a result of continued future commitment from major donors. The charity relies on continued support from Henry Jackson Society Inc, a separate US entity which has some shared common trustees with The Henry Jackson Society. See note 17 for further information. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

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

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

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

Membership fee income is recognised on an accruals basis.

Other trading activities are measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources.

Expenditure relating to the charitable activities are those elements of expenditure directly and indirectly incurred in performing these activities.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

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

| | |
|-----------------------|-------------------|
| Fixtures and fittings | 25% straight line |
|-----------------------|-------------------|

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

1.7 Fixed asset investments

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

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.12 Leases

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered and provision for bad and doubtful debts.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Direct Taxation

As a charity the company is generally exempt from income and capital gains tax, but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates.

2 Critical accounting estimates and judgements

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

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

In the opinion of the trustees, there are no accounting estimates or judgements that require disclosure in the financial statements.

3 Donations and legacies

| | 2017 | 2016 |
|---------------------|------------------|------------------|
| | £ | £ |
| Donations and gifts | 1,220,040 | 1,157,191 |
| Membership fees | 24,842 | 12,438 |
| | <u>1,244,882</u> | <u>1,169,629</u> |

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Charitable activities

| | 2017 | 2016 |
|---|-------------------|-------------------|
| | £ | £ |
| Incoming resources from charitable activities | - | 2,821 |
| | <u> </u> | <u> </u> |

5 Other trading activities

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | £ | £ |
| The Henry Jackson Society trading activities | 11,106 | 139,812 |
| Strategic Analysis Limited trading income | 35,259 | - |
| | <u> </u> | <u> </u> |
| Other trading activities | 46,365 | 139,812 |
| | <u> </u> | <u> </u> |

6 Investment income

| | 2017 | 2016 |
|---------------------|-------------------|-------------------|
| | £ | £ |
| Interest receivable | 33 | 169 |
| | <u> </u> | <u> </u> |

7 Other income

| | 2017 | 2016 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| Other incoming resources | 3,712 | 770 |
| | <u> </u> | <u> </u> |

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Cost of generating funds

| | 2017 | 2016 |
|---|--------------|------------|
| | £ | £ |
| <u>Trading costs incurred by Strategic Analysis Limited</u> | | |
| Operating trading company undertaking non-charitable trading activity | 300 | - |
| Other trading activities | 1,281 | 940 |
| | <u>1,581</u> | <u>940</u> |
| Trading costs incurred by Strategic Analysis Limited | <u>1,581</u> | <u>940</u> |

9 Charitable activities

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Staff costs | 796,883 | 752,302 |
| Depreciation and impairment | 3,717 | 3,900 |
| Events | 140,824 | 71,989 |
| Research | 14,194 | 22,803 |
| Office costs | 258,469 | 184,514 |
| | <u>1,214,087</u> | <u>1,035,508</u> |
| Share of support costs (see note 10) | 106,271 | 85,001 |
| Share of governance costs (see note 10) | 19,081 | 12,714 |
| | <u>1,339,439</u> | <u>1,133,223</u> |
| Analysis by fund | | |
| Unrestricted funds | <u>1,339,439</u> | |
| | <u>1,339,439</u> | |
| For the year ended 31 December 2016 | | |
| Unrestricted funds | | <u>1,133,223</u> |
| | | <u>1,133,223</u> |

Included within charitable activities is rental operating lease expenditure of £90,918 (2016: £90,918).

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Support costs

| | Support costs | Governance costs | 2017 | 2016 | Basis of allocation |
|------------------------|----------------|------------------|----------------|---------------|---------------------|
| | £ | £ | £ | £ | |
| Staff costs | 66,137 | 9,581 | 75,718 | 40,329 | |
| Office costs | 16,738 | - | 16,738 | 24,030 | |
| Legal and professional | 23,396 | - | 23,396 | 24,767 | |
| Audit fees | - | 9,500 | 9,500 | 8,589 | Governance |
| | <u>106,271</u> | <u>19,081</u> | <u>125,352</u> | <u>97,715</u> | |
| Analysed between | | | | | |
| Charitable activities | <u>106,271</u> | <u>19,081</u> | <u>125,352</u> | <u>97,715</u> | |

11 Trustees

Dr. Alan Mendoza, a trustee, received remuneration of £120,000 during the year (2016: £118,512) for his role as Executive Director of the charity, in accordance with the charity's governing document. No other trustees received remuneration or were reimbursed expenses for their role as trustees.

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Employees

Number of employees

The average monthly number employees during the year was:

| 2017 Number | 2016 Number |
|----------------|----------------|
| 19 | 18 |
| <u>19</u> | <u>18</u> |

Employment costs

| | 2017 £ | 2016 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 785,212 | 717,487 |
| Social security costs | 83,984 | 75,144 |
| Other pension costs | 3,405 | - |
| | <u>872,601</u> | <u>792,631</u> |

The total amounts of employee emoluments received by the senior management team were £311,594 (2016: £326,862). The highest paid member of the senior management team received emoluments of £120,000 (2016: £118,512).

The number of employees whose annual remuneration was £60,000 or more were:

| | 2017 Number | 2016 Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | 1 | - |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | - | 1 |
| Over £90,001 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Tangible fixed assets

Group and Charity

| | Fixtures and fittings £ |
|------------------------------------|----------------------------|
| Cost | |
| At 1 January 2017 | 25,549 |
| Additions | 6,386 |
| At 31 December 2017 | 31,935 |
| Depreciation and impairment | |
| At 1 January 2017 | 23,192 |
| Depreciation charged in the year | 3,717 |
| At 31 December 2017 | 26,909 |
| Carrying amount | |
| At 31 December 2017 | 5,026 |
| At 31 December 2016 | 2,357 |

14 Financial instruments

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 25,445 | 39,362 |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 49,093 | 31,639 |

15 Debtors

| | Group 2017 £ | 2016 £ | Charity 2017 £ | 2016 £ |
|---|--------------------|-----------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 10 | 33,381 | 10 | 33,381 |
| Amounts due from subsidiary undertakings | - | - | 7,203 | 19,242 |
| Other debtors | 36,892 | 15,473 | 36,892 | 15,473 |
| Prepayments and accrued income | 36,053 | 65,246 | 36,053 | 65,246 |
| | 72,955 | 114,100 | 80,158 | 133,342 |

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Creditors: amounts falling due within one year

| | Group 2017 £ | 2016 £ | Charity 2017 £ | 2016 £ |
|------------------------------------|--------------------|---------------|----------------------|---------------|
| Other taxation and social security | 29,104 | 22,539 | 29,104 | 22,539 |
| Trade creditors | 1,700 | 1,865 | 1,700 | 1,865 |
| Other creditors | 16,997 | 3,556 | 16,997 | 3,556 |
| Accruals and deferred income | 30,396 | 26,218 | 28,646 | 25,218 |
| | <u>78,197</u> | <u>54,178</u> | <u>76,447</u> | <u>53,178</u> |

Included in accruals and deferred income in the charity is an amount of £13,307 (2016: £11,505) being deferred membership fees.

17 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2017 £ | 2016 £ |
|----------------------------|----------------|----------------|
| Within one year | 102,558 | 114,198 |
| Between two and five years | 22,729 | 125,287 |
| | <u>125,287</u> | <u>239,485</u> |

18 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

| | 2017 £ | 2016 £ |
|---------------------------|----------------|----------------|
| Henry Jackson Society Inc | 519,220 | 456,136 |
| | <u>519,220</u> | <u>456,136</u> |

The group relies on continued support from Henry Jackson Society Inc, a separate US entity which has some shared common trustees with The Henry Jackson Society.

THE HENRY JACKSON SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Subsidiaries

Details of the charity's subsidiaries at 31 December 2017 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|----------------------------|-------------------|---|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Strategic Analysis Limited | United Kingdom | Management consultancy activities other than financial management | Ordinary shares | 100.00 | |

The net liabilities of Strategic Analysis Limited (company no: 07996855) at the end of the reporting period are £23,851. During the year, Strategic Analysis Limited made an operating profit of £27,182.

| 20 Cash generated from operations | 2017 £ | 2016 £ |
|---|---------------|-----------------|
| (Deficit)/surplus for the year | (46,028) | 179,038 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (33) | (169) |
| Depreciation and impairment of tangible fixed assets | 3,717 | 3,900 |
| Movements in working capital: ¹ | | |
| Decrease/(increase) in debtors | 41,145 | (70,674) |
| Increase/(decrease) in creditors | 24,019 | (152,552) |
| Cash generated from/(absorbed by) operations | 22,820 | (40,457) |