Charity number: 211409

# THE CHURCH LANDS CHARITY ANNUAL REPORT OF THE TRUSTEES AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

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# TRUSTEES, ADMINISTRATOR AND ADVISERS

**Trustees** 

Mr R Cervenka (Chairman)

Mr P Cartwright Mr M Waller Mr P Kaser Mr M Olver

Mr J Heatley (resigned 6 March 2018)

Mr L Garside

Ms Helena Ellis (appointed 19 November 2018)

**Principal Office** 

St Peter's Church St Peter's Street St Albans Hertfordshire AL1 3HG

**Charity Registration Number** 

211409

Clerk

Collinson Hall 9-11 Victoria Street

St Albans Hertfordshire AL1 3UB

**Accountants** 

Collinson Hall 9-11 Victoria Street

St Albans Hertfordshire AL1 3UB

**Architect** 

Cannon Morgan & Rheinberg Partnership

38 Holywell Hill St Albans Hertfordshire AU1 1BU

# TRUSTEES, ADMINISTRATOR AND ADVISERS (continued)

**Property Agents** 

Collinson Hall

9-11 Victoria Street

St Albans Hertfordshire AL1 3UB

Solicitors

Debenhams Ottaway

Ivy House

107 St Peters Street

St Albans Hertfordshire AL1 3EW

**Auditors** 

Mercer & Hole Chartered Accountants

Gloucester House 72 London Road St Albans Hertfordshire AL1 1NS

**Bankers** 

NatWest Bank plc St Albans Branch 10 St Peters Street

St Albans Hertfordshire AL1 3LY

#### **ANNUAL REPORT OF THE TRUSTEES**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees present the statutory report with the accounts of The Church Lands Charity for the year ended 31 December 2018.

#### Constitution

The charity was regulated by a schedule set out by the Charity Commission on 29 July 1881 and reestablished by a new scheme of the Charity Commission dated 6 June 1995. The registration number is 211409.

#### **Trustees and Officers**

The names of the Trustees and Officers who have served during the year are shown on the Trustees, Administrators and Advisers page of this report. The method of appointment of each trustee is shown on page 17. Trustees serve a four year term which is renewable.

New trustees are provided with documentation to enable them to appreciate the Trust's objectives, organisation, method of operation and their responsibilities under the law. In addition existing trustees assist them in becoming fully conversant with their role.

#### **Principal Aims and Activities**

The objects of the charity are:-

- To provide funds for the upkeep and maintenance of the fabric of the Parish Churches of St Peter's, St Paul's and St Luke's all being in St Albans, Hertfordshire. Preference is given to the needs of St Peter's; and
- b. To further the religious and other charitable purposes of the Church of England in any or all of these Parishes.

The charity's main objective is to preserve and enhance its assets so that regular contributions can be made to the three beneficiary Parishes. These funds derive from rental income and income from cash deposits and other investment.

The trustees make grants periodically to the Parishes, with preference for St Peter's. Trustees are kept aware of the application of those grants by reports from the trustees appointed by the relevant Parish.

Originally the Charity was endowed with retail and domestic property in St. Albans. It is the policy of the Trustees to ensure properties are maintained in good order and the income is maximised. The gross commercial rents have increased to £205,612 (2017: £195,442) and the residential rents have increased to £423,815 (2017: £393,322). There has been no change in this policy since last year.

During the year grants of £326,000 (2017: £325,000) were made to the churches as shown in Note 4 to the Accounts. The trustees' objective of maximising income has been met this year, and further opportunities to enhance income are actively being sought.

#### **ANNUAL REPORT OF THE TRUSTEES (continued)**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

#### Organisation

The trustees meet three times a year to review the progress of the charity and to decide upon the policy to be adopted. The chairman and clerk are the executive officers who carry out the wishes of the trustees.

#### Application of Income

The income of the charity after expenses is to be applied towards the maintenance and fabric of the Parish Churches of the Ecclesiastical Parishes of St. Peter, St. Paul, and St. Luke, in the diocese of St Albans with preference for St. Peter, and/or furthering the work of the Church of England in these parishes. The grants made are shown in Note 4 to the accounts.

All three churches make themselves and their services available to all parishioners and residents without charge. The trustees consider that by supporting the three churches they are fulfilling the charity's public benefit requirement.

#### **Investment Policy**

The trustees periodically review any deposits and take professional advice to ensure that maximum interest is earned. The trustees wish for any investments to be low risk and deposits are therefore held with the CBF Church of England fund.

#### **Future Obligations**

The trustees are ever mindful of the reliance by the Charity on its freehold property but consider its resources are adequate to fulfil its obligations. It has no contractual commitments of a capital nature.

#### **Future Plans**

The trustees intend to continue along the same lines as they are currently operating. They want to maintain and enhance the existing property portfolio, thereby preserving the income stream and maximising the distributions to the beneficiaries. They are planning to undertake in the near future an in-depth strategy review to consider their plans over the next five to ten years.

#### **Reserves Policy**

The charity's reserves are reviewed on an annual basis. The trustees' policy is to maintain the real value of the charity's assets, after accounting for distributions. In addition, the trustees seek to maintain free reserves of £50,000 to cover any unforeseen expenditure.

#### Risk Assessment

The trustees have fully reviewed the areas of risk to the charity, being business, commercial and financial risk. Although the areas of risk are deemed to be few, the main risk is the possibility of fluctuations in the property market and reduced income from properties not being let.

#### **Public Benefit**

The Trustees confirm that due regard has been paid to the public benefit guidance published by the Charity Commission.

# **ANNUAL REPORT OF THE TRUSTEES (continued)**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

#### Statement of Trustees' Responsibilities

The trustees 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).

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 2015 (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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.

Signed on behalf of the Trustees:

Approved by the Trustee on 15My 2019

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH LANDS CHARITY

#### FOR THE YEAR ENDED 31 DECEMBER 2018

We have audited the financial statements of The Church Lands Charity (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH LANDS CHARITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Matters on which we are required to report by exception

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

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

#### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, 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.

# Auditor's responsibilities for the audit of the financial statements

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH LANDS CHARITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 on 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 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 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.

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Robinson Mercer & Hole

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Chartered Accountants & Registered Auditors Gloucester House 72 London Road St Albans Herts.
AL1 1NS 26 July 2017

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THE CHURCH LANDS CHARITY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

la constant de la con	Note	2018 General Funds £	2018 Designated Funds £	2018 Total Funds £	2017 General Funds £	2017 Designated Funds £	2017 Total Funds £
Income and Endowments Investment Income	3	641,839	-	641,839	611,832	-	611,832
Total Income		641,839	-	641,389	611,832	-	611,832
Expenditure Costs of Raising Funds: Property Expenditure Expenditure on Charitable Activities:	2	196,189	-	196,189	156,728	2,100	158,828
Grants & Donations Other	4 5	326,000 24,639	-	326,000	325,000	-	325,000
	5		-	24,639	11,231	-	11,231
Total Expenditure		546,828	-	546,828	492,959	2,100	495,059
Fair Value Revaluation of Properties		(822,105)	-	(822,105)	565,588	-	565,588
Net Income/(Expenditure)		(727,094)	-	(727,094)	684,461	(2,100)	682,361
Transfers between funds		(37,004)	37,004	-	(37,000)	37,000	-
Net Movement in Funds		(764,098)	37,004	(727,094)	647,461	34,900	682,361
Reconciliation of funds: Total funds brought forward at 1 January 2018		15,590,881	96,690	15,687,571	14,943,420	61,790	15,005,210
Total funds carried forward at 31 December 2018		14,826,783	133,694	14,960,477	15,590,881	96,690	15,687.571

All recognised gains and losses for the year are included in the Statement of Financial Activities.

# **BALANCE SHEET**

# AS AT 31 DECEMBER 2018

Fixed Assets	Note	2018 £	2018 £	2017 £	2017 £
Investments	6		14,531,837		15,353,942
Current Assets Debtors Cash at bank and in hand	7	39,272 514,372		40,771 490,069	
	-	553,644		530,840	-
Creditors: amounts falling due within one year	8	(125,004)		(197,211)	
Net current assets			428,640		333,629
Total assets less current liabilities		-	14,960,477		15,687,571
Net Assets		-	14,960,477		15,687,571
Funds Unrestricted:					
Designated funds General funds:	9		133,694		96,690
Accumulated surplus Revaluation and fair value reserve			4,307,646 10,519,137		4,249,639 11,341,242
		=	14,960,477		15,687,571

Approved by the Trustees on  $15\$   $15\$  and signed on their behalf by:

M Olyar

The notes on pages 12 to 16 form part of these accounts

# THE CHURCH LANDS CHARITY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Net cash used in operating activities	13	22,391	152,840
Cash flows from investing activities Interest received Net cash provided by investing activities		1,912 1,912	804 804
Change in cash and cash equivalents in the year		24,303	153,644
Cash and cash equivalents brought forward		490,069	336,425
Cash and cash equivalents carried forward		514,372	490,069

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. Accounting Policies

(a) The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards and 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 the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

- (b) Property income represents rents receivable in the year and property expenses are those incurred in the year. This is accounted for on an accruals basis.
- (c) Investment income represents dividends and interest received in the year. Income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.
- (d) Grants are the amounts paid to the various Parochial Church Councils during the year in accordance with the charity's objects.
- (e) All works on the maintenance and refurbishment of the freehold property are written off during the year in which they are incurred.
- (f) Investments are shown on the balance sheet at their open market value at the year-end.
- (g) Investments properties are included at valuation and are held for an investment return. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.
- (h) 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.
  - Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.
- Trade and other debtors are recognised at the settlement amount due after any trade discount offered.
   Prepayments are valued at the amount prepaid net of any trade discounts due.
- (j) Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity date of three months or less from the date of acquisition
- (k) Creditors and provisions are recognised when 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.

# NOTES TO THE FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2017

2.	. Costs of Raising Funds	General	Designated	Total	Total
D	manager Francisco de Company	Funds	Funds	2018	2017
P	roperty Expenditure Insurances	£ 7,365	£	£	£
	Rent Collection	66,961	_	7,365 66,961	4,415 62,206
	Architectural Fees	2,852	_	2,852	351
	Legal Fees	23,090	_	23,090	15,209
	Utilities	7,665	-	7,665	4,728
	Property Maintenance and				• • • • • • • • • • • • • • • • • • • •
	Refurbishment	73,956	-	73,956	69,799
	Miscellaneous	14,300	-	14,300	2,120
		196,189	-	196,189	158,828
3.	Investment Income  Interest on deposit accounts Lease Extensions Commercial Rents Cottage Rents	General Funds £ 1,912 10,500 205,612 423,815 641,839	Designated Funds £ - - - -	Total 2018 £ 1,912 10,500 205,612 423,815 641,839	Total 2017 £ 804 22,264 195,442 393,322 611,832
4.	Expenditure on Charitable Activities	General Funds	Designated Funds	Total 2018	Total 2017
Gr	ants and Donations	£	£	£	£
	Parish Church of St Peter's Parish Church of St Paul's	260,800	-	260,800	260,000
	Parish Church of St Luke's	32,600 32,600	-	32,600 32,600	32,500 32,500
	and ondron of ot cake 3	326,000	-	326,000	325,000
5.	Other Expenses	General Funds £	Designated Funds £	Total 2018 £	Total 2017 £
		_	-	~	***
	Management Fees	16,926	_	16,926	4,495
	Bad Debt Provision	2,913	-	2,913	1,576
	Audit Fees	4,800	-	4,800	5,160
	_	24,639		24,639	11,231

# **NOTES TO THE FINANCIAL STATEMENTS**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

6.	Fixed Asset Investments		
	Properties	2018	2017
		£	£
	Market value at 1 January 2018	15,353,942	14,788,354
	Fair value revaluation	(822,105)	565,588
	Market value at 31 December 2018	14,531,837	15,353,942

The Investment Properties were valued on 31 December 2018 by the trustees with reference to the Land Registry House Price Index.

7.	Debtors	2018	2017
	Other debtors:	£	£
	Rents held by agents	32,224	32,845
	Prepayments and accrued income	7,027	7,905
	Recoverable from tenants	21	21
		39.272	40 771

Within the 'Rents held by agents' is a sum of £32,224 (2017: £32,845) representing rent in arrears at the balance sheet date.

Liabilities: Amounts falling due     within one year	2018	2017
	£	£
Other Creditors Amounts due to connected parties	79,004 <u>46,000</u> 125,004	83,671 <u>113,540</u> 197,211

#### 9. Unrestricted Funds

Designated Fund				
	2017	<b>Transfers</b>	Expended	2018
	£	£	£	£
Renovation reserve	34,852	10,000	-	44,852
Redecoration reserve	20,000	20,004	-	40,004
Roof reserve	41,838	7,000		_48,838
	96,690	37,004	-	133,694

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9. Unrestricted Funds continued

The designated fund's purpose is to provide funds for the upkeep of properties, including the periodic exterior redecoration of the Charity's property and the refurbishment of properties that fall below current standards.

General Fund This comprises: Accumulated surplus Revaluation reserve			<b>2018</b> £ 4,307,646 10,519,137	<b>2017</b> £ 4,249,639 11,341,242
		-	14,826,783	15,590,881
	Unrestricted	Designated	2018 Total	2017 Total
	£	£	£	£
Fixed assets	14,531,837	-	14,531,837	15,353,942
Current assets	419,950	133,964	553,644	530,840
Current liabilities	(125,004)	-	(125,004)	(194,211)
	14,826,783	133,964	14,960,477	15,690,571

#### 10. Trustee's Remuneration

No remuneration is paid nor any expenses reimbursed to the trustees.

#### 11. Related Parties

During the year the following transactions took place with related parties:

Donations made	2018 £	2017 £
St Peter's PCC St Paul's PCC St Luke's PCC	260,800 32,600 32,600	260,000 32,500 32,500
	326,000	325,000

All of the above are related parties through their involvement in deciding appointments to the board of trustees.

#### 12. Control

The charity is under the control of the board of trustees.

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### FOR THE YEAR ENDED 31 DECEMBER 2018

# 13. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£	£
Net movement in funds	(727,094)	682,361
Deduct interest income shown in investing activities	(1,912)	(804)
Revaluation of fixed assets	822,105	(565,588)
Decrease in debtors	1,499	(14,285)
Decrease in creditors	(72,207)	51,156
Net cash used in operating activities	22,391	152,840

# 14. Legal Form

The charity is an unincorporated entity registered with the Charity Commission on 6<sup>th</sup> June 1995.

# **ROTATION OF TRUSTEES**

# FOR THE YEAR ENDED 31 DECEMBER 2018

Name	Date of Retirement
Nominated by Parochial Church Council of St Peter For a term of four years	
Mr P Cartwright Mr M Waller Helena Ellis (appointed 11 November 2018) Mr M Olver	June 2021 June 2021 November 2022 November 2019
Nominated by Parochial Church Council of St Paul For a term of four years	
Mr L Garside	October 2020
Nominated by Parochial Church Council of St Luke For a term of four years	
Mr P Kaser	June 2022
Co-opted by the Trustees For a term of four years	
Mr R Cervenka Mr J Heatley	November 2019 Retired 6 March 2018