

Company number 4821792

Charity number 1138488

St John's Downshire Hill

***Annual report and financial statements
for the year ended
31 August 2018***

St John's Downshire Hill
Annual report and accounts
for the year ended 31 August 2018

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CHARITY INFORMATION

St John's Downshire Hill is a charitable company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

Company registration number: 4821792

Charity registration number: 1138488

Trustees

Gareth Burns
Alex Chitra
David Choi
John Lawson
Mary Wenham

Secretary

Daniel Barlow

Registered Office

St John's Church
Downshire Hill
Hampstead
NW3 1NU

Bankers

Barclays Bank
28 Hampstead High Street
London
NW3 1QB

Independent Auditor

Harmer Slater Limited
Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

Further information

For further information about the Church and its activities and to find out how you can get involved, please look at our website, www.sjdh.org. Alternatively, you would be welcome at any of our services (10.30 a.m. and 6 p.m. every Sunday). If you would like to contact us for any reason, please phone the church office, on 020 7099 9360.

St John's Church
Downshire Hill
Hampstead
London
NW3 1NU

Telephone: (020) 7099 9360
Email: office@sjdh.org

Report of the Trustees for the year ended 31 August 2018

The trustees present their annual report and audited financial statements for the year ended 31 August 2018 and confirm that they comply with the requirements of the Companies' Act 2006, the Charities' Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS 102)).

Purpose and Mission of St John's Downshire Hill

St John's Downshire Hill is a company limited by guarantee and was registered with the Charities Commission as a charity with effect from 20 October 2010. It is the legal entity which holds all the assets and liabilities of St John's Church, Downshire Hill, Hampstead, and which accounts for all of its income and expenditure. The church itself is a Proprietary Chapel in the Church of England, part of the Diocese of London, and therefore is accountable for its own assets and liabilities.

The Memorandum of Association of St John's, Downshire Hill, states that the church's objects are the advancement of the Christian faith for the public benefit in a way that is consistent with the fundamental truths revealed in Holy Scripture, as faithfully summarised and reflected in the Thirty-Nine Articles of Religion, The Book of Common Prayer and The Ordinal of the Church of England, as well as the Reform Covenant of 1994 and the Basis of Faith of the Fellowship of Independent Evangelical Churches (FIEC).

The mission and priority of St. John's is "living for Jesus, sharing his good news" by being transformed by his grace and equipped by his word to serve in his world.

This happens as:

- The Scriptures are taught, explained and applied (Acts 20:32)
- We unite in loving fellowship with God's people (Ephesians 3:17-19)
- We serve Christ and his church (Ephesians 4:11-13)
- We suffer for his sake (Philippians 3:10-11)

We also share the good news about Jesus through:

- The public proclamation of the gospel (Acts 17:23, Romans 11:14-15)
- the distinctive lives of Christians (Matthew 5:13-16)
- the united love of the church (John 13:34-35)
- individuals speaking about Christ as they have opportunities to do so (1 Peter 3:15-16)

Key Activities

The church's key activities are therefore:

- The work of St. John's itself in teaching God's Word in church services, small groups and youth groups; in encouraging and supporting each other; and in evangelism.
- Service of our local community in Hampstead, in order that the love of Christ may be more widely known in this area.
- Support of gospel work in the UK and worldwide through prayer, grant-making, and other practical help where needed.

Report of the Trustees for the year ended 31 August 2018

Key Activities (continued)

At the year end, St. John's had three salaried staff members and one volunteer staff member. Apart from this, the majority of St. John's ministry is carried out by volunteers, whether working within the church in teaching, youth work, evangelism etc., or involved in caring for the missionaries we support elsewhere. The trustees would like to thank all those who volunteer their services to help run and administer St. John's. Many people give a substantial amount of time to ensure the church runs efficiently.

Public Benefit

St. John's advances the Christian faith for the public benefit by promulgating the good news of the Christian message within Hampstead and also in support of individuals, churches, and organisations elsewhere in the UK and around the world with that same end. We believe that it is to the eternal benefit of all people to give them the opportunity to hear and respond to the invitation of salvation from our loving God.

St. John's also serves the public in many other ways:

- We run weekly English language classes for our local international community;
- We run a popular babies and toddlers group on our premises to help serve local mums and carers;
- We run after-school clubs for a variety of age groups, which are all free of charge;
- We organise musical concerts, which are open to the public, free of charge;
- We take regular school assemblies in the local Church of England school;
- Whilst we are not the parish church, we also conduct funeral and memorial services.

Achievements and Performance

Review of Activities

Work at St. John's

The past year saw a change of leadership at St John's with the arrival of the new senior minister, Tom Watts, and the departure of the associate minister, Andy Palmer, who had been overseeing day to day ministry for the previous two years. June 2018 also saw the appointment of a new Associate Minister for Families, David Rue, replacing the previous youth minister role.

All areas of work at St. John's have continued as in previous years, with two services each Sunday, and small groups gathering at various times midweek, most of which meet in the church premises. On the first Wednesday of each month we gathered centrally to lift up the needs of the church to God, as well as to speak with and pray for our mission partners elsewhere. Each term we also ran a course for those investigating Christian faith for the first time or desiring to go back to the basics: *Life Explored*, *Christianity Explored* and *Identity*.

Our sermon series during the year were on Titus, 'What a friend we have in Jesus', Proverbs 1-9, 'One-anothering', Matthew 5-7, Jude and Psalms. Giles Fouhy from St Barnabas' Dalston spoke on the Weekend Away on 'Why the Reformation Still Matters'.

Report of the Trustees for the year ended 31 August 2018

Our lay-led 'task teams' continued to help encourage the wider church to take more ownership in key areas of ministry, for example: local outreach, international mission, website and publicity, kitchen and events, gardening and maintenance.

Support for Gospel Work in the UK and Overseas

St. John's has continued to pray for and financially support missionary workers and organisations in Manchester (UK), Switzerland, Italy and Senegal. During the year we also began a process of reviewing and increasing the number of mission partners, which completed in November 2018.

Performance

Spiritual growth can be both numerical and in terms of individual maturity. The latter is hard to measure although it is encouraging to see so many church members giving sacrificially of their time and money to serve the church and wider world.

Our average Sunday attendance in both services was affected by people moving away from North London for work and other reasons, but we have also seen new people arriving and settling at both services, meaning numbers remained stable at approximately 115 adults in the morning and 30 in the evening.

The Sunday children's clubs increased from 65 to 70 children on average. The absence of a youth minister limited our ability to run the youngest midweek club for 5-7 year olds for most of the year, which resulted in lower overall attendance for the midweek clubs. Nevertheless, numbers have picked up since the arrival of the families minister.

There were 5 baptisms (1 adult and 4 children) during the year. A number of others came to profess faith in Christ off the back of the Christianity Explored courses.

Financial Review

Principal funding sources

The principal source of funding continues to be personal giving by the congregation, alongside the tax that is recoverable on this giving from HMRC. During this financial year, there has been an increase in regular donations by the congregation. Total donation received during the year amounted to £427,516 (2017: £297,406). Additionally, a small and variable income is derived from letting out the church building, rent from other residential properties and one-off legacy donations, but we do not aim to be reliant on any of these uncertain forms of income. During the year the charitable company received rent from lettings amounting to £33,901 (2017: £33,988).

Reserves policy

Excluding loans made for the purchase of 88 Upper Park Road and 19 Parliament Court, totalling £404,000 (2017: £404,000), which are repayable on 24 months' prior written notice, and provisions of £109,000 (2017: £138,000), the accounts show a net current asset position of £169,404 (2017: £99,269).

Our immediate aim is to repay the above loans with any surplus generated.

Report of the Trustees for the year ended 31 August 2018

Reserves policy (continued)

The trustees recognise that until this reduction in debt has taken place the Church will carry no reserves, beyond what is deemed reasonably prudent for the ongoing daily costs of the ministry of St John's.

Risk management

The trustees have sought to mitigate the major risks the charity faces. In particular:

- a) on the advice of the finance task team, the trustees believe that they have adequate controls to ensure that proper records are maintained in respect of donations received under Gift Aid to reduce the risk of amounts being reclaimed by HMRC, and that records are maintained of all legacies notified to the charity to reduce the risk that all legacy income to which the charity is entitled may not actually be received or properly recorded in the accounting records. This includes procedures to deal with any chattels or property received.
- b) there are controls in place to mitigate major financial risks. The finance task team prepares a budget, meets regularly to discuss significant transactions, review cash balances and reports its findings to the trustees on a regular basis.
- c) the Church Safeguarding Officer and Children's Champion implement St John's safeguarding policy, which is reviewed annually by the trustees and is available on our website (www.sjdh.org). One of the staff members works in consultation with the Church Safeguarding Officer to train and supervise all those working with children. Another staff member oversees the DBS certification process.
- d) the risks associated with the preparation and provision of meals from the church kitchen, and the training of all those involved in the preparation of food, has been overseen by members of the staff team who were also responsible for overseeing the Sunday and Wednesday evening catering. Food safety and hygiene guidelines are clearly posted in the kitchen and new volunteers in the kitchen are supervised initially. The trustees are satisfied that all personnel operating in the kitchen are appropriately trained and qualified in respect of food hygiene.
- e) Health and safety needs are monitored to ensure that St John's remains as safe a place as it can reasonably be for workers and visitors alike.

Report of the Trustees for the year ended 31 August 2018

Trustees and the Trust

St John's Downshire Hill has no share capital, being a company limited by guarantee. The company was registered as a charity by the Charity Commission with effect from 20 October 2010.

The trustees, who are trustees for the purpose of charity law and directors for the purposes of company law, who served during the financial year ended 31 August 2018 and up until the date of signing these accounts were:

Gareth Burns
Alex Chitra
David Choi
John Lawson
Mary Wenham

The trustees meet on a regular basis to make decisions and monitor the work of the charity. Trustees may be appointed at a general meeting by ordinary resolution.

Statement of Trustees' Responsibilities

The trustees (who are also directors of St John's Downshire Hill for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing those financial statements, the trustees are required to:

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

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

Each of the trustees has confirmed that so far as they are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act) of which the charitable company's auditors are unaware, and that they have taken all the required steps as trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Report of the Trustees for the year ended 31 August 2018

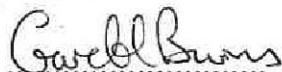
Auditor

Harmer Slater Limited were re-appointed as the charitable company's auditor during the year and have expressed their willingness to continue in that capacity.

Small companies provision statement

The trustees have taken advantage of the small companies' exemptions provided by sections 414B and 415A of the Companies Act 2006 from the requirement to prepare a strategic report and in preparing the trustees' report on the grounds that the charitable company is entitled to prepare its accounts for the year in accordance with the small companies regime.

BY ORDER OF THE BOARD



G Burns

Trustee

13 May 2019

Independent Auditor's Report to the Trustees of St John's Downshire Hill for the year ended 31 August 2018

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OPINION

We have audited the financial statements of St John's Downshire Hill for the year ended 31 August 2018 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102-The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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' (who are also directors of the charitable company for the purpose of the company law) 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 charitable company'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.

Independent Auditor's Report to the Trustees of St John's Downshire Hill for the year ended 31 August 2018

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OTHER INFORMATION

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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 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 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; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Independent Auditor's Report to the Trustees of St John's Downshire Hill for the year ended 31 August 2018

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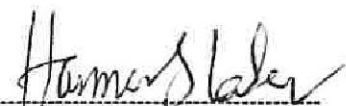
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the company 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 on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

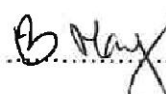
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

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



**Harmer Slater Limited
Statutory Auditor**

 2019

Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

Harmer Slater Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

St John's Downshire Hill

Statement of Financial Activities (Incorporating an Income and Expenditure Account)

for the year ended 31 August 2018

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		Unrestricted Year ended 31.08.18 £	Restricted Year ended 31.08.18 £	Total funds 2018 £	Total funds 2017 £
	Note				
Income from:					
Donations		386,320	41,196	427,516	297,046
Legacies		-	-	-	5,000
Other Trading Activities					
Bookstall		559	-	559	587
Tenancies		25,021	-	25,021	21,113
Building hire		8,880	-	8,880	12,875
Other		1,608	-	1,608	3,672
Investments					
Bank interest receivable		-	-	-	27
Dividends received from listed investments		210	-	210	226
Total Incoming Resources		<u>422,598</u>	<u>41,196</u>	<u>463,794</u>	<u>340,546</u>
Resources Expended					
Activities in furtherance of the Charity's objectives	2	319,086	-	319,086	209,954
Governance costs	3	<u>30,097</u>	<u>16,952</u>	<u>47,049</u>	<u>85,590</u>
Total Resources Expended		<u>349,183</u>	<u>16,952</u>	<u>366,135</u>	<u>295,544</u>
Unrealised loss on investments	8	(2,643)	-	(2,643)	(422)
Net Incoming Resources		<u>70,772</u>	<u>24,244</u>	<u>95,016</u>	<u>44,580</u>
Transfers between funds		<u>24,244</u>	<u>(24,244)</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		95,016	-	95,016	44,580
Opening Reserves		<u>5,557,520</u>	<u>701,667</u>	<u>6,259,187</u>	<u>6,214,607</u>
Closing Reserves		<u>5,652,536</u>	<u>701,667</u>	<u>6,354,203</u>	<u>6,259,187</u>

All of the above results are derived from continuing activities. All gains and losses in the year are included above.

The notes on pages 13 to 24 form part of the accounts

St John's Downshire Hill
(Company number: 4821792)
Balance Sheet
as at 31 August 2018

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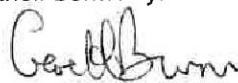
	Note	£	2018 £	£	2017 £
Fixed Assets					
Tangible Fixed Assets	7		6,693,559		6,695,035
Investments	8		<u>4,240</u>		<u>6,883</u>
			6,697,799		6,701,918
Current assets					
Debtors	9	38,030		31,109	
Cash at bank		<u>165,942</u>		<u>92,494</u>	
			203,972		123,603
Creditors: amounts falling due within one year	10		(<u>34,568</u>)		(<u>24,334</u>)
Net Current Assets			<u>169,404</u>		<u>99,269</u>
Total Assets Less Current Liabilities			<u>6,867,203</u>		<u>6,801,187</u>
Creditors: amounts falling due after more than one year	10		(404,000)		(404,000)
Provisions for liabilities	11		(<u>109,000</u>)		(<u>138,000</u>)
Net Assets	12		<u>6,354,203</u>		<u>6,259,187</u>
Funds					
Unrestricted income funds	13		5,468,916		5,371,257
Restricted income funds	13		701,667		701,667
Other reserves	13		<u>183,620</u>		<u>186,263</u>
			<u>6,354,203</u>		<u>6,259,187</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and Charities SORP (FRS 102) and constitute the annual accounts required by the Companies Act 2006 and are for the circulation to members of the charitable company.

The trustees are satisfied that the charitable company was entitled to exemption from audit for the year ending 31 August 2018 under section 477 of the Companies Act 2006 and that members have not requested an audit in accordance with section 476 of the same act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The trustees, who are regarded directors for the purpose of the Companies Act 2006, acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The accounts were approved and authorised for issue by the trustees on 13 May 2019 and signed on their behalf by:


G Burns
Trustee

The notes on pages 13 to 24 form part of the accounts

St John's Downshire Hill

Notes to the Accounts

for the year ended 31 August 2018

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1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

General information

St John's Downshire Hill is a charitable company limited by guarantee, incorporated in England and Wales under the Companies Act and registered as a charity in England and Wales. The company's registered office address is shown on page 1. The nature of the charitable company's operations and its principal activities are set out in the Trustees' Report on pages 2-7.

Going concern

The financial statements are drawn up on the going concern basis which assumes St John's Downshire Hill will continue in operational existence for the foreseeable future, being a period of 12 months from the date of approval of these financial statements. The Board have given due consideration to the working capital and cash flow requirements of St John's Downshire Hill. The Board consider St John's Downshire Hill's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for the foreseeable future.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Church Accounting Regulations 2006 and with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006.

Exemption from preparing a cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity (with incoming resources of less than £500k), is exempt from the requirements to prepare such a statement under Charities SORP (FRS 102).

Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Charities SORP (FRS 102) requires the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

St John's Downshire Hill

Notes to the Accounts

for the year ended 31 August 2018

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1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Provisions

Provisions are recognised when the charitable company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Details of provisions are set out in Note 11.

Incoming resources

Income is recognised when the charitable company has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably.

Incoming resources from donations represent voluntary income, which are credited in the year in which they are received. Income tax recoverable on donations received under Gift Aid, income from other activities and investment income are accounted for on an accruals basis.

Resources Expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of obligation can be measured reliably.

Expenditure is included on an accruals basis inclusive of VAT, except for expenditure eligible under the Listed Places of Worship Grants Scheme, when the expenditure is included exclusive of VAT.

Expenditure is classified under the following activity headings:

- Resources expended on activities in furtherance of the charity's objectives comprise donations made as well as salaries and other resources applied by the charitable company in undertaking its work to meet its charitable objectives.
- Resources expended on governance costs comprise the costs of arrangements which relate to the general running of the charitable company, and include such items as general office costs, legal and other professional fees, external audit and depreciation of fixed assets

Fixed Assets

Tangible fixed assets are stated at historical cost less depreciation where appropriate. Freehold land is not depreciated, in accordance with Charities SORP (FRS 102).

The charitable company's freehold and leasehold properties were last revalued on 31 August 2008 by the trustees. At the date of transition to Charities SORP (FRS 102), the trustees elected to use the previous revaluation of the charitable company's freehold land and buildings and leasehold properties as deemed cost at the respective revaluation date.

Depreciation is charged by annual instalments estimated to write off their cost less any residual value over the expected useful lives which equate to the following rates:

Organ & Piano	straight line basis over 25 years
Furniture & Equipment	straight line basis over 5 years

Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs in the corresponding Statement of Financial Activities category.

St John's Downshire Hill

Notes to the Accounts

for the year ended 31 August 2018

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1. Accounting policies (continued)

Investments

Investments are included in the balance sheet at their market value at the year end. Unrealised gains and losses arising from changing market value are included in other reserves.

Fund structure

The funds held by the charitable company fall into the following categories:

Unrestricted income funds – funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted income funds – funds that can only be used for a particular purpose within the objects of the charitable company. Restrictions arise when specified by a donor or when funds are raised for a particular restricted purpose.

Other reserves – cumulative effect of revaluations of freehold land and buildings and other investments to fair value at each reporting period. The funds are not distributable:

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the debt.

Cash at bank and in hand

Cash at bank and cash 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.

Creditors

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

Concessionary loans

The charitable company qualifies as a public benefit entity under FRS 102 and has chosen to account for concessionary loans received using the accounting treatment set out in paragraphs PBE34.90 to PBE34.97 of FRS102. In consequence, concessionary loans received are initially measured at the amount received and recognised as a liability in the balance sheet. In subsequent years, the carrying amount of concessionary loans received are adjusted to reflect any accrued interest payable. Concessionary loans are presented separately between amounts repayable within one year and amounts repayable after more than one year.

Taxation

The charitable company is a charity within the definition of section 467 Corporation Tax Act 2010 and is therefore able to take advantage of the exemptions given by sections 485 and 486 of that Act. Accordingly, there is no Corporation Tax charge in these accounts.

St John's Downshire Hill

Notes to the Accounts

for the year ended 31 August 2018

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1. Accounting policies (continued)

Pensions

The charitable company contributes into defined contribution pension scheme for staff who are not members of the Church of England Funded Pension Scheme for stipendiary clergy. For defined contribution schemes the amount charged to the Statement of Financial Activities represents the contributions payable in the year.

The charitable company participates in the Church of England Funded Pension Scheme for stipendiary clergy for staff who are members of this scheme. This is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible for the charitable company to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. In accordance with Charities SORP (FRS 102), the Trust accounts for its contribution to the scheme as if it were a defined contribution scheme. Any contributions payable relating to funding of a scheme deficit are included as a liability on the Balance Sheet and charged to the Statement of Financial Activities.

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.

2. Activities in furtherance of the Charity's objectives

	2018 £	2017 £
Donations made:		
Crosslinks – The Aranzullas	13,800	7,800
Wycliffe UK Ltd. – The Lowrys	4,200	4,200
St. Clements Church – The Jumps	3,000	-
Oak Hill College	20,000	-
Jews for Jesus UK- Stephen Pacht	6,000	-
London City Mission	6,000	-
Operation Mobilisation	6,000	-
Church activities:		
Utilities	11,062	9,277
Insurance	4,550	4,508
Cleaning	8,246	6,880
Cleaning materials	434	362
Repairs & renewals	25,564	7,668
Bookstall	784	276
Regular events	11,036	10,965
Occasional events	<u>26,239</u>	<u>7,455</u>
c/fwd	<u>146,915</u>	<u>59,391</u>

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2. Activities in furtherance of the Charity's objectives

	2018	2017
	£	£
b/fwd	146,915	59,391
Staff costs:		
Staff remuneration	54,182	118,662
Staff housing	103,874	30,406
Staff training	2,441	969
Other staff expenses	<u>11,674</u>	<u>526</u>
	<u>319,086</u>	<u>209,954</u>

All expenditure on activities in furtherance of the charity's objects in 2018 and 2017 was from unrestricted funds.

3. Governance costs

	2018		2017	
	£	£	£	£
	Unrestricted	Restricted	Total	Total
Telephone & internet	1,093	-	1,093	1,072
Payroll software support & computer expenses	3,317	-	3,317	2,908
Postage & stationery	5,494	-	5,494	3,206
TV licence	147	-	147	146
Professional fees	15,630	-	15,630	15,035
Audit fees	2,940	-	2,940	2,400
Legal costs	-	16,952	16,952	59,153
Depreciation	<u>1,476</u>	<u>-</u>	<u>1,476</u>	<u>1,670</u>
	<u>30,097</u>	<u>16,952</u>	<u>47,049</u>	<u>85,590</u>

All governance expenditure in 2017 was from unrestricted funds.

4. Net outgoing resources

Net outgoing resources are stated after charging:

	2018	2017
	£	£
Depreciation	1,476	1,670
Auditor's remuneration	<u>2,940</u>	<u>2,400</u>

St John's Downshire Hill
Notes to the Accounts
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5. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Salaries	64,323	66,434
Social security costs	2,566	4,452
Staff pensions	(12,707)	47,776
Total	<u>54,182</u>	<u>118,662</u>

The average number of employees during the year was as follows:

	2018	2017
	No.	No.
Ministerial	1	2
Governance	<u>2</u>	<u>1</u>
	<u>3</u>	<u>3</u>

No employee received emoluments of more than £60,000 during the current and previous years.

6. Trustee remuneration & Related Party Transactions

The trustees were not paid or received any other benefits from employment with the charitable company during the year (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charitable company (2017: £nil).

John Lawson, a trustee, has made an interest free loan to the charitable company of £254,000 to finance part of the cost of the acquisition and refurbishment of a freehold property. The loan is interest free and secured on the property at 88 Upper Park Road, NW3 2UJ, London. Additionally, John Lawson has made an interest free unsecured loan of £150,000, to finance part of the cost of the acquisition of a leasehold property at 19 Parliament Court, NW3 2TS. The above loans are repayable on 24 months' prior written notice from the lender.

St John's Downshire Hill
Notes to the Accounts
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7. Tangible Fixed Assets

	Freehold Land & Buildings £	Leasehold Land & Buildings £	Organ & Piano £	Furniture & Fittings £	Total £
<i>Cost:</i>					
At 1 September 2017	5,638,070	1,035,018	36,907	67,321	6,777,316
Additions in year	-	-	-	-	-
At 31 August 2018	<u>5,638,070</u>	<u>1,035,018</u>	<u>36,907</u>	<u>67,321</u>	<u>6,777,316</u>
<i>Depreciation:</i>					
At 1 September 2017	-	-	14,960	67,321	82,281
Charge in year	-	-	1,476	-	1,476
At 31 August 2018	-	-	<u>16,436</u>	<u>67,321</u>	<u>83,757</u>
<i>NBV</i>					
At 31 August 2018	<u>5,638,070</u>	<u>1,035,018</u>	<u>20,471</u>	-	<u>6,693,559</u>
At 31 August 2017	<u>5,638,070</u>	<u>1,035,018</u>	<u>21,947</u>	-	<u>6,696,035</u>

St John's Downshire Hill owns the freehold of the following properties: the church building, (St John's Church, Downshire Hill, Hampstead, NW3 1NU); 64 Pilgrims Lane, NW3 1SN; and, 88 Upper Park Road, NW3 2UJ.

St John's Downshire Hill owns the leasehold of Flat 20, South End Close, NW3 2RB and Flat 19, Parliament Court, NW3 2TS.

The charitable company's freehold and leasehold properties are stated at cost.

8. Investments

	2018 £	2017 £
Market value at 1 September 2017	6,883	7,305
Unrealised loss	(2,643)	(422)
Market value at 31 August 2018	<u>4,240</u>	<u>6,883</u>

The investments are represented by 1,192 (2017:2,187) shares in Vodafone and 57 (2017: 57) shares in Verizon. These have been shown at their market value at the year-end.

9. Debtors

	2018 £	2017 £
Recoverable income tax	3,324	10,711
Prepayments	<u>34,706</u>	<u>20,398</u>
	<u>38,030</u>	<u>31,109</u>

St John's Downshire Hill

Notes to the Accounts

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10. Creditors

Amounts falling due within one year

	2018 £	2017 £
Other creditors	31,400	21,934
Accruals	<u>3,168</u>	<u>2,400</u>
	<u>34,568</u>	<u>24,334</u>

Amounts falling due after more than one year

	2018 £	2017 £
Concessionary loans	<u>404,000</u>	<u>404,000</u>
	<u>404,000</u>	<u>404,000</u>

The above concessionary loans are interest free and repayable on 24 months' written notice from the lender. A loan amounting to £254,000 is secured on the property known as: 88 Upper Park Road, NW3 2UJ, London.

11. Provisions

	Note	Pension £	Other provisions £	Total £
Provisions at 1 September 2017		48,000	90,000	138,000
Additions		1,000	16,952	17,952
Released		-	(16,952)	(16,952)
Movement during the year	14	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Provisions at 31 August 2018		<u>19,000</u>	<u>90,000</u>	<u>109,000</u>

Pension

The charitable company participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies (being participating employers).

A valuation of the Scheme that was carried out at 31 December 2015 revealed a deficit and consequently a deficit recovery plan was put in place until 31 December 2025. The above pension provision represents additional deficit recovery contributions payable to the Scheme and subsequent movements in the liability as at the year-end; details of the Scheme valuation and movements in the liability have been shown in Note 14.

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Notes to the Accounts
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11. Provisions (continued)

Other provisions

The charitable company is in a legal dispute with a former employee. The trustees have established the above provision to meet the costs of resolving this dispute. The provision is based upon an assessment of the probable costs of concluding this dispute to the extent that such costs can be reliably estimated by the trustees as at the date of approval of these financial statements. The trustees have made various assumptions in assessing the appropriate level of provision. In the light of the significant uncertainty associated with this dispute, there can be no guarantee that the assumptions used to estimate the provision will be an accurate prediction of the actual costs that may be incurred and, as a result, the provision may be subject to revision from time to time as more information becomes available.

12. Analysis of Net Assets between Funds

Year ended 31 August 2018

	Fixed Assets £	Investments £	Net Current Assets £	Creditors over one year £	Provisions £	Total £
Restricted Funds	701,667	-	-	-	-	701,667
Unrestricted Funds	<u>5,991,892</u>	<u>4,240</u>	<u>169,404</u>	<u>(404,000)</u>	<u>(109,000)</u>	<u>5,652,536</u>
	<u>6,693,559</u>	<u>4,240</u>	<u>169,404</u>	<u>(404,000)</u>	<u>(109,000)</u>	<u>6,354,203</u>

Year ended 31 August 2017

	Fixed Assets £	Investments £	Net Current Assets £	Creditors over one year	Provisions	Total £
Restricted Funds	701,667	-	-	-	-	701,667
Unrestricted Funds	<u>5,993,368</u>	<u>6,883</u>	<u>99,269</u>	<u>(404,000)</u>	<u>(138,000)</u>	<u>5,557,520</u>
	<u>6,695,035</u>	<u>6,883</u>	<u>99,269</u>	<u>(404,000)</u>	<u>(138,000)</u>	<u>6,259,187</u>

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13. Funds

Year ended 31 August 2018

	Balance at 1 Sept 2017 £	Incoming resources £	Outgoing resources £	Investment loss £	Transfers between funds £	Balance at 31 August 2018 £
Restricted funds	701,667	41,196	(16,952)	-	(24,244)	701,667
Unrestricted funds	5,371,257	422,598	(349,183)	-	24,244	5,468,916
Other reserves	<u>186,263</u>	-	-	(2,643)	-	<u>183,620</u>
Total Funds	<u>6,259,187</u>	<u>463,794</u>	<u>(366,135)</u>	<u>(2,643)</u>	<u>-</u>	<u>6,354,203</u>

Year ended 31 August 2017

	Balance at 1 Sept 2016 £	Incoming resources £	Outgoing resources £	Investment gains £	Transfers between funds £	Balance at 31 August 2017 £
Restricted funds	701,667	-	-	-	-	701,667
Unrestricted funds	5,326,255	340,546	(295,544)	-	-	5,371,257
Other reserves	<u>186,685</u>	-	-	(422)	-	<u>186,263</u>
Total Funds	<u>6,214,607</u>	<u>340,546</u>	<u>(295,544)</u>	<u>(422)</u>	<u>-</u>	<u>6,259,187</u>

14. Pension Schemes

a) Defined contribution pension scheme

The charitable company contributes to a defined contribution pension scheme for its non-ordained staff. The pension cost of £3,465 (2017: £4,156) was charged to Statement of Financial Activities.

Contributions totalling £468 were payable to the scheme at the year end (2017: £nil) and are included in other creditors.

b) Other pension schemes accounted for as defined contribution pension schemes

St Johns Downshire Hill participates in the Church of England Funded Pension Scheme for stipendiary clergy for one member (2017: 1). This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

14. Pension Schemes (continued)

b) Other pension schemes accounted for as defined contribution pension schemes (continued)

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to a specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension cost charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2018: £12,828, 2017: £11,620); plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total credit of £16,172 (2017: charge £43,620)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined.

The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2017 and December 2018 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

St John's Downshire Hill

Notes to the Accounts

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14. Pension Schemes (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2018	2017
	£	£
Balance sheet liability at 1 January	48,000	16,000
Deficit contributions paid	(4,000)	(3,000)
Interest cost (recognised in SoFA)	1,000	-
Remaining change to the balance sheet liability* (recognised in SoFA)	(26,000)	35,000
Balance sheet liability at 31 December	<u>19,000</u>	<u>48,000</u>

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments.

	December 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase in total pensionable payroll	1.6% pa	1.5% pa	1.3% pa

The legal structure of the scheme is such that if another Responsible Body fails, St John's Downshire Hill could become responsible for paying a share of that Responsible Body's pension liabilities.

15. Status

The company is a charitable company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

16. Events after the financial period

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or a disclosure in, the financial statements.