

PARISH ESTATES CHARITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

Registered Charity No. 213721



KNOX CROPPER
chartered accountants

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

We present our report and the financial statements for the year ended 31 December 2019.

OBJECTIVES

Our objective for the year was to support the services and mission of the Guild Church of St Andrew Holborn, in particular by defraying costs associated with the provision of music during services.

ACHIEVEMENTS AND PERFORMANCE

Public benefit

In carrying out our work and preparing this report, we have had regard to the Charity Commission's public benefit guidance.

As Trustees of the Parish Estates Charity, we are bound financially to support the services and mission of the Guild Church of St Andrew Holborn. St Andrew Holborn is open every week day between 9am and 5pm for members of the public and the working community to enjoy silent prayer and seek solace.

Our financial support helps to support the cost of services of Holy Communion, to which all are welcome. Services of Holy Communion are held at lunchtime Monday-Friday and Wednesday evenings. The Wednesday evening Eucharist is followed by a simple meal. Morning and Evening Prayer are said on Tuesday, Wednesday and Thursday.

In accordance with our trust deed, we also continue to support St Andrew Holborn & Stafford's Charity. In this way our financial support helps individuals in need and organisations that support individuals who are in need or vulnerable.

Performance during the year

We have been delighted to see the church re-open after its comprehensive programme of refurbishment and to see its offer of music and services increase accordingly.

We continued to support the services at St Andrew Holborn by providing funding for visiting clergy, music and service expenses. Both the Wednesday evening and lunchtime services in the church continue to be well attended. The lunchtime services provide a quiet, reflective and prayerful haven in the middle of a busy day.

Support for the church amounted to £18,387.

In accordance with our trust deed, we paid St Andrew Holborn & Stafford's Charity £1,672, which represents 2/27ths of our income after administration expenses.

Plans for future periods

We expect to continue our funding as in previous years.

PARISH ESTATES CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW

Results for the year

Net income of £52,662 was recorded during the year which included unrealised gains on investments of £50,153 resulting in the balance sheet resources increasing from £700,439 to £753,101.

Investments

The value of the portfolio at the end of 2019 was £617,807. During 2019 the portfolio generated a total return of 12.1% and generated income of £26,059. It was a strong year across asset classes as supportive central bank activity, slow but steady economic growth and positive investor sentiment ensured that bonds and equities rose in tandem. Over the longer term, performance remains strong with a 7-year total return of 71.3% as compared to the benchmark of 69.2%. A core allocation to equity markets while volatile from year to year should provide inflation protection over the longer term. The Trustees are able to tolerate volatility of capital value in pursuit of their long term investment objectives.

In 2011 we agreed a loan to Mrs Xenia Dennen of £250,000 to purchase a property. The loan is secured by a legal charge on the property and provides a return of 3.5% interest above the base rate. Both we and Mrs Dennen received separate legal advice with regard to the transaction. To date Mrs Dennen has repaid half the loan, leaving a balance outstanding of £125,000. Interest on the loan in 2019 amounted to £5,312.

Reserves

At 31 December 2019 unrestricted reserves were £33,670.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires trustees to prepare financial statements for each financial year, which give a true and fair view of the statement of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements giving a true and fair view, trustees should follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with relevant legislation and the trust deed. They are also responsible for safeguarding the assets of the Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance and administrative details of the Charity are to be found on pages 3-4 of this report.

Approved by the Trustees and signed on their behalf by:

The Rt Revd Jonathan Baker
Chairman

Date:

8 June

2020



PARISH ESTATES CHARITY**TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees, who are all *ex officio*, consist of the Guild Vicar and two Churchwardens for the time being of St Andrew Holborn.

The Trustees met on four occasions during the year. In addition, a Finance and Investment Committee is delegated to review financial and investment matters. The Finance and Investment Committee met twice during the year.

Policy is set by the Trustees and implemented by the Clerk to the Trustees operating from 5 St Andrew Street London EC4A 3AF.

Objects

The Charity is governed by a scheme dated 1 July 1966 as amended on 29 April 1970.

The income of the Charity is to be applied as follows:

- (a) towards the proper costs, charges and expenses of and incidental to the administration of the Charity;
- (b) to pay two twenty-sevenths of the remaining income to the St Andrew Holborn City Foundation (now St Andrew Holborn & Stafford's Charity);
- (c) to apply the remaining twenty-five twenty-sevenths towards defraying the cost of the upkeep, repair and insurance of the Guild Church of St Andrew Holborn and the maintenance of services therein subject thereto in furthering the religious and charitable work of the Church of England in the former parish of St Andrew Holborn.

Risk management

The Trustees have given consideration to the major risks to which the Charity is exposed and satisfied themselves that systems and procedures are established in order to manage those risks. Risks are reviewed annually.

The Trustees have in particular recognised the risk to their ability to meet their objects associated with significant volatility in investment markets and a resulting loss of investment income. In order to help mitigate this risk, the Finance and Investment Committee formally meets the Investment Managers twice a year. The Charity has adopted a balanced investment strategy with a medium risk tolerance.

Investment policy

The Trustees' investment objective is to achieve a balance between sustainable levels of income and capital growth in order to preserve the value of the funds in real terms over the longer term. The portfolio is managed on a total return basis. From 2005, the investment portfolio has been managed by Cazenove Capital on an advisory basis. Reporting is quarterly and the overall investment portfolio is reviewed at intervals of not less than once a year.

Reserves policy

In accordance with the governing document, the Trustees award St Andrew Holborn & Stafford's Charity two twenty-sevenths of income after the proper costs, charges and expenses of and incidental to the administration of the Charity have been paid. They apply the remaining twenty-five twenty-sevenths in accordance with the governing document.

PARISH ESTATES CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Trustees have recognised in their risk register the potential for loss of income arising from volatility in investment markets. They therefore maintain a level of reserves to meet expected future commitments, together with an element of contingency provision against any significant, urgent need, which could not be predicted beforehand.

ADMINISTRATIVE DETAILS

The Parish Estates Charity is a registered charity governed by a Trust Deed. It is registered with the Charity Commission under number 213721.

The Charity's offices are at 5 St Andrew Street, London EC4A 3AF.

Trustees

The Rt Revd Jonathan Baker, Bishop of Fulham	Guild Vicar of St Andrew Holborn
Mr John Booth	Churchwarden of St Andrew Holborn
Mrs Susan Johns	Churchwarden of St Andrew Holborn

Officers

Clerk to the Trustees:	Mr Nicholas Hills
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Principle advisors

Investment Managers:	Cazenove Capital 1 London Wall Place, London EC2Y 5AU
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Independent Examiner:	Knox Cropper LLP 65 Leadenhall Street London EC3A 2AD
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Bankers:	Lloyds Bank plc Holborn Circus Branch London EC1N 2HP
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Solicitors:	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
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**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE
PARISH ESTATES CHARITY**

I report to the trustees on my examination of the accounts of Parish Estates Charity for the year ended 31st December 2019. This report is made to the Trustees, as a body, in accordance with the terms of my engagement. My work has been undertaken so that I might carry out an Independent Examination of the financial statements in accordance with the General Directions given by the Charity Commissioners. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my work or for this report.

Responsibilities and basis of report

As the charity trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.


Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

65 Leadenhall Street
London EC3A 2AD


Greg Stevenson, F.C.A.
Knox Cropper LLP
Chartered Accountants

Date:



2020

PARISH ESTATES CHARITY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	2019			2018		
	Un- restricted Funds	Endowment Funds	Total Funds	Un- restricted Funds	Endowment Funds	Total Funds
	£	£	£	£	£	£
INCOME FROM						
Donations	1,420	-	1,420	36	-	36
Investments	26,059	-	26,059	23,444	-	23,444
Total Income	27,479	-	27,479	23,480	-	23,480
EXPENDITURE ON						
Raising Funds	401	2,664	3,065	3,373	-	3,373
Charitable Activities	21,905	-	21,905	15,290	-	15,290
Total Expenditure	22,306	-	24,970	18,663	-	18,663
	5,173	(2,664)	2,509	4,817	-	4,817
Net Gains/(Losses) on Investments	5,952	44,201	50,153	(1,330)	(50,832)	(52,162)
Net Income/(Expenditure) and Net Movement in Funds	11,125	41,537	52,662	3,487	(50,832)	(47,345)
Total Funds Brought Forward	22,545	677,894	700,439	19,058	728,726	747,784
Total Funds Carried Forward	33,670	719,431	753,101	22,545	677,894	700,439

None of the Charity's activities was acquired or discontinued during the above two financial years.

PARISH ESTATES CHARITY

BALANCE SHEET AS AT 31 DECEMBER 2019

		2019		2018	
	Note	£	£	£	£
FIXED ASSETS					
Investments	6		617,807		567,697
CURRENT ASSETS					
Debtors	7	130,787		130,745	
Cash at Bank		7,821		5,162	
		<u>138,608</u>		<u>135,907</u>	
Creditors: Amounts falling due within one year	8	(3,314)		(3,165)	
Net Current Assets			<u>135,294</u>		<u>132,742</u>
TOTAL NET ASSETS			<u>753,101</u>		<u>700,439</u>
FUNDS					
Endowment Fund			719,431		677,894
Unrestricted - General Fund			33,670		22,545
TOTAL FUNDS			<u>753,101</u>		<u>700,439</u>

Approved by the Board of Trustees on

8th June

2020 and signed on its behalf by:



The Rt Revd Jonathan Baker
Chairman



Trustee

PARISH ESTATES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

(a) **Basis of Preparation and assessment of going concern.**

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. They have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) Second Edition issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The Charity constitutes a public benefit entity as defined by FRS 102.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued in October 2019 rather than the Accounting and Reporting by Charities Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees consider that there are no uncertainties about the Charity's ability to continue as a going concern.

The functional currency of the Charity is the £ Sterling.

(b) **Income**

Income is recognised in the year once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period.

Donations are recognised when the Charity receives the income. Investment Income is recognised on the date on which the dividend is payable or the interest arises.

(c) **Expenditure Recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

- **Costs of Raising Funds**
Raising Funds consists of investment management fees and an apportionment of support costs.
- **Charitable Activities**
Charitable Activities includes costs associated with services to the Church and music, the annual grant to St Andrew Holborn & Stafford's Charity and an apportionment of support costs.

PARISH ESTATES CHARITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

(c) Expenditure Recognition (continued)

- Support Costs
Support Costs have been apportioned between the activities of the Charity on the basis of staff time and include Governance Costs, which comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice.

(d) Fund Accounting

(i) Unrestricted Funds:

The unrestricted funds may be used by the Charity in furtherance of its charitable objectives at the discretion of the Trustees.

(ii) Permanent Endowment Funds:

Permanent endowment funds are restricted capital funds where there is no power to convert the original capital to income. Income from the endowment fund is unrestricted.

(e) Value Added Tax

The Charity is not registered for VAT and accordingly where applicable, all expenditure incurred is inclusive of VAT.

(f) Investments

The Charity's investments are a form of basic financial investment and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on the revaluations and disposals throughout the year.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

(g) Cashflow Statement

The Charity has taken the exemption available under the SORP and has not produced a cashflow statement.

2. INVESTMENT INCOME

	2019	2018
	£	£
Investment Income	26,059	23,444

3. RAISING FUNDS

	2019	2018
	£	£
Investment Manager's Fees	2,696	2,597
Support Costs (Note 5)	369	776
	<u>3,065</u>	<u>3,373</u>

PARISH ESTATES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. CHARITABLE ACTIVITIES

	2019	2018
	£	£
Clergy Fees	-	300
Musicians/Organist/Choir/Music	15,689	7,066
Organ Maintenance	1,225	615
Services, Church and Altar requirements	1,473	1,462
Allocation to St Andrew Holborn & Stafford's Charity	1,672	1,141
Support Costs (Note 5)	1,846	4,706
	<u>21,905</u>	<u>15,290</u>

5. SUPPORT COSTS

	2019	2018
	£	£
Staff Costs	1,182	4,032
Administration Cost Recharge	209	626
Sundries	116	128
Governance Costs	708	696
	<u>2,215</u>	<u>5,482</u>

Governance Costs includes amounts payable to the Independent examiners of £708 (2018: £696).

6. QUOTED INVESTMENTS

	2019	2018
	£	£
(a) Quoted Investments at Market Value	587,137	533,660
Cash with Investment Managers	30,670	34,037
	<u>617,807</u>	<u>567,697</u>
(b) Movement in Investments		
Market value as at 1 st January 2019	533,660	585,822
Additions	44,594	-
Disposals	(41,270)	-
Realised Gains	650	-
Unrealised Gains/(Losses)	49,503	(52,162)
Market value at 31 st December 2019	<u>587,137</u>	<u>533,660</u>
Cost at 31 st December 2019	<u>425,676</u>	<u>419,085</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. DEBTORS

	2019	2018
	£	£
St Andrew Holborn Trading	65	170
Other Debtors & Prepayments	5,722	5,575
Loan	125,000	125,000
	<u>130,787</u>	<u>130,745</u>

Included within Loan is £125,000 (2018: £125,000) which is expected to be realised more than a year after the reporting date.

8. CREDITORS

	2019	2018
	£	£
St Andrew Holborn Church Foundation	29	-
St Andrew Holborn & Stafford's Charity	1,672	1,141
Creditors and Accruals	1,613	2,024
	<u>3,314</u>	<u>3,165</u>

9. NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Endowment Funds	2019 Total
	£	£	£
Fixed Assets	23,376	594,431	617,807
Current Assets	13,608	125,000	138,608
Current Liabilities	(3,314)	-	(3,314)
	<u>33,670</u>	<u>719,431</u>	<u>753,101</u>
	£	£	£
Fixed Assets	14,803	552,894	567,697
Current Assets	10,907	125,000	135,907
Current Liabilities	(3,165)	-	(3,165)
	<u>22,545</u>	<u>677,894</u>	<u>700,439</u>

PARISH ESTATES CHARITY**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019**

10. RELATED PARTIES

St Andrew Holborn Church Foundation acts as paymaster for the staff under joint contracts of employment. The Charity paid £1,182 (2018: £4,032) to St Andrew Holborn Church Foundation for its share of employment costs.

St Andrew Holborn Church Foundation charged the Charity £225 (2018: £641) as a contribution to shared overheads and insurance and recharged £926 (2018: £Nil) of costs incurred on behalf of the Charity. At the year end £29 (2018: £Nil) was due to St Andrew Holborn Church Foundation.

In accordance with its objects the Charity pays 2/27th of its income to St Andrew Holborn & Stafford's Charity amounting to £1,672 (2018: £1,141). At the year end £1,672 (2018: £1,141) was due to St Andrew Holborn & Stafford's Charity.

At the year end £65 (2018: £170) was due from St Andrew Holborn Trading Ltd.

In 2011, the charity made a loan of £250,000 to Xenia Dennen, the wife of the Venerable Dr Lyle Dennen, a former trustee of the Charity for the purchase of a property. £125,000 of the principal has since been repaid thus the amount owed to the Charity is £125,000 (2018: £125,000). The loan is subject to interest at 3.5% above base rate and is secured by a legal charge over the property. Interest charged during the year amounted to £5,312 (2018: £5,125) of which £1,266 (2018: £1,266) was due to the Charity at the year end.

11. EVENT AFTER THE END OF THE REPORTING PERIOD

Since the year end the Charity's Investment portfolio has suffered a material decline in the value. This is a non-adjusting event.