

THE DANISH CHURCH IN LONDON

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Registered charity number 237897

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2018

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CHARITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

UK Registered Charity No.	237897
Name of the charity:	The Danish Church in London
Registered office	The Danish Church in London 4 St Katherine's Precinct Regent's Park, London NW1 4HH
Trustees	Trustees and members of the Church Council from January 2018 to May 2019 are: Dorte Bille Harding (Chair), Christine Bergstedt Jørgensen (Deputy Chair), Søren Kjær Petersen (Chair of Finance Committee - stopped June 2018), Flemming Munck (Treasurer - started June 2018), Lisbeth Pedersen (Treasurer - stopped June 2018), Anne-Grethe Jensen (Secretary), Andy Marino (Church Warden), Ole Justesen (Church Warden), Benedikte Malling Bech (stopped June 2018), Flemming Kloster Poulsen (Pastor) Johanne Nørtoft Thomsen (Pastor - started March 2019), Peter Melbye, Palle Baggesgaard Pedersen, Per Gullestrup, Ulrik E. Petersen (Danish Embassy), Jacob Christiansen Helle Bond (started June 2018)

CHARITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

Independent examiners	Waterman Brown (London) Limited 66 Norman Road London SW19 1BN
Principal bankers	Barclays Bank Plc Danske Bank HSBC Plc Cazenove (custody/investments) Charles Stanley & Co. (custody/investments)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees present their report and financial statements for the year ended 31 December 2018.

1. Structure, governance and management

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

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

The Danish Ambassador is Patron of the Church.

The Royal Danish Embassy appoints one member of the Church Council. Resident pastors are automatically members of the Church Council, and Church Wardens are appointed directly by the Church Council. All other members (minimum of 5) are elected by the members of the Danish Church, at the annual general meeting in June.

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

2. Objects, objectives and achievements

Aim and Purpose

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

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

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

Achievements and Performance

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

In 2018 the Church conducted 53 Services. In addition, there were 18 Christenings, 3 full Marriages, 2 funerals and 16 confirmations. The Pastor was called to 95 official conversations and had 7 visits to the homebound or imprisoned.

The Church shows recent Danish films, and hosts concerts, talks and debates. Several Danish

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

groups meet in the church halls, amongst them parents and toddlers group, young people's group, Open Evening Cafe, book club, bridge club, sewing club, Senior Group, Danish Women in England and Team Danmark, a football and running club.

The Church runs a thriving Saturday School, where over 100 children are taught Danish language and culture, and during the week, the charity also offers Danish tuition for adults.

There are approximately 800 paying members of the Church, and annually over 10,000 people benefit from our activities.

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

Pastors

In 2018 the Church has benefitted from a resident pastor, Flemming Kloster Poulsen. In March 2019 Johanne Nørtoft Thomsen was employed, as an additional full-time pastor, with particular duty to Danish students in London, and occasional Church Services in Hull. The salaries of both pastors are funded by Danish Church Abroad/Danish Seamen's Church.

3. Financial review

The Danish Church has in the financial year 2018 seen a small deficit of £5,925 on the unrestricted funds (3% of unrestricted income) but a significant loss on investments of £122,746 resulting in an overall negative financial result. The unrestricted funds broadly represent the ordinary activities of the church and are principally the general funds. The net decrease in the unrestricted funds for the year amounted to £131,071. Total donations decreased in 2018 to £279,751 and of this, £214,894 related to fundraising for the building- and facade restoration projects.

Total return on investments in 2018 was negative by 7% across the Church's investment portfolio compared to a positive return of 9.6% in 2017. The total return arises from a decrease in portfolio value of £139,606 (2017 – increase of £68,037) and dividends and interest of £49,677 (2017 - £44,259). The main contribution to the downturn comes from the equity values in the portfolio as interest rate levels remained at very low levels throughout 2018. All investments are well in line with the charity's investment policy, and are closely monitored in collaboration with our external Investment Managers.

Looking forward we expect 2019 to deliver better returns than 2018. Depending on market developments, the financial markets return expectations for 2019 are in line with the target return in the charity's investment policy which is 3-4%.

Total income for 2018 amounted to £462,205 (2017 - £719,776), a significant decrease from the previous year. Operating cost were higher in the year reflecting the higher level in the Church's activities. Total expenditure for the year increased to £714,873 (2017 - £509,608) up by 40%. The majority of the increase is related to the renovation of the Church Façade and Building Projects.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

Late in 2017, The Church's Benevolent Fund was promised a major contribution of £40,057 from Abbeyfield Danish Society, on the closure of the Society. The cash was received early in 2018 and invested in the Benevolent Fund investment portfolio with Charles Stanley investment managers. This contribution will allow the Benevolent Fund to help a wider range of elderly Danes and Danes in need, in the years to come.

4. Reserves policy

The accumulated funds at 31 December 2018 were £1,904,650 (2017 - £2,296,924) of which £1,368,961 related to restricted funds and £535,689 to unrestricted funds.

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

Currently the Church has been highly liquid in the last two years due to the incoming amounts from fundraising to the Façade Project Fund and the Building Project Fund. In 2018, the Façade Project was completed and in 2019 and 2020 the Building Project will see increased expenditure.

Grants and donations raised for the Building Project Fund through the fundraising campaign are held in segregated DKK and GBP denominated bank accounts with Danske Bank, Barclays Bank and HSBC.

The trustees remain of the view that charity is a going concern.

5. Investment policy

The charity's constitution requires its assets to be invested in Denmark or Great Britain, in bank accounts, investment assets or property. The total investment including cash at 31 December 2018 was £1,633,731 (2017 - £1,966,118).

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

6. Risk review

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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

7. Post balance sheet events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the charity, the results of these operations or the state of affairs of the charity in the financial year subsequent to the financial year ended 31 December 2018.

8. Two separate Building Projects**Facade Renovation Project**

The facade renovation project was completed in August 2018. Previously hidden structural weaknesses were revealed at high level of the turrets, as part of the extensive surveys, and restoring structural stability became a top priority, to avoid collapse. To a large extent, savings in the original schedule of works compensated for this unforeseen expense, but combined with unusually expensive enabling works to drainage outside the church, this has resulted in a deficit for the façade project.

The Danish Church in London has now been removed from Historic England's 'Heritage at Risk Register' and works completed to the satisfaction of freeholder Crown Estate. The church clock has been restored to working order, internal access to the clock chamber has been established, important architectural features have been preserved, and the building is safe and sound for the years to come.

Main Building Project

The main building project, prepared by CF Møller Architects in London, has a fully funded budget of around £2.6 million. Thanks to generous donations from a variety of small and large sources, funding is now completely secured. Main project benefactors include A.P. Møller og hustru Chastine Mc-Kinney Møllers Fond til Almene Formål, Oak Foundation, Aage og Johanne, Louis-Hansens Fond and Villum Fonden. We are in advanced negotiations with contractors and work is about to start in earnest. This project focus on replacing the heating system for the church nave with geo-thermal heating, and generally renewing the heating system throughout the buildings, together with a thorough renovation of all areas. In addition, the project will enlarge the storage area, and make better use of space available everywhere.

Planning Permission, Listed Building Consent and Freeholder's Consent in Principle have been granted. Tenders for main contractors have been issued, and will be returned late April 2019, with expected appointment of contractor in mid May. Actual work is due to start in July 2019, and scheduled to finish in spring 2020. Re-establishment of the gardens will take part after Practical Completion, and internal decoration of the church nave will follow in August 2020.

We are aware that a large degree of flexibility is required, when renovating old buildings, as things rarely go exactly to plan. But despite the inevitable variations from the project budget – closely scrutinized by Quantity Surveyors Appleyard and Trew - all parties involved are fully committed to keeping to the overall budget amount.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

9. Plans for future periods

The Trustees do not anticipate that there will be any fundamental changes in the development of the charity's operation during the coming year. Throughout the period of building project works (estimated summer 2019 till spring 2020), we expect to continue Sunday Services, and we hope to be able to run most of our regular core activities in the church nave.

However, the Saturday School needs to find an alternative venue for the school year 2019/20, with an inevitable rental fee. We also anticipate a certain downturn in other activities, whilst the church hall and meeting rooms are closed. We are confident that activity levels will flourish again, once the restored and enhanced rooms are operational.

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

Approved and signed on behalf of the trustees

23rd May 2019

Dorte Bille Harding - Chairman

INDEPENDENT EXAMINERS' REPORT TO THE MEMBERS OF THE DANISH CHURCH IN LONDON

I report on the accounts of the Charity for the year ended 31 December 2018, which are set out on page 9 to 23.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act
- to follow the procedures laid down in the general Directions given by the Commission under section 145(5)(B) of the 2011 Act
- to state whether particular matters have come to my attention

Basis of the Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanation from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the next statement.

Independent Examiner's Statement

In connection with my examination, no matters have come to my attention:

1. which gives me reasonable cause to believe that, in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act have not been met or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

Malcolm Brown BSc FCA DChA
Waterman Brown (London) Limited
Chartered Accountants
66 Norman Road
London SW19 1BN

23rd May 2019

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds GB £	Restricted Funds GB £	Endowment Funds GB £	Total Funds 2018 GB £	Total Funds 2017 GB £
INCOME & ENDOWMENTS						
Donations & legacies	2.1	64,492	215,259	-	279,751	546,529
Income from charitable activities	2.2	118,499	-	-	118,499	103,723
Income from other trading activities	2.3	6,366	-	7,912	14,278	25,265
Income from Investments	2.4	16,426	298	32,953	49,677	44,259
Total income & endowments		205,783	215,557	40,865	462,205	719,776
EXPENDITURE						
Costs of raising funds						
Costs of generating activity income	3	63,592	6,784	-	70,376	63,478
Investment Management costs		1,875	-	4,265	6,140	6,775
Expenditure on charitable activities	4	146,241	452,600	39,516	638,357	439,355
Total expenditure		211,708	459,384	43,781	714,873	509,608
Net (expenditure)/ income before gain/(losses) on investments		(5,925)	(243,827)	(2,916)	(252,668)	210,168
Net (loss)/gain on investments	8	(122,746)	-	(16,860)	(139,606)	68,037
Net (expenditure)/ income for the year		(128,671)	(243,827)	(19,776)	(392,274)	278,205
Transfer between funds		(2,400)	-	2,400	-	-
Net movement in funds		(131,071)	(243,827)	(17,376)	(392,274)	278,205
Reconciliation of Funds:						
Total funds brought forward	14	666,760	469,335	1,160,829	2,296,924	2,018,719
Total funds carried forward	14	535,689	225,508	1,143,453	1,904,650	2,296,924

STATEMENT OF CASH FLOWS: YEAR ENDED 31 DECEMBER 2018

	Notes	Total 2018 GB £	Total 2017 GB £
Cash flows from operating activities:			
Reconciliation of net movement in funds to net cash flow from operating activities			
Net movement in funds		(392,274)	278,205
Add: depreciation		10,527	10,527
Deduct: interest and dividend income		(49,677)	(44,259)
Add: loss/ (deduct gain) on revaluation of investments		139,606	(68,037)
(Increase)/Decrease in stocks		228	(1,232)
(Increase)/Decrease in debtors		16,005	(31,636)
(Decrease)/Increase in creditors		33,127	5,983
Cash used in operating activities	A	(242,458)	149,551
Cash flows from investing activities			
Income from interest and dividends		49,677	44,259
Net movements on investment funds		5,218	1,812
(Purchases) of investment assets - Abbeyfield donation invested		(40,057)	-
Cash provided by/ (used in) investing activities	B	14,838	46,071
Cash flows from financing activities	C	-	-
(Decrease)/Increase in cash and cash equivalents in the year (A+B+C)		(227,620)	195,622
Total cash & cash equivalents brought forward		733,597	537,975
Total cash & cash equivalents carried forward *		505,977	733,597

*refer to balance sheet

BALANCE SHEET AT 31 DECEMBER 2018

		2018		2017	
	Notes	GB £	GB £	GB £	GB £
Fixed assets					
Tangible assets	9		260,625		271,152
Investments	10		1,127,754		1,232,521
			<u>1,388,379</u>		<u>1,503,673</u>
Current assets					
Stocks	11	4,828		5,056	
Debtors	12	48,511		64,516	
Cash at bank and in hand		<u>505,977</u>		<u>733,597</u>	
		<u>559,316</u>		<u>803,169</u>	
Creditors					
Amounts falling due within one year	13	<u>43,045</u>		<u>9,918</u>	
Net current assets			<u>516,271</u>		<u>793,251</u>
Total net assets			<u><u>1,904,650</u></u>		<u><u>2,296,924</u></u>
Funds					
Unrestricted funds	14		535,689		666,760
Restricted funds			225,508		469,335
Endowment funds	14		<u>1,143,453</u>		<u>1,160,829</u>
Total Church funds	14		<u><u>1,904,650</u></u>		<u><u>2,296,924</u></u>

These accounts were approved on behalf of the trustees on 23rd May 2019

Dorte Bille Harding - Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies**Accounting basis and standards**

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

Incoming resources

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

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

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

Resources expended

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

Tangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Foreign currencies

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

Investments

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

Debtors & prepayments

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

Creditors

Creditors are recognized where the church has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably.

Fund accounting

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

Pensions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Income summary

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2018 GB £	Total 2017 GB £
2.1 Income from donations and legacies					
Membership	37,102	-	-	37,102	40,280
Collections, donations & gift aid	27,390	-	-	27,390	47,369
Organ fund donations	-	-	-	-	4,838
In memoriam fund donations	-	365	-	365	3,321
Façade fund grants and donations	-	189,894	-	189,894	124,140
Nordea fund grants and donations	-	-	-	-	59,681
Benevolent fund - Abbeyfield	-	-	-	-	40,057
Building project fund grants & donations	-	25,000	-	25,000	175,843
Legacy to Building & reserve fund	-	-	-	-	51,000
	<u>64,492</u>	<u>215,259</u>	<u>-</u>	<u>279,751</u>	<u>546,529</u>
2.2 Income from charitable activities					
Catering for charitable activities & events	54,398	-	-	54,398	45,564
Church shop income	41,845	-	-	41,845	37,701
Educational fees and books	18,870	-	-	18,870	17,492
DSUK allowances	3,386	-	-	3,386	2,966
	<u>118,499</u>	<u>-</u>	<u>-</u>	<u>118,499</u>	<u>103,723</u>
2.3 Income from other trading activities					
Church hall hire	2,261	-	-	2,261	8,237
Rents	-	-	7,912	7,912	9,100
Church magazine advertising	4,105	-	-	4,105	7,928
	<u>6,366</u>	<u>-</u>	<u>7,912</u>	<u>14,278</u>	<u>25,265</u>
2.4 Income from investments	16,426	298	32,953	49,677	44,259
Total Income	<u>205,783</u>	<u>215,557</u>	<u>40,865</u>	<u>462,205</u>	<u>719,776</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Costs of generating activity income

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2018 GB £	Total 2017 GB £
Fair, catering & shop expenses	49,039	-	-	49,039	51,212
Books & education	12,480	5,844	-	18,324	10,798
Candles & flowers	1,760	940	-	2,700	1,179
Activity costs	313	-	-	313	289
	<u>63,592</u>	<u>6,784</u>	<u>-</u>	<u>70,376</u>	<u>63,478</u>

4. Expenditure on charitable activities

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2018 GB £	Total 2017 GB £
Benevolent fund bursaries	-	-	4,250	4,250	1,430
Educational grants	-	-	4,458	4,458	2,400
Salaries & staff costs (note 6)	42,779	-	13,715	56,494	57,363
Premises costs	7,138	-	2,000	9,138	7,692
Insurance	14,836	-	-	14,836	12,102
Utilities	25,345	-	-	25,345	25,202
Repairs, maintenance & refurbishment	1,745	-	15,093	16,838	19,096
Façade project costs	-	337,976	-	337,976	113,857
Building project costs	-	114,624	-	114,624	149,601
Motor & travel expenses	3,526	-	-	3,526	4,330
Administrative costs & communications	20,939	-	-	20,939	22,700
Depreciation	10,527	-	-	10,527	10,527
Support & accountancy costs	15,606	-	-	15,606	9,855
Governance costs (note 5)	3,800	-	-	3,800	3,200
	<u>146,241</u>	<u>452,600</u>	<u>39,516</u>	<u>638,357</u>	<u>439,355</u>

5. Governance costs

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2018 GB £	Total 2017 GB £
Independent examiner fee	1,800	-	-	1,800	3,200
Independent examiner accounts drafting	2,000	-	-	2,000	-
Trustee and AGM costs (note 7)	-	-	-	-	-
	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>3,200</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Staff costs

	2018	2017
	GB £	GB £
Wages and salaries	44,573	42,228
Social security costs	1,692	1,778
Less: employment allowance	(1,692)	(1,778)
Other pension costs	2,294	217
	<u>46,867</u>	<u>42,445</u>
Other staff costs (temps, child protection etc.)	9,626	14,918
Total	<u>56,494</u>	<u>57,363</u>
	2018	2017
	No.	No.
Staff (full time equivalent)	<u>2.5</u>	<u>2.5</u>

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

7. Trustees & related party transactions

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

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

8. Gain/(Loss) on investments

	Unrestricted GB £	Restricted GB £	Endowment GB £	Total 2018 GB £	Total 2017 GB £
Unrealised gain/(loss) on investments	(123,395)	-	(17,116)	(140,511)	68,037
Gain/(loss) on foreign exchange translation	649	-	256	905	-
	<u>(122,746)</u>	<u>-</u>	<u>(16,860)</u>	<u>(139,606)</u>	<u>68,037</u>

9. Tangible fixed assets

	Freehold Property	Cars, Fittings & Equipment	Organ Refurbish't	Total
Cost	GB £	GB £	GB £	GB £
At 1 January 2018	245,000	114,011	107,917	466,928
Additions	-	-	-	-
At 31 December 2018	<u>245,000</u>	<u>114,011</u>	<u>107,917</u>	<u>466,928</u>
Depreciation				
At 1 January 2018	-	106,871	88,905	195,776
Charge for year	-	1,020	9,507	10,527
At 31 December 2018	-	<u>107,891</u>	<u>98,412</u>	<u>206,303</u>
Net book value				
At 31 December 2018	<u>245,000</u>	<u>6,120</u>	<u>9,505</u>	<u>260,625</u>
At 31 December 2017	<u>245,000</u>	<u>7,140</u>	<u>19,012</u>	<u>271,152</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Investments

	2018
	GB £
Benevolent fund investments:	
<i>M&G Securities Ltd Charifund Income Units</i>	
Value of 5885.516 units at 1st January 2018	98,240
Net movement on funds *	412
Danish Abbeyfield addition of 2580,794 units	40,057
Sub-total	138,709
Value of 8466.31 units at 31st December 2018	123,018
Unrealised (loss)/ gain - market movement	(15,691)
Summer School fund investments:	
<i>Danske Bank</i>	
Value of investments at 1st January 2018	28,261
Net movement on funds *	828
Value of investments at 31st December 2018	27,920
Unrealised (loss)/ gain - market movement	(1,169)
Other fund investments:	
<i>General portfolio through Charles Stanley & Co. Ltd</i>	
Value of investments at 1st January 2018	537,241
Net movement on funds *	(4,680)
Value of investments at 31st December 2018	448,732
Unrealised (loss)/ gain - market movement	(83,829)
<i>General portfolio through Cazenove Schroder</i>	
Value of investments at 1st January 2018	568,779
Net movement on funds *	(1,778)
Value of investments at 31st December 2018	528,084
Unrealised (loss)/ gain - market movement	(38,917)
Total value of investments	
As at 31st December 2018	1,127,754
As at 31st December 2017, as restated	1,232,521

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Investments continued

Portfolio asset allocation:	Charles Stanley M&G Charifund Benevolent Fund	Danske Bank Summer School Fund	Charles Stanley General Portfolio	Cazenove Capital General Portfolio
	GB £	GB £	GB £	GB £
Fixed Income	-	25,978	30,275	20,355
Equities	120,563	-	352,165	290,922
Property	-	-	35,302	96,807
Alternatives	-	-	11,077	62,499
Mixed investments	-	-	11,889	40,239
Cash	2,455	1,942	8,024	17,262
	<u>123,018</u>	<u>27,920</u>	<u>448,732</u>	<u>528,084</u>

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

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

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

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

11. Stocks

	2018 GB £	2017 GB £
Stocks of canteen and shop goods	4,828	5,056
Total	4,828	5,056

12. Debtors: Amounts falling due within one year

	2018 GB £	2017 GB £
Pledge to Benevolent Fund (Abbeyfield)	-	40,057
Registrations, memberships & advertising	22,450	8,184
Accrued income	-	-
Other debtors & prepayments	1,261	2,230
Listed places of worship grant due	16,102	11,668
Gift aid repayable	6,143	3,824
VAT repayable	2,555	(1,447)
Total	48,511	64,516

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Creditors: Amounts falling due within one year

	2018	2017
	GB £	GB £
Shop creditors	5,365	5,670
PAYE/ NIC payable	206	-
Other creditors & accruals	37,474	4,248
Total	43,045	9,918

14. Movement in funds

	At 1st January 2018 GB £	Net Movement in funds GB £	Transfer between funds GB £	At 31st December 2018 GB £
Unrestricted funds				
General Fund	657,028	(129,371)	(5,400)	522,257
Designated funds				
Organ fund	6,930	(896)	3,000	9,034
Church interior fund	2,802	1,596	-	4,398
Total designated funds	9,732	700	3,000	13,432
Total unrestricted funds (general & designated)	666,760	(128,671)	(2,400)	535,689
Restricted funds				
Garden fund	20,332	-	-	20,332
Friends fund	16,042	-	-	16,042
In memoriam fund	5,079	(575)	-	4,504
Building project fund	264,122	(89,624)	-	174,498
Façade project fund	105,304	(147,784)	-	(42,480)
Nordea fund	58,456	(5,844)	-	52,612
Total restricted funds	469,335	(243,827)	-	225,508
Endowment Funds				
Salary and pension fund (18.2)	432,243	-	-	432,243
Benevolent fund (18.3)	150,691	(14,978)	-	135,713
FUHU fund	60,000	(2,400)	2,400	60,000
Building and reserve fund (18.1)	489,834	-	-	489,834
Summer School fund	28,061	(2,398)	-	25,663
Total endowment funds	1,160,829	(19,776)	2,400	1,143,453
Total church funds	2,296,924	(392,274)	-	1,904,650

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14 cont. Net movement in funds in year

	Incoming resources	Resources expended	Gains/ (losses) on investments	Movement in funds
	GB £	GB £	GB £	GB £
Unrestricted funds				
General fund	203,783	(210,408)	(122,746)	(129,371)
Designated funds				
Organ fund	-	(896)	-	(896)
Church interior fund	2,000	(404)	-	1,596
Total designated funds	2,000	(1,300)	-	700
Total unrestricted funds (general & designated)	205,783	(211,708)	(122,746)	(128,671)
Restricted funds				
Garden fund	-	-	-	-
Friends fund	-	-	-	-
In memoriam fund	365	(940)	-	(575)
Building project fund	25,000	(114,624)	-	(89,624)
Façade project fund	190,192	(337,976)	-	(147,784)
Nordea fund	-	(5,844)	-	(5,844)
Total restricted funds	215,557	(459,384)	-	(243,827)
Endowment Funds				
Salary and pension fund (18.2)	16,771	(16,771)	-	-
Benevolent fund (18.3)	5,882	(5,169)	(15,691)	(14,978)
FUHU fund	-	(2,400)	-	(2,400)
Building and reserve fund (18.1)	17,093	(17,093)	-	-
Summer School fund	1,119	(2,348)	(1,169)	(2,398)
Total endowment funds	40,865	(43,781)	(16,860)	(19,776)
Total church funds	462,205	(714,873)	(139,606)	(392,274)

Purpose of funds

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

Designated funds:

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

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

Restricted funds:

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

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

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

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

Façade project fund: External rebuilding and maintenance.

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

Endowment funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Purpose of funds cont.

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

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

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

15. Analysis of net assets between funds

	Fixed Assets	Investments	Bank & Cash	Other Net Current Assets	Net Assets
	GB £	GB £	GB £	GB £	GB £
Unrestricted funds					
General fund	15,625	299,739	139,585	67,308	522,257
Designated funds					
Organ fund	-	-	9,034	-	9,034
Church interior fund	-	-	4,398	-	4,398
Total designated funds	-	-	13,432	-	13,432
Total unrestricted funds (general & designated)	15,625	299,739	153,017	67,308	535,689
Restricted funds					
Garden fund	-	-	20,332	-	20,332
Friends fund	-	-	16,042	-	16,042
In memoriam fund	-	-	4,504	-	4,504
Building project fund	-	-	174,365	133	174,498
Façade project fund	-	-	22,886	(65,366)	(42,480)
Nordea fund	-	-	52,612	-	52,612
Total restricted funds	-	-	290,741	(65,233)	225,508
Endowment Funds					
Salary and pension fund (18.2)	-	432,243	-	-	432,243
Benevolent fund (18.3)	-	123,018	2,219	10,476	135,713
FUHU fund	-	-	60,000	-	60,000
Building and reserve fund (18.1)	245,000	244,834	-	-	489,834
Summer School fund	-	27,920	-	(2,257)	25,663
Total endowment funds	245,000	828,015	62,219	8,219	1,143,453
Total church funds	260,625	1,127,754	505,977	10,294	1,904,650

16. Funds in deficit

At 31st December 2018, the façade project fund was in deficit by £42,480. The trustees will continue to fundraise for this project during the next 12 months and are hopeful for further donations.

17. Taxation

No taxation was payable on any surplus or deficit or investment income in 2018 because the church is regarded as a charitable organisation and is not engaged in trading activities as defined by the Income & Corporation Taxes Act 1988.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Linked Charities

18.1 Danish Church in London Building and Reserve Fund summary	GB £
(Linked charity number 237897-1)	
Opening value of investments at 1st January 2018	489,834
Income from investments (net return after management fees)	17,093
Less: Lease payment to Crown Estates	(2,000)
General repairs to church	(15,093)
Surplus to carry forward	-
Investment (losses)/ gains in year	-
Closing value of investments at 31st December 2018	489,834
18.2 Danish Church in London Salary and Pension Fund summary	GB £
(Linked charity number 237897-2)	
Opening value of investments at 1st January 2018	432,243
Income from investments	16,771
Less: Salaries applied from employees	(13,715)
Portfolio management fees	(3,056)
Surplus to carry forward	-
Investment (losses)/ gains in year	-
Closing value of investments at 31st December 2018	432,243
18.3 Benevolent Fund: Hjaelpefond for Danske I London summary	GB £
(Linked charity number 237897-3)	
Opening value of investments & cash at 1st January 2018	150,691
Income from investments	5,882
Less: Payments to beneficiaries	(4,250)
Portfolio management fees	(919)
Surplus to carry forward	713
Investment (losses)/ gains in year	(15,691)
Closing value of investments and cash at 31st December 2018	135,713
Represented by:	
Investments	123,018
Cash balances (benevolent account & with general fund)	12,695
	135,713

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19. Re-statement of balance sheet at 2017

Cash held with the investment portfolios is now shown as part of the value of the investments rather than as cash at bank and in hand:

	GB £
Investments as previously reported	1,212,327
Add: Cash balances re-allocated	20,194
Investments as currently reported	<u>1,232,521</u>
Cash at bank and in hand	753,791
Less: Cash balances re-allocated	(20,194)
Cash at bank and in hand currently reported	<u>733,597</u>