

Charity number: 211230

Armenian Church of St Sarkis

Trustees' report and financial statements

For the year ended 31 December 2017

Armenian Church of St Sarkis

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 4
Independent auditors' report	5 - 7
Statement of financial activities	8
Balance sheet	9
Notes to the financial statements	10 - 21

Armenian Church of St Sarkis

Reference and administrative details of the Charity, its trustees and advisers For the year ended 31 December 2017

Trustees

S Mouradian, Hon. President and Chairman
L Chilingirian OBE, Hon President and Deputy Chairman
C Kurkjian, Hon Treasurer and Hon Investments Director
Dr. G Stepan-Sarkissian, Hon Secretary (resigned 31 December 2017)
Yuri Khodjamirian, CFA, Hon Secretary (appointed 1 October 2017)
V Haroutunian
N Yerissian
Olivier Djololian (appointed 23 October 2017)
Armen Der Hakobian (appointed 23 October 2017)

Charity registered number

211230

Principal office

Iverna Gardens
London
W8 6TP

Investment Managers

JM Finn & Co. Limited
4 Coleman Street
London
EC2R 5TA

Independent auditors

Kreston Reeves LLP
Statutory Auditors and Chartered Accountants
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Bankers

Lloyds TSB Bank PLC
112 Kensington High Street
London
W8 4SN

Solicitors

Gulbenkian Andonian
Suite 2.2, Second Floor
Sicilian House
Sicilian Avenue
London
WC1A 2QH

Armenian Church of St Sarkis

Trustees' report

For the year ended 31 December 2017

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 January 2017 to 31 December 2017. The Trustees confirm that the Annual report and financial statements of the Charity comply with the current statutory requires, the requirements of the charity's governing document and the provisions of the Statements of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The Charity also trades under the name The Incorporated Trustees Of The Armenian Church of Saint Sarkis.

Objectives and Activities

a. Objectives and Activities

The objects of the Charity are to permit the Church to be used, occupied and enjoyed as a place of public worship by members of the Armenian Church in England and as a residence for the clergyman and his family.

Each year our Trustees review our objectives and activities to ensure they continue to reflect our aims. In carrying out this review the Trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit.

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

The Charity is responsible for the management of the activities of the Armenian Church of St Sarkis and of the Nevart Gulbenkian Church Hall.

Achievements and performance

a. Key financial performance indicators

The Trustees have continued to provide a suitable and convenient place of worship for the Armenian community in London.

The ladies' committee of the church, with the help of the caretaker, has continued to provide coffee and refreshments to the congregation after church service every Sunday and on special occasions.

Armenian community organisations have continued using the church hall with increased frequency for cultural and social activities in the evenings.

In order to provide adequate pastoral and spiritual care to the faithful worshipping at St Sarkis Church, the Trustees appointed a full-time priest to lead the congregation in worship according to the teachings of the Armenian Church and to extend pastoral care in order to build a parish community around St Sarkis Church.

b. Review of activities

The remit of the Trustees is to maintain the church, vicarage, hall and grounds. The Trustees have achieved this successfully. Further improvements have been made to the church hall, kitchens and toilets. These have been a great success, indicated by increased usage of the facilities and enjoyment by the communities that use them.

c. Investment policy and performance

The mandate set for our investment managers, JM Finn & Co. Limited, is 'long term equity growth'. The portfolio, managed by JM Finn, was valued at £876,176, up from £730,013 twelve months ago, and £666,635 on 31st December 2015.

Armenian Church of St Sarkis

Trustees' report (continued) For the year ended 31 December 2017

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Principal risks and uncertainties

Funding: The St Sarkis Charity Trust, established to provide funding for the running costs and building works of the St Sarkis Church Trust, (to avoid involvement from the community) unbeknownst to us, took the decision to alter their mandate in recent years, and reduce their funding by £2,000 per annum, until such time that it practically ceases.

Their rationale was that the community has grown and can now support the church, freeing up funds for other projects, not foreseen by the founder, Calouste Gulbenkian. Whilst this has thrown up new risks and uncertainties for the first time in our 90 year history, we do have the income from the hall usage, most notably by the Montessori School, which helps to defray our costs. The Charity Trust have promised to support us when necessary, and to cover major works, if approved by them.

c. Reserves policy

The Trustees endeavour to have sufficient reserves to continue the running of the Church, Church Hall and vicarage for the foreseeable future. As at the 31 December 2017, the total funds were £3,877,606, of which £333,920 was held in restricted funds, £2,638,515 was held in endowment funds and £905,171 was held in unrestricted funds.

The principal funding source of the Charity is the Saint Sarkis Charity Trust.

Structure, governance and management

a. Constitution

The Charity was established by Trust deed dated 8th January 1923 by Calouste Gulbenkian and is registered with the Charity Commission (Charity number 211230), 1st November 1963.

Trustees must all be members of the Armenian Church. New trustees are appointed upon being nominated and elected in a duly constituted General Meeting. Trustees serve in an honorary capacity. The Trustees work to ensure that a sufficient number of serving trustees are professional persons who are able to keep abreast of developments in the law and best practice and will seek professional advice or training as appropriate. Such Trustees will normally serve on the Executive Committee, which manages the day to day affairs of the Trust. The overall decision making authority resides in General Meetings of the Trustees.

b. Method of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

c. Risk management

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the

Armenian Church of St Sarkis

**Trustees' report (continued)
For the year ended 31 December 2017**

operations and finances of the Charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

a. Future developments

The Trustees intend to improve the landscaping around the church, to continue to develop the gardens and incorporate benches for the congregation and visitors to sit and enjoy the beautiful architecture.

We also plan to develop the vicarage, making room for office space on the ground floor and an additional studio flat on the first floor to accommodate a guest tenant, typically a member of the clergy.

We are looking to replace the church bells which have not been working for some time.

Trustees' responsibilities statement


The Trustees 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).


The law applicable to charities in England & 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 of the Charity for that period. 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 judgments and accounting estimates that are reasonable and prudent;
- 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 proper accounting records that are sufficient to show and explain the Charity's transactions and 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

This report was approved by the Trustees, on 16/10/18 and signed on their behalf by:


**S Mouradian Hon. President & Chairman
Trustee**


**C Kurkjian Hon. Treasurer
Trustee**

Armenian Church of St Sarkis

Independent auditors' report to the Trustees of Armenian Church of St Sarkis

Opinion

We have audited the financial statements of Armenian Church of St Sarkis (the 'Charity') for the year ended 31 December 2017 set out on pages 8 to 21. 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).

The financial statements have been prepared in accordance with 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity'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 Charities Act 2011.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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 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 Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Armenian Church of St Sarkis

Independent auditors' report to the Trustees of Armenian Church of St Sarkis

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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, 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.

Armenian Church of St Sarkis

Independent auditors' report to the Trustees of Armenian Church of St Sarkis

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

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

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

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



Kreston Reeves LLP

Statutory Auditors and Chartered Accountants

Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: 18th October 2018

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Armenian Church of St Sarkis

Statement of financial activities
For the year ended 31 December 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income and endowments from:						
Donations and legacies	3	70,190	-	-	70,190	49,674
Other trading activities	4	66,483	-	-	66,483	60,667
Investments	5	20,539	-	-	20,539	17,691
Other income		-	-	-	-	3,500
Total income and endowments		157,212	-	-	157,212	131,532
Expenditure on:						
Raising funds	4	3,899	-	-	3,899	3,384
Charitable activities	7	114,791	6,236	6,764	127,791	133,248
Total expenditure	6	118,690	6,236	6,764	131,690	136,632
Net income / (expenditure) before investment gains		38,522	(6,236)	(6,764)	25,522	(5,100)
Gains on revaluation of investments	15	100,763	-	-	100,763	48,860
Net income / (expenditure) before other recognised gains and losses		139,285	(6,236)	(6,764)	126,285	43,760
Net movement in funds		139,285	(6,236)	(6,764)	126,285	43,760
Reconciliation of funds:						
Total funds brought forward		765,886	340,156	2,645,279	3,751,321	3,707,561
Total funds carried forward		905,171	333,920	2,638,515	3,877,606	3,751,321

All activities relate to continuing operations.

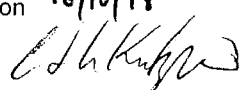
The notes on pages 10 to 21 form part of these financial statements.

Armenian Church of St Sarkis

Balance sheet As at 31 December 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	14		2,998,739		3,015,999
Investments	15		865,791		710,586
			<u>3,864,530</u>		<u>3,726,585</u>
Current assets					
Debtors	16	2,460		11,697	
Cash at bank and in hand		24,713		33,263	
		<u>27,173</u>		<u>44,960</u>	
Creditors: amounts falling due within one year	17	(14,097)		(20,224)	
Net current assets			13,076		24,736
Net assets			<u>3,877,606</u>		<u>3,751,321</u>
Charity Funds					
Endowment funds	18		2,638,515		2,645,279
Restricted funds	18		333,920		340,156
Unrestricted funds	18		905,171		765,886
Total funds			<u>3,877,606</u>		<u>3,751,321</u>

The financial statements were approved by the Trustees on 16/10/18 and signed on their behalf, by:



S Mouradian Hon. President & Chairman - Trustee **C Kurkjian Hon. Treasurer - Trustee**

The notes on pages 10 to 21 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2017**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements 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 has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements 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. The financial statements 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 Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Armenian Church of St Sarkis constitutes a public benefit entity as defined by FRS 102.

1.2 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

Depreciation is charged on tangible fixed assets to allocate the cost of the asset over its useful life. Useful lives of four years have been selected for plant and machinery and computer equipment, with no residual value. The Church Hall is being depreciated over a useful life of fifty year, and no depreciation is charged on the Church buildings and Vicarage as the residual value of the building is high given the maintenance carried out on an annual basis.

1.3 Going concern

The financial statements have been based on the expectation of the Charity continuing as a going concern for the next 12 months. The Trustees believe that there are no uncertainties regarding the accounts being prepared on a going concern basis.

1.4 Income

All income is recognised 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.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies (continued)

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Investment income and donations from the Trustees of St Sarkis Charity Trust are accounted for on a receivable basis. Other donations are credited to income when received.

Cash donations are received in the offertory box at the Church. This is periodically opened by a member of the clergy in the presence of a Trustee. The donations are counted and then banked at the earliest opportunity.

The Church hall hire income is accounted for in the period to which it relates.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Charity's operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

Expenditure has been classified under the headings that aggregate all costs related to the category, and are recognised on an accrual basis. The irrecoverable element of VAT is included with the item of expense to which it relates.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and includes the audit fee and costs linked to the strategic management of the Charity.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies (continued)

1.6 Fund accounting

General funds are unrestricted funds which are 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 other purposes.

The unrestricted fund consists of funds to be used for the purpose of the Charity at its discretion.

The restricted fund comprises the Flower Fund, representing money received to ensure the continuing provision of flowers in the Church, and the Building work, representing money received for the building of the Church Hall. Restricted funds are to be used for the specific purposes as laid down by the donor.

The endowment fund represents those assets which must be held permanently by the Charity. Depreciation on these assets can be charged against the fund. The assets consist of the Church Building and Vicarage and the Church Hall.

The designated fund represents the 'Project 2009' monies received and expended on initiated important construction works on the provision of a disabled toilet and disabled access to St Sarkis Church as well as involving major re-paving, drainage and landscaping works.

Also included in designated funds are monies received and expended on the major repairs and refurbishment to the Vicarage.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Church hall	-	2% straight line
Plant and machinery	-	25% straight line
Fixtures and fittings	-	25% straight line
Church building and vicarage	-	0%

The Church Building and the Vicarage are not depreciated due to their very long useful life and the Trustees do not wish to adopt a revaluation policy. It is the policy of the Trustees to maintain the Church Building and Vicarage at least to their current standard and to charge to the Statement of financial activities the cost of maintenance as is incurred.

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

**Notes to the financial statements
For the year ended 31 December 2017**

1. Accounting policies (continued)

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The Charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

1.15 Taxation

The charity is a registered charity and is exempt from income tax and corporation tax under s.478 of the Corporation Tax Act 2010.

1.16 Cash flow

The charity has taken advantage of the disclosure exemption of 'Section 7 Statement of Cash Flows' in preparing these financial statements as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

2. Trustee remuneration

None of the Trustees received any remuneration or benefits in kind, nor were they reimbursed their expenses during the year.

3. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations - St Sarkis	34,000	-	-	34,000	36,000
Donations - Other	11,190	-	-	11,190	13,674
Legacies	25,000	-	-	25,000	-
Total donations and legacies	70,190	-	-	70,190	49,674
Total 2016	49,674	-	-	49,674	

During the year, the charity received £Nil (2016: £3,500) in respect of an insurance claim.

4. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income					
Hire of Church Hall	66,483	-	-	66,483	60,667
Net income from trading activities	66,483	-	-	66,483	60,667

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Gross dividends from UK listed shares and bonds	20,539	-	-	20,539	17,691
Total 2016	17,691	-	-	17,691	

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

6. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on investment management	-	-	3,899	3,899	3,384
Costs of raising funds	-	-	3,899	3,899	3,384
Hire of church hall (Note 7)	51,188	21,028	47,897	120,113	126,156
Expenditure on governance	-	-	7,678	7,678	7,092
	<u>51,188</u>	<u>21,028</u>	<u>59,474</u>	<u>131,690</u>	<u>136,632</u>
<i>Total 2016</i>	<u>52,687</u>	<u>21,040</u>	<u>62,905</u>	<u>136,632</u>	

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of church hall	107,113	6,236	6,764	120,113	126,156
	<u>107,113</u>	<u>6,236</u>	<u>6,764</u>	<u>120,113</u>	<u>126,156</u>
<i>Total 2016</i>	<u>126,156</u>	<u>-</u>	<u>-</u>	<u>126,156</u>	

8. Direct costs

	2017 £	2016 £
Ministerial expenses	32,439	32,439
Organists and choristers	8,015	6,430
Church expenses	22,331	25,388
Pension costs	130	831
	<u>62,915</u>	<u>65,088</u>

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

9. Support costs

	2017	2016
	£	£
Light and heat	7,942	9,037
Rates	1,435	2,346
Telephone	1,561	1,823
General repairs and renewals	9,896	17,343
Insurance	8,702	9,094
Depreciation	21,028	21,040
Sundry expenses	1,362	385
	<u>51,926</u>	<u>61,068</u>

10. Governance costs

	Total Funds 2017	Total Funds 2016
	£	£
Auditors' remuneration	5,710	5,280
Auditors' non audit costs	1,968	1,380
Other professional fees	-	432
	<u>7,678</u>	<u>7,092</u>
Total	<u>7,678</u>	<u>7,092</u>

11. Net incoming/(resources expended)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets: - owned by the charity	<u>21,028</u>	<u>21,040</u>

12. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £5,710 (2016 - £5,280), which includes accounts preparation fee of the financial statements of £1,200 (2016 - £1,200). Other non audit fees of £1,968 (2016 - £1,380).

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

13. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	50,572	50,933
Social security costs	486	923
Other pension costs	130	831
	<u>51,188</u>	<u>52,687</u>

The average number of persons employed by the Charity during the year was as follows:

	2017 No.	2016 No.
Ministers	3	3
Administration	2	3
	<u>5</u>	<u>6</u>

No employee received remuneration amounting to more than £60,000 in either year.

14. Tangible fixed assets

	Church hall £	Church building and vicarage £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost					
At 1 January 2017	704,639	2,460,000	35,425	35,742	3,235,806
Additions	-	-	3,768	-	3,768
At 31 December 2017	<u>704,639</u>	<u>2,460,000</u>	<u>39,193</u>	<u>35,742</u>	<u>3,239,574</u>
Depreciation					
At 1 January 2017	161,124	-	32,937	25,746	219,807
Charge for the year	14,094	-	2,186	4,748	21,028
At 31 December 2017	<u>175,218</u>	<u>-</u>	<u>35,123</u>	<u>30,494</u>	<u>240,835</u>
Net book value					
At 31 December 2017	<u>529,421</u>	<u>2,460,000</u>	<u>4,070</u>	<u>5,248</u>	<u>2,998,739</u>
At 31 December 2016	<u>543,515</u>	<u>2,460,000</u>	<u>2,488</u>	<u>9,996</u>	<u>3,015,999</u>

The Church Buildings and the Vicarage, and the Church Hall were last valued at 31 December 1996 to open market value by the Trustees of the Charity.

All the fixed assets are used by the Charity for charitable activities.

Armenian Church of St Sarkis

Notes to the financial statements
For the year ended 31 December 2017

15. Fixed asset investments

	Listed securities £	Unlisted securities £	Total £
Market value			
At 1 January 2017	697,220	13,366	710,586
Additions	137,322	4,261	141,583
Disposals	(85,459)	-	(85,459)
Revaluations	99,081	-	99,081
At 31 December 2017	848,164	17,627	865,791
Historical cost	666,435	17,627	684,062

Investments at market value comprise:

	UK £	Overseas £	2017 £	2016 £
Listed investments	603,107	245,057	848,164	697,220
Unlisted investments	17,627	-	17,627	13,366
Total market value	620,734	245,057	865,791	710,586

Material investments

	31 December 2017 £	31 December 2016 £
Old Mutual Fund Managers UK Mid Cap R Inc	90,321	71,271
Capita Financial Managers Lindsell Train UK Equity Inc	79,833	67,463
Man Fund Management UK Limited GLG Undervalued	80,348	63,343
T. Bailey Fnd Services Ltd	59,265	53,222
Threadneedle UK Equity Inc Instl Inc	-	65,785
Artemis Fund Managers Global Income Units Instl Inc	41,390	38,456
River & Mercantile Funds CVC UK Equity Income B Inc	69,958	-
Other	444,676	351,046
	865,791	710,586

16. Debtors

	2017 £	2016 £
Other debtors	250	9,150
Prepayments and accrued income	2,210	2,547
	2,460	11,697

Armenian Church of St Sarkis

**Notes to the financial statements
For the year ended 31 December 2017**

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	4,091	9,532
Other taxation and social security	2,280	2,362
Accruals and deferred income	7,726	8,330
	<u>14,097</u>	<u>20,224</u>

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2017 £
Unrestricted funds					
General Funds - all funds	765,886	157,212	(118,690)	100,763	905,171
Endowment funds					
Endowment Funds - all funds	2,645,279	-	(6,764)	-	2,638,515
Restricted funds					
Restricted Funds - all funds	338,156	-	(6,236)	-	331,920
Flower fund	2,000	-	-	-	2,000
	<u>340,156</u>	<u>-</u>	<u>(6,236)</u>	<u>-</u>	<u>333,920</u>
Total of funds	<u>3,751,321</u>	<u>157,212</u>	<u>(131,690)</u>	<u>100,763</u>	<u>3,877,606</u>

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2016 £
General funds					
General Funds - all funds	709,126	131,532	(123,632)	48,860	765,886
Endowment Funds - all funds	2,652,043	-	(6,764)	-	2,645,279
Restricted funds					
Restricted Funds - all funds	344,392	-	(6,236)	-	338,156
Flower fund	2,000	-	-	-	2,000
Total of funds	3,707,561	131,532	(136,632)	48,860	3,751,321

The endowment fund represents those assets which must be held permanently by the Charity. Depreciation on these assets can be charged against the fund. The assets consist of the Church Building and Vicarage, and the Church Hall, all of which were revalued at 31 December 1996.

The 'Flower fund' represents money received to ensure the continuing provision of flowers in the Church.

The 'Building works' represents monies received from St Sarkis Charity for the upkeep of the building of the Church Hall.

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Tangible fixed assets	26,304	333,920	2,638,515	2,998,739
Fixed asset investments	865,791	-	-	865,791
Current assets	27,173	-	-	27,173
Creditors due within one year	(14,097)	-	-	(14,097)
	905,171	333,920	2,638,515	3,877,606

Armenian Church of St Sarkis

Notes to the financial statements For the year ended 31 December 2017

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £
Tangible fixed assets	30,564	340,156	2,645,279	3,015,999
Fixed asset investments	710,586	-	-	710,586
Current assets	44,960	-	-	44,960
Creditors due within one year	(20,224)	-	-	(20,224)
	<u>765,886</u>	<u>340,156</u>	<u>2,645,279</u>	<u>3,751,321</u>

20. Pension commitments

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £130 (2016 - £831). Contributions totalling £Nil (2016 - £Nil) were payable to the fund at the balance sheet date.

21. Related party transactions

Dr S Vartoukian, a Trustee of Armenian Church of St Sarkis is the sister of R Vartoukian who is a Trustee of Saint Sarkis Charity Trust. Although not falling within the definition of a related party, due to the historical link between the two charities they are treated as if they are related. During the year, the Charity received £34,000 (2016: £36,000) in donations from the Saint Sarkis Charity Trust. At the balance sheet date, there is a balance outstanding of £Nil (2016: £9,000) from the Saint Sarkis Charity Trust.

22. Controlling party

The Trustees are the controlling party of the Charity.