

THE DANISH CHURCH IN LONDON

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Registered charity number 237897

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019

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CHARITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

UK Registered Charity No. 237897

Name of the charity: The Danish Church in London

Registered office The Danish Church in London
4 St Katherine's Precinct
Regent's Park, London NW1 4HH

Trustees Trustees and members of the Church Council from January
2019 to October 2020 are:

Dorte Bille Harding (Chair)
Christine Bergstedt Jørgensen (Deputy Chair)
Flemming Munck (Honorary Treasurer, stopped June 2019)
Niels Ring Andersen (Honorary Treasurer, started June 2019)
Anne-Grethe Jensen (Secretary)
Andy Marino (Church Warden)
Ole Justesen (Church Warden)
Flemming Kloster Poulsen (Pastor)
Johanne Nørtoft Thomsen (Pastor, started March 2019)
Peter Melbye
Palle Baggesgaard Pedersen
Per Gullestrup
Jacob Christiansen
Helle Bond
Casper Orlyk
Ulrik E. Petersen (Royal Danish Embassy)

CHARITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

Auditors	William Price & Co Audit Limited Suite 9 Westbury Court Church Road Westbury-On-Trym Bristol BS9 3EF
Principal bankers	Barclays Bank Plc Danske Bank HSBC Plc Cazenove (custody/investments) Charles Stanley & Co. (custody/investments)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report and financial statements for the year ended 31 December 2019.

1. Structure, governance and management

The charity is governed by its Constitution, last revised on 15 September 2013.

The Church Council manages the Church in practical, legal and financial affairs, and represents the Church in all respects. The Bishop of Copenhagen is the Church's ecclesiastical supervisor. The Danish Ambassador is Patron of the Church.

The Danish Church Abroad/Danish Seamen's Church organisation appoints one member of the Church Council, as does The Royal Danish Embassy. Resident Pastors are automatically members of the Church Council, and Church Wardens are appointed directly by the Church Council.

All other members (minimum of 5) are elected by the members of the Church, at the annual general meeting in June. Due to the corona virus pandemic, the 2020 annual general meeting is postponed to 18 October 2020.

Two or three of the elected members retire annually, in rotation, if needed. Proposals to elect or re-elect Church Council members are made either by the Church Council, or in writing by three members of the Church.

2. Objects, objectives and achievements

Aim and Purpose

The main purpose of the Danish Church in London is to preach the Christian Gospel according to the Lutheran Evangelical tradition, including conducting services and performing religious ceremonies for Danes in London, and to act as cultural and social meeting point for Danes in the Greater London area.

The Church Council ensures that activities are planned with due regard to the Charity Commission's public benefit guidance.

In order to continue this service in the years to come, the Church needs to upgrade, renovate and increase the usable areas of the existing church premises.

Achievements and Performance

In addition to Danish language Sunday Services, The Danish Church in London performs the whole range of traditional religious acts, including Christenings, confirmations, weddings and funerals.

In 2019 the Church conducted 52 Services. In addition, there were 26 Christenings, 7 full marriages, 3 funerals and 13 confirmations. The Pastors were called to around 150 official conversations and had 9 visits to the homebound or imprisoned.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

Until the refurbishment project started in September 2019, the Church was running its usual activities, including showing Danish films, and hosting concerts, talks and debates. Several Danish groups meet in the church halls, amongst them parents and toddlers group, young people's group, Open Evening Café, book club, bridge club, sewing club, Senior Group, Danish Women in England and Team Danmark, a football and running club.

The Church runs a thriving Saturday School, where over 120 children are taught Danish language and culture, and during the week, the Charity also offer Danish tuition for adults. There are around 800 paying members of the Church, and in a normal year, around 10,000 people benefit from our activities.

In 2019, all Sunday Services were performed, despite the building works, as we managed to keep entrance to the church nave accessible for the weekends. We also set up coffee making facilities in the porch, to allow small meetings at the back of the church.

Language tuition continued: the Saturday School in temporary rented premises at St David's Church in Islington, and the adult Danish classes via Zoom. Some activities took place at nearby Danish YWCA, and others were temporarily cancelled, as the church halls and kitchens, shop and facilities were under renovation.

The Church continues to donate 4 annual bursaries to young Danes studying in the UK, and to offer financial support to needy and/or elderly Danes on an ad-hoc basis.

Pastors

In 2019 the Church has benefitted from a resident pastor, Flemming Kloster Poulsen, as well as an additional pastor, Johanne Nørtoft Thomsen, employed on a fixed time contract, from March 2019 to June 2021. In addition to her work at St Katharine's, Johanne has a special focus on Danish students/young people, and occasional Services in Hull.

Looking forward, we are hoping to continue employment of two full time pastors, to service the 40,000 Danes living in the Greater London area. Due to financial constraints, we rely on Danish Church Abroad/Danish Seamen's Church to fund the salaries.

3. Financial review

In 2019 the Danish Church recorded an overall net surplus of £1,199,471 (2018: deficit £392,274) of which a net surplus after transfers on the unrestricted funds amounted to £129,688 (2018: deficit of £131,071).

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

The large donations and expenditure related to the building project makes it somewhat difficult to read the financial statements. Looking at the summary financial statement on page 14, we suggest you focus on the first column as representing the 'operational' results for 2019. It shows total income of £273,914 (2018: £205,783) and total expenditure of £249,915 (2018: £211,708), giving a net operational surplus of £23,999, against a small deficit of £5,925 in 2018.

We were able to maintain our main activities until Skt Hans and we gratefully received very generous donations around Christmas.

The Net Gain on Investments of £127,464 represents the unrealised paper gain (2018: unrealised loss £139,606). Although Coronavirus caused a very significant drop in value in March 2020, this has partially been recovered as of writing.

The second column on page 14 labelled, 'Restricted funds', represents various including the Building Project funds (see also note 14, pages 24-25). It shows a significant inflow of funds of £1,048,117 (including transfers) during 2019 of which an inflow of £1,006,308 relates to the Building Project. The project will be continuing until late Autumn 2020 and therefore 2020 will show a large, compensating outflow of funds. Our target continues to be that the total project cost will be covered by total specific donations. However, the possible impact of Covid19 has yet to be fully assessed, including the cost of the delayed completion of the project.

2020 will be a more difficult year. Although thankfully donations continued during the long lockdown, there were essentially none of our usual charitable events, like the Danish Fair. There will also be no significant catering or shop income until late in the year. We also expect that investment income will be somewhat reduced.

4. Reserves policy

The accumulated funds at 31 December 2019 were £3,104,121 (2018 - £1,904,650) of which £1,165,119 related to endowment funds, £1,273,625 related to restricted funds and £665,377 to unrestricted funds.

It is the policy of the charity to maintain unrestricted funds, which are the free reserves of the charity, at a level which equates at least to approximately six months unrestricted expenditure. This provides sufficient funds to cover management and administration and support costs.

The Church's finances have been highly liquid in the last three years due to the incoming amounts from fundraising to the Façade Project Fund and now to the Building Project Fund. In 2019 and 2020 the Building Project will see increased expenditure as the building project proceeds.

Grants and donations raised for the Building Project Fund through the fundraising campaign are held in segregated DKK and GBP denominated bank accounts with Danske Bank, Barclays Bank and HSBC. The trustees remain of the view that the charity is a going concern.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

5. Investment policy

The charity's constitution requires its assets to be invested in Denmark or Great Britain, in bank accounts, investment assets or property. The total investments at 31 December 2019 shown at note 10, pages 22-23, were £1,250,548 (2018 - £1,127,754).

The Church has set out its Investments Policy in line with guidelines set out by the Charity Commission. The Investment Policy is reviewed annually.

6. Risk review

The trustees have taken steps to identify the major risks to which the charity is exposed and systems have been established to mitigate those risks. Identification and management of investment risk is addressed in the Investment Policy of the Church.

7. Post balance sheet events

In 2020, the Covid-19 pandemic has obviously affected Church life considerably. In an unprecedented move, the Danish Church was completely closed, from mid-March to early July 2020, in line with the UK Government's lock-down regulations.

During this time, the Pastors started streaming live Sunday Services via Zoom, with prayers read by members of the congregation at their place, and choristers singing from theirs. These rudimentary online Services proved extremely popular, with attendance far beyond the usual number of church goers. Donations to the online 'offertory boxes' also exceeded normal Sunday collections. We have decided to continue Zoom streaming of all Church Services, when the Church reopened on 5 July 2020, to allow the elderly and vulnerable (and anyone unable to travel to the Church) continued access to religious Services.

During the continued building works, access is restricted to the church nave, and this obviously restricts the activity level. However, the interest in the Danish Church during these difficult times has been encouraging, and Trustees are confident of a gradual, full return to normal activity level, in line with UK Government guidelines. In the longer term, the Trustees do not anticipate any fundamental changes in the development of the charity's operation.

8. Building Project

The Church's essential and extensive building project, prepared and overseen by CF Møller Architects in London, has a budget of around £2.7 million. Following a tender round, Coniston Ltd were appointed main contractors, and Appleyard & Trew act as Quantity Surveyors.

Ground source heating has been installed in the church nave, ensuring a constant, reasonable temperature from heating pipes under the floor. Gas heating is under way for all other areas, combined with thorough modernisation and renovation throughout.

Underneath the church halls, a full basement has been excavated, for extra storage area, as well as a new shop and extended facilities. 3 new meeting rooms are formed under the vicarage, with impressive terraces in front. A dormer is compensating the vicarage for lost space.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

Disabled access is improved via a platform lift from the garden to the church halls, and new fully accessible toilet facilities.

In March 2020, the corona virus pandemic affected the building works, like all other areas of life. Restrictions to avoid spreading the disease caused wide-spread difficulties on site, as well as uncertainty about supplies of materials. Delays are unavoidable, but we are proud to have managed to continue the project without complete closure. Trustees are confident about project completion in late autumn 2020, with only minor variations to the budget.

9. Plans for future periods

The Trustees do not anticipate that there will be any fundamental changes in the development of the charity's operation following the interruption of the coronavirus pandemic. We trust that it will not be too long before public worship recommences and our educational services resume. Throughout the period of building project works (summer 2019 to autumn 2020), Sunday Services continued until the lockdown, and most of our regular core activities took place in the church nave.

We are confident that other activity in the church hall and meeting rooms will flourish again when coronavirus is behind us and we are able to enjoy the enhancements brought about from the building project.

The Church Council believes that the building project was urgently required, in order to secure the Church's continued public benefit for the years to come.

10. Trustees' Responsibilities

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law in England and Wales 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 charity for that period. In preparing the 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 2019 (FRS 102)
- 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 financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provision of 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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

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

Disclosure of Information to Auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow trustees and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

11. Auditors

William Price & Co Audit Ltd were appointed auditors during the year and a resolution proposing that they be reappointed for the following year approved.

Approved and signed on behalf of the trustees

Dorte Bille Harding - Chairman

Dated: 2nd October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DANISH CHURCH IN LONDON

Opinion

We have audited the financial statements of The Danish Church in London (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of matters described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019, 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 Charities Act 2011.

Basis for qualified 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 charity 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 except with respect to the opening balances where the audit evidence available to us was limited because the accounts were not audited for the periods prior to 31 December 2019 and we were unable to confirm that:

- the opening balances do not contain material misstatements that affect the current year ending 31 December 2019.

Any adjustment to these opening balances would have impacted the surplus for the year ending 31 December 2019.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE DANISH CHURCH IN LONDON cont.

- 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 trustees' 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 9-10, the trustees are responsible for the preparation of financial statements which 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 charity or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE DANISH CHURCH IN LONDON cont.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

Dated: 6th October 2020

William Price & Co Audit Ltd
Chartered Accountants & Statutory Auditors

William Price & Co Audit Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted Funds GB £	Restricted Funds GB £	Endowment Funds GB £	Total Funds 2019 GB £	Total Funds 2018 GB £
INCOME & ENDOWMENTS						
Donations & legacies	2.1	169,986	1,592,573	-	1,762,559	279,751
Income from charitable activities	2.2	77,983	-	-	77,983	118,499
Income from other trading activities	2.3	9,766	-	9,601	19,367	14,278
Income from Investments	2.4	16,179	-	35,116	51,295	49,677
Total income & endowments		273,914	1,592,573	44,717	1,911,204	462,205
EXPENDITURE						
Costs of raising funds						
Costs of generating activity income	3	36,266	506	-	36,772	70,376
Investment Management costs		1,334	-	4,477	5,811	6,140
Expenditure on charitable activities	4	212,315	546,430	37,869	796,614	638,357
Total expenditure		249,915	546,936	42,346	839,197	714,873
Net (expenditure)/ income before gain/(losses) on investments		23,999	1,045,637	2,371	1,072,007	(252,668)
Net (loss)/gain on investments	8	108,089	-	19,375	127,464	(139,606)
Net (expenditure)/ income for the year		132,088	1,045,637	21,746	1,199,471	(392,274)
Transfer between funds		(2,400)	2,480	(80)	-	-
Net movement in funds		129,688	1,048,117	21,666	1,199,471	(392,274)
Reconciliation of Funds:						
Total funds brought forward	14	535,689	225,508	1,143,453	1,904,650	2,296,924
Total funds carried forward	14	665,377	1,273,625	1,165,119	3,104,121	1,904,650

STATEMENT OF CASH FLOWS: YEAR ENDED 31 DECEMBER 2019

	Notes	Total 2019 GB £	Total 2018 GB £
Cash flows from operating activities:			
Reconciliation of net movement in funds to net cash flow from operating activities			
Net movement in funds		1,199,471	(392,274)
Add: depreciation		10,655	10,527
Deduct: interest and dividend income		(51,295)	(49,677)
Add: loss/ (deduct gain) on revaluation of investments		(127,464)	139,606
(Increase)/Decrease in stocks		4,828	228
(Increase)/Decrease in debtors		(48,027)	16,005
(Decrease)/Increase in creditors		187,949	33,127
Cash used in operating activities	A	1,176,117	(242,458)
Cash flows from investing activities			
Income from interest and dividends		51,295	49,677
Net movements on investment funds		4,540	5,218
(Purchases) of investment assets - Abbeyfield donation invested		-	(40,057)
Cash provided by/ (used in) investing activities	B	55,835	14,838
Cash flows from financing activities	C	-	-
(Decrease)/Increase in cash and cash equivalents in the year (A+B+C)		1,231,952	(227,620)
Total cash & cash equivalents brought forward		505,977	733,597
Total cash & cash equivalents carried forward *		1,737,929	505,977

*refer to balance sheet

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2019

		2019		2018	
	Notes	GB £	GB £	GB £	GB £
Fixed assets					
Tangible assets	9		250,100		260,625
Investments	10		1,250,548		<u>1,127,754</u>
			1,500,648		<u>1,388,379</u>
Current assets					
Stocks	11	-		4,828	
Debtors	12	96,538		48,511	
Cash at bank and in hand		1,737,929		<u>505,977</u>	
		1,834,467		559,316	
Creditors					
Amounts falling due within one year	13	230,994		<u>43,045</u>	
Net current assets			1,603,473		<u>516,271</u>
Total net assets			3,104,121		<u>1,904,650</u>
Funds					
Unrestricted funds	14		665,377		535,689
Restricted funds	14		1,273,625		225,508
Endowment funds	14		1,165,119		<u>1,143,453</u>
Total Church funds	14		3,104,121		<u>1,904,650</u>

These accounts were approved on behalf of the trustees on 2nd October 2020

Dorte Bille Harding - Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies**Accounting basis and standards**

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities SORP (FRS 102).

Incoming resources

Church activities and related income are accounted for in the period in which the service is provided. Fee receivables are stated after deducting discounts.

Donations are credited to revenue when receivable provided conditions for receipt have been complied with. Donations for specific categories of revenue expenditure are credited to restricted funds.

Investment income is included in the financial statements on an accruals basis.

Resources expended

Expenditure, including staff costs, is included in the accounts on an accruals basis and has been classified under heading that aggregate all costs relating to that category. The irrecoverable VAT is included with the item of expense to which it relates.

Tangible assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on certain classes of fixed assets to write off their cost over their expected useful lives, as follows:

Plant & Machinery	5 years
Furniture & fixtures	10 years
Organ (refurbishment)	5 years
Office equipment	5 years
Motor vehicles	10 years

No depreciation is charged on the Royal College Street property. Heritage, consecrated and beneficed property is excluded from the accounts by virtue of section 10(2)(a)-(c) of the Charities Act 2011. All expenditure incurred on such property is written off in the accounting period it is incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Foreign currencies

Assets and liabilities in foreign currency are translated into sterling at the rates ruling at the dates of the balance sheet. Transactions in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Exchange differences are taken into account when arriving at the operating result.

Investments

Investments held as fixed assets are stated at market value at the close of the accounting period.

Debtors & prepayments

Debtors are valued individually less any provisions applicable for potential bad debts. Prepaid expenditure is recognized if material to the accounts.

Creditors

Creditors are recognized where the church 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 to settle the obligation can be measured or estimated reliably.

Fund accounting

Permanent endowment funds are recognized when a donor has provided an asset(s) where the income therefrom is applied for a specific purpose. Expendable endowment funds allow the spending of both the related income and capital value on a specified purpose. Restricted funds are to be used for specific purposes as laid down by the donor or funder. Designated funds are unrestricted funds that have been set aside by the trustees for a particular purpose. General funds are unrestricted and available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for any other purpose. Transfers between funds are made where income for a project has been exceeded by related expenditure or where it has been agreed with the funder to use unspent balances at the end of a project on activities with a similar objective.

Pensions

The church operates a group money purchase defined contribution pension scheme under the auto-enrolment system. The assets of the scheme are held separately from those of the church in an independently administered fund. The pension cost represents the contributions payable under the scheme by the church and the church has no further liability other than the payment of those contributions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Income summary

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2019 GB £	Total 2018 GB £
2.1 Income from donations and legacies					
Membership	36,178	-	-	36,178	37,102
Collections, donations & gift aid	88,683	-	-	88,683	27,390
Organ fund donations	-	-	-	-	-
In memoriam fund donations	-	316	-	316	365
Façade fund grants and donations	-	40,000	-	40,000	189,894
Nordea fund grants and donations	-	-	-	-	-
Second Priest accommodation designated	30,000	-	-	30,000	-
Church interior fund designated	15,125	-	-	15,125	-
Building project fund grants & donations	-	1,552,257	-	1,552,257	25,000
	<u>169,986</u>	<u>1,592,573</u>	<u>-</u>	<u>1,762,559</u>	<u>279,751</u>
2.2 Income from charitable activities					
Catering for charitable activities & events	48,687	-	-	48,687	54,398
Church shop income	8,089	-	-	8,089	41,845
Educational fees and books	17,193	-	-	17,193	18,870
DSUK allowances	4,014	-	-	4,014	3,386
	<u>77,983</u>	<u>-</u>	<u>-</u>	<u>77,983</u>	<u>118,499</u>
2.3 Income from other trading activities					
Church hall hire	1,030	-	-	1,030	2,261
Rents	5,000	-	9,601	14,601	7,912
Church magazine advertising	3,736	-	-	3,736	4,105
	<u>9,766</u>	<u>-</u>	<u>9,601</u>	<u>19,367</u>	<u>14,278</u>
2.4 Income from investments	16,179	-	35,116	51,295	49,677
Total Income	<u>273,914</u>	<u>1,592,573</u>	<u>44,717</u>	<u>1,911,204</u>	<u>462,205</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Costs of generating activity income

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2019 GB £	Total 2018 GB £
Fair, catering & shop expenses	27,214	-	-	27,214	49,039
Books & education	6,509	-	-	6,509	18,324
Candles & flowers	579	506	-	1,085	2,700
Activity costs	1,964	-	-	1,964	313
	<u>36,266</u>	<u>506</u>	<u>-</u>	<u>36,772</u>	<u>70,376</u>

4. Expenditure on charitable activities

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2019 GB £	Total 2018 GB £
Benevolent fund bursaries	-	-	2,680	2,680	4,250
Educational grants	-	-	3,258	3,258	4,458
Salaries & staff costs (note 6)	44,801	-	14,090	58,891	56,494
Premises costs	9,573	-	6,041	15,614	9,138
Insurance	13,462	-	-	13,462	14,836
Utilities	27,400	-	-	27,400	25,345
Repairs, maintenance & refurbishment	16,385	481	11,800	28,666	16,838
Façade project costs	-	-	-	-	337,976
Building project costs	-	545,949	-	545,949	114,624
Motor & travel expenses	4,659	-	-	4,659	3,526
Administrative costs & communications	27,928	-	-	27,928	20,939
Second Priest accommodation costs	14,881	-	-	14,881	-
Depreciation	10,655	-	-	10,655	10,527
Support & accountancy costs	26,166	-	-	26,166	15,606
Irrecoverable VAT on general expenditure	11,500	-	-	11,500	-
Governance costs (note 5)	4,905	-	-	4,905	3,800
	<u>212,315</u>	<u>546,430</u>	<u>37,869</u>	<u>796,614</u>	<u>638,357</u>

5. Governance costs

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2019 GB £	Total 2018 GB £
Audit fee	2,700	-	-	2,700	-
Independent examiner fee	-	-	-	-	1,800
Accounts drafting fee	2,205	-	-	2,205	2,000
Trustee and AGM costs (note 7)	-	-	-	-	-
	<u>4,905</u>	<u>-</u>	<u>-</u>	<u>4,905</u>	<u>3,800</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. Staff costs

	2019	2018
	GB £	GB £
Wages and salaries	41,210	44,573
Social security costs	1,778	1,692
Less: employment allowance	(1,778)	(1,692)
Other pension costs	2,998	2,294
	<u>44,208</u>	<u>46,867</u>
Other staff costs (temps, child protection etc.)	9,683	9,627
DSUK Contribution	5,000	-
Total	<u>58,891</u>	<u>56,494</u>
	2019	2018
	No.	No.
Staff (full time equivalent)	<u>2.5</u>	<u>2.5</u>

The average number of staff was five and no member of staff earned more than £60,000

7. Trustees & related party transactions

No trustee was paid any remuneration in either year. The trustees are regarded as the key management of the church.

No trustee or other person related to the church had any personal interest in any contract or transaction.

8. Gain/(Loss) on investments

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2019 GB £	Total 2018 GB £
Unrealised gain/(loss) on investments	110,080	-	19,378	129,458	(140,511)
Gain/(loss) on foreign exchange translation	(1,991)	-	(3)	(1,994)	905
	<u>108,089</u>	<u>-</u>	<u>19,375</u>	<u>127,464</u>	<u>(139,606)</u>

9. Tangible fixed assets

	Freehold Property	Cars, Fittings & Equipment	Organ Refurbish't	Total
Cost	GB £	GB £	GB £	GB £
At 1 January 2019	245,000	114,011	107,917	466,928
Additions	-	130	-	130
At 31 December 2019	<u>245,000</u>	<u>114,141</u>	<u>107,917</u>	<u>467,058</u>
Depreciation				
At 1 January 2019	-	107,891	98,412	206,303
Charge for year	-	1,150	9,505	10,655
At 31 December 2019	<u>-</u>	<u>109,041</u>	<u>107,917</u>	<u>216,958</u>
Net book value				
At 31 December 2019	<u>245,000</u>	<u>5,100</u>	<u>-</u>	<u>250,100</u>
At 31 December 2018	<u>245,000</u>	<u>6,120</u>	<u>9,505</u>	<u>260,625</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Investments

	2019 GB £	2018 GB £
Benevolent fund investments:		
<i>M&G Securities Ltd Charifund Income Units</i>		
Value of 5885.516 units at 1st January	123,018	98,240
Net movement on funds *	127	412
Danish Abbeyfield addition of 2580,794 units	-	40,057
Sub-total	123,145	138,709
Value of 8466.31 units at 31st December	143,181	123,018
Unrealised (loss)/ gain - market movement	20,036	(15,691)
Summer School fund investments:		
<i>Danske Bank</i>		
Value of investments at 1st January	27,920	28,261
Net movement on funds *	(1,851)	828
Value of investments at 31st December	25,411	27,920
Unrealised (loss)/ gain - market movement	(658)	(1,169)
Other fund investments:		
<i>General portfolio through Charles Stanley & Co. Ltd</i>		
Value of investments at 1st January	448,732	537,241
Net movement on funds *	(4,940)	(4,680)
Value of investments at 31st December	515,267	448,732
Unrealised (loss)/ gain - market movement	71,475	(83,829)
<i>General portfolio through Cazenove Schroder</i>		
Value of investments at 1st January	528,084	568,779
Net movement on funds *	-	(1,778)
Value of investments at 31st December	566,689	528,084
Unrealised (loss)/ gain - market movement	38,605	(38,917)
Total value of investments		
Closing value at 31st December	1,250,548	1,127,754
Opening value at 1st January	1,127,754	1,232,521

* movement on funds include dividend income less distributions to church and portfolio management fees

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Investments continued

Portfolio asset allocation:	Charles Stanley M&G Charifund Benevolent Fund	Danske Bank Summer School Fund	Charles Stanley General Portfolio	Cazenove Capital General Portfolio
	GB £	GB £	GB £	GB £
Fixed Income	-	25,282	31,919	20,398
Equities	140,599	-	434,588	338,016
Property	-	-	12,045	89,634
Alternatives	-	-	21,001	65,644
Mixed investments	-	-	12,003	29,512
Cash	2,582	129	3,711	23,485
Total:	£1,250,548	25,411	515,267	566,689

The Benevolent Fund is invested with M&G Charifund, which is designed to provide a growing level of income for UK charities, while at the same time protecting their capital from the effects of inflation over a rolling ten year period. It aims to provide a level of income that is significantly higher than that of the FTSE All-Share Index. The investment is managed by Charles Stanley investment managers.

The Summer School Fund investments are placed with Danske Bank and aim to generate a high return through Danish Bonds in order to fund annual scholarships.

The objective of the Charles Stanley general portfolio is to produce a balance between capital growth and income without the income requirement eroding the potential to maintain capital.

The objective of the general portfolio managed by Cazenove Capital (part of Schroder & Co. Ltd.) is to maintain capital value whilst distributing 3-4% annually as income.

11. Stocks

	2019 GB £	2018 GB £
Stocks of canteen and shop goods	-	4,828
Total	-	4,828

12. Debtors: Amounts falling due within one year

	2019 GB £	2018 GB £
Registrations, memberships & advertising	5,885	22,450
Accrued income	16,120	-
Other debtors & prepayments	5,232	1,261
Listed places of worship grant due	37,959	16,102
Gift aid repayable	6,695	6,143
VAT repayable	24,647	2,555
Total	96,538	48,511

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Creditors: Amounts falling due within one year

	2019	2018
	GB £	GB £
Shop creditors	434	5,365
PAYE/ NIC payable	-	206
Other creditors & accruals	230,560	37,474
Total	230,994	43,045

14. Movement in funds

	At 1st January 2019 GB £	Net Movement in funds GB £	Transfer between funds GB £	At 31st December 2019 GB £
Unrestricted funds				
General Fund	522,257	118,229	(5,400)	635,086
Designated funds				
Organ fund	9,034	(1,863)	3,000	10,171
Church interior fund	4,398	603	-	5,001
Second vicar accommodation fund	-	15,119	-	15,119
Total designated funds	13,432	13,859	3,000	30,291
Total unrestricted funds (general & designated)	535,689	132,088	(2,400)	665,377
Restricted funds				
Garden fund	20,332	(481)	-	19,851
Friends fund	16,042	-	-	16,042
In memoriam fund	4,504	(190)	-	4,314
Building project fund	174,498	1,006,308	-	1,180,806
Façade project fund	(42,480)	40,000	2,480	-
Nordea fund	52,612	-	-	52,612
Total restricted funds	225,508	1,045,637	2,480	1,273,625
Endowment Funds				
Salary and pension fund (18.2)	432,243	-	-	432,243
Benevolent fund (18.3)	135,713	24,405	-	160,118
FUHU fund	60,000	(2,400)	2,400	60,000
Building and reserve fund (18.1)	489,834	941	(2,480)	488,295
Summer School fund	25,663	(1,200)	-	24,463
Total endowment funds	1,143,453	21,746	(80)	1,165,119
Total church funds	1,904,650	1,199,471	-	3,104,121

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14 cont. Net movement in funds in year

	Incoming resources	Resources expended	Gains/ (losses) on investments	Movement in funds
	GB £	GB £	GB £	GB £
Unrestricted funds				
General fund	228,789	(218,649)	108,089	118,229
Designated funds				
Organ fund	-	(1,863)	-	(1,863)
Church interior fund	15,125	(14,522)	-	603
Second vicar accommodation fund	30,000	(14,881)	-	15,119
Total designated funds	45,125	(31,266)	-	13,859
Total unrestricted funds (general & designated)	273,914	(249,915)	108,089	132,088
Restricted funds				
Garden fund	-	(481)	-	(481)
Friends fund	-	-	-	-
In memoriam fund	316	(506)	-	(190)
Building project fund	1,552,257	(545,949)	-	1,006,308
Façade project fund	40,000	-	-	40,000
Nordea fund	-	-	-	-
Total restricted funds	1,592,573	(546,936)	-	1,045,637
Endowment Funds				
Salary and pension fund (18.2)	18,567	(18,567)	-	-
Benevolent fund (18.3)	7,049	(2,680)	20,036	24,405
FUHU fund	-	(2,400)	-	(2,400)
Building and reserve fund (18.1)	18,782	(17,841)	-	941
Summer School fund	319	(858)	(661)	(1,200)
Total endowment funds	44,717	(42,346)	19,375	21,746
Total church funds	1,911,204	(839,197)	127,464	1,199,471

Purpose of funds

General fund: Unrestricted and for use in the furtherance of the general objectives of the church

Designated funds:

Organ fund: for the maintenance and repair of the church organ.

Church interior fund: Maintenance and repair of the church interior.

Second vicar accommodation fund: Accommodation for a second priest over two years

Restricted funds:

Garden fund: Renovation of the Church's courtyard and gardens.

Friends fund: Support for the long-term financial stability of the church.

In Memoriam fund: To provide flowers and candles on specific dates in memory of deceased members.

Building project fund: Internal rebuilding and redevelopment of the church buildings.

Façade project fund: External rebuilding and maintenance.

Nordea fund: Educational supplies, particularly electronic equipment, as well as fixtures and fittings for educational and general purpose.

Endowment funds:

Salary and pension fund: Income from a permanent endowment to provide salaries and pensions for the pastors and support workers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Purpose of funds cont.

Benevolent fund: Income from a permanent endowment to be used for making grants to Danes in London, who are in financial need.

FUHU fund: Interest from a permanent endowment to provide help and financial assistance to Danish students living in the UK or with connections to the UK in the form of bi-annual scholarship grants.

Building and reserve fund: An expendable endowment for the purchasing or leasing of new sites or buildings or the repair or rebuilding of existing buildings to be used for Danish Church services in London or in other ways for the furtherance of the work of the church.

Summer School fund: An expendable endowment where the interest from the fund may be used to send pupil(s) to Summer school in Denmark.

15. Analysis of net assets between funds

	Fixed Assets	Investments	Bank & Cash	Other Net Current Assets	Net Assets
	GB £	GB £	GB £	GB £	GB £
Unrestricted funds					
General fund	5,100	404,879	156,236	68,743	635,086
Designated funds					
Organ fund	-	-	10,387	(216)	10,171
Church interior fund			5,001		5,001
Second vicar accommodation fund	-	-	16,719	(1,600)	15,119
Total designated funds	-	-	32,107	(1,816)	30,291
Total unrestricted funds (general & designated)	5,100	404,879	188,343	66,927	665,377
Restricted funds					
Garden fund	-	-	19,851	-	19,851
Friends fund	-	-	16,042	-	16,042
In memoriam fund	-	-	4,314	-	4,314
Building project fund	-	-	1,369,318	(188,511)	1,180,806
Façade project fund	-	-	-	-	-
Nordea fund	-	-	52,612	-	52,612
Total restricted funds	-	-	1,462,137	(188,511)	1,273,625
Endowment Funds					
Salary and pension fund* (18.2)	-	432,243	-	-	432,243
Benevolent fund (18.3)	-	143,181	16,992	72	160,118
FUHU fund	-	-	60,000	-	60,000
Building and reserve fund* (18.1)	245,000	244,834	10,457	(11,996)	488,295
Summer School fund	-	25,411	-	(948)	24,463
Total endowment funds	245,000	845,669	87,449	(12,872)	1,165,119
Total church funds	250,100	1,250,548	1,737,929	(134,456)	3,104,121

* The Building and Reserve Fund and Salary and Pensions Fund investments are held as if in cash equivalents attracting a set return.

16. Funds in deficit

At 31st December 2018, the façade project fund was in deficit by £42,480, but this was mainly cleared by a donation received during 2019. The remainder has been transferred against the Building & Reserve Fund.

17. Taxation

No taxation was payable on any surplus or deficit or investment income in 2019 because the church is regarded as a charitable organisation and is not engaged in trading activities as defined by the Income & Corporation Taxes Act 1988.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Linked Charities

	2019		2018	
18.1 Danish Church in London Building and Reserve Fund (Linked charity number 237897-1)	GB £	GB £	GB £	GB £
Opening value of investments at 1st January		489,834		489,834
Income from investments (net return after management fees)	18,782		17,093	
Less: Lease payment to Crown Estates	(6,041)		(2,000)	
Façade expenditure	(2,480)		-	
General repairs to church	(11,800)		(15,093)	
Surplus to carry forward		(1,539)		-
Investment (losses)/ gains in year		-		-
Closing value of investments at 31st December		488,295		489,834
18.2 Danish Church in London Salary and Pension Fund (Linked charity number 237897-2)		GB £		GB £
Opening value of investments at 1st January		432,243		432,243
Income from investments	18,567		16,771	
Less: Salaries applied from employees	(14,090)		(13,715)	
Portfolio management & transaction fees	(4,477)		(3,056)	
Surplus to carry forward		-		-
Investment (losses)/ gains in year		-		-
Closing value of investments at 31st December		432,243		432,243
18.3 Benevolent Fund: Hjaelfond for Danske I London (Linked charity number 237897-3)		GB £		GB £
Opening value of investments & cash at 1st January		135,713		150,691
Income from investments	7,049		5,882	
Less: Payments to beneficiaries	(2,680)		(4,250)	
Portfolio management fees	-		(919)	
Surplus to carry forward		4,369		713
Investment (losses)/ gains in year		20,036		(15,691)
Closing value of investments and cash at 31st December		160,118		135,713
Represented by:				
Investments		143,181		123,018
Cash balances (benevolent account & with general fund)		16,937		12,695
		160,118		135,713

18.4 Danish Emergency Trust Fund summary
(Linked charity number 237897-4)

The assets of the Danish Emergency Trust Fund is now registered as a separate charity number 213338. If the Danish Emergency Trust Fund should be dissolved, any remaining assets will be donated to the Danish Church in London.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Post Balance Sheet Events

Since the year end 2019, the world has had to face the coronavirus pandemic, which has necessitated the closure of places of public worship in the UK for several months. The spread of the Covid-19 virus has had a severe impact on foreign travel, and its impact socially and for the economy is significant and far ranging. The trustees are taking whatever measures are necessary to ensure they protect the church, its Christian mission, educational services and the building during this difficult time. The trustees believe that the church has sufficient cash resources to continue in operational existence for the forthcoming 12 months, albeit at a reduced capacity.

The trustees have recognised the economic impact on the value of its investments since the 2019 year end but they believe that the reduction in value does not pose a long term difficulty for the charity.