

**COMPANY REGISTRATION NUMBER 02880299**

**ST MATTHEW'S CHURCH BRIXTON PCC BUILDING  
MANAGEMENT CHARITY  
(FORMERLY KNOWN AS THE BRIX AT ST  
MATTHEWS)**

**TRUSTEES' ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2017**



**Charity Number 1061039**

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

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# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS (CONTINUED)

### YEAR ENDED 31 DECEMBER 2017

The Trustees present their Annual Report (including the Directors' Report) and the financial statements of the St Matthew's Church Brixton PCC Building Management Charity ("St Matthew's") for the year ended 31 December 2017.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

### THE TRUSTEES

The Trustees, who are also directors for the purposes of company law, held office since 1 January 2017 are as follows:

Rev Dr S Sichel	(Chair from 9 May 2017) (appointed on 9 May 2017)
R Salisbury Jones	(Secretary)
J Murray	(appointed 9 May 2017)
G Johnson	(appointed 9 May 2017)
P Widdecome	(appointed 9 May 2017)
N J Gilchrist	(Chair from 21 April 2016) (resigned on 9 May 2017)
T M P Catchpole	(resigned 9 May 2017)
J P Flett	(resigned 9 May 2017)
O C Delahaye	(resigned 9 May 2017)

### Legal and administrative details during 2017

Registered charity name	St Matthew's Church Brixton PCC Building Management Charity
Status	Charity established as company limited by guarantee (Registered in England and Wales) No 2880299 Registered with the Charity Commission as Number 1061039
Registered office	St Matthew's Church, Brixton Hill, London SW2 1JF
Independent examiner	Marc Levy FCA, Citroen Wells, Devonshire House, 1 Devonshire Street, London W1W 5DR
Bankers	Barclays Bank plc, Clapham Common Business Centre, 188 Clapham High Street, London SW4 7UF
Solicitors	Hodders Law, 516 Brixton Road, London SW9 8EN

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The organisation is a charitable company limited by guarantee, incorporated on 14th December 1993 and registered as a charity on 7th March 1997.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its articles of association. At the AGM in June 2009 the PCC agreed new Memorandum and Articles of Association and these were formally adopted by resolution in order to comply with the Companies Act 2006.

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS (CONTINUED)**

### **YEAR ENDED 31 DECEMBER 2017**

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

In the event of the charity's dissolution, the liability of the member is limited to £1.

#### **Governance, Membership and Trustees**

The sole member of the charity is the Parochial Church Council of the Ecclesiastical Parish of St Matthew with St Jude, Brixton (the PCC).

The business of the charitable company is managed by the Board of Trustees or Directors (the Board). The Articles of Association allow the Board to use all powers of the company except those which require a General Meeting of the sole member of the company. The PCC, as sole member, has the option to amend the Articles and Memorandum of Association at a General Meeting.

At a General Meeting of the charity held in May 2017 the PCC used its option as sole member to appoint all of the members of its Standing Committee to the board of Trustees. This ensures that Trustees will act in the best interest of the charity in accordance with the wishes of its membership.

Existing Trustees are expected to identify their training needs and to take measures to ensure that these needs are met. During 2017 the Board met three times.

In exercising its powers and duties, in making decisions and in carrying out operations, the Board of Trustees has complied with its duty to pay due regard to the Charity Commission's public benefit guidance.

#### **Future Plans**

The Trustees plan to continue to let the building's offices and spaces to a mix of charities, social enterprises and commercial tenants.

#### **OBJECTIVES AND ACTIVITIES IN 2017**

The objects of the Company are:

- (a) To preserve for the benefit of the people of Greater London and of the nation at large whatever of the English historical architectural and constructional heritage may exist in and around the area of Brixton in the form of building of particular beauty historical or constructional interest and in particular St Matthews Church
- (b) To provide facilities for recreation with the objects of improving the conditions of life and social welfare of the inhabitants of Greater London ("the area of benefit")
- (c) To advance education for those living in the area of benefit
- (d) To provide a community centre for the benefit of those living in the area of benefit
- (e) To undertake any other charitable activity

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when pursuing the charitable company's aims and objectives and in planning future activities.

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 DECEMBER 2017**

### **ACHIEVEMENTS AND PERFORMANCE**

There have been various leasehold improvements throughout the year mostly for the purpose of improving exterior lighting, improving the reliability of the internal plumbing and reducing energy consumption throughout the building. Most of the building is now, or will soon be, let. This will provide an income from which to fund more extensive improvements and repairs.

#### **Public benefit**

The most obvious way in which the charity has met the Charity Commission's public benefit requirement is that it protects and preserves the historic and architecturally significant St Matthew's Church building. The advancement of heritage is one of the charitable purposes set out in the Charities Act 2011.

The spaces within the building are let to various charities and organisations. Some provides facilities for recreation with the objects of improving the conditions of life and social welfare of the inhabitants of Greater London. Other tenants make accommodation available for providers of education, including a further education college and an afterschool tutorial programme. This is another way in which the work of the charity meets the public benefit required by the Act.

### **RISK MANAGEMENT**

The Board of Trustees is aware of its responsibility to ensure that the major risks to which the charity is exposed are identified and to establish systems to mitigate those risks. Trustees continue to review controls and systems, to mitigate any current and future external and internal risks that the charity might face.

### **FINANCIAL REVIEW**

The Statement of Financial Activities set out on page 7 of the financial statements shows how the charity's incoming resources have been expended in the year ended 31 December 2017.

Total incoming resources amounted to £187,067 (2016: £232,995). Resources expended amounted to £184,335 (2016: £269,975) on charitable activities. The resulting surplus for the year was £2,732 (2016: deficit of £36,980).

The Balance Sheet set out on page 8 of the financial statements shows the financial position of the charity at 31 December 2017.

The Trustees committed £1,621 to fixtures and fittings during the year. After deducting the charge for depreciation, the net book value of fixed assets amounted to £61,589.

The current assets and current liabilities amounted to £76,947 and £164,106 respectively. The net liabilities amounted to £25,570, which are represented by a deficit on the unrestricted funds of £50,570 and a closing balance on the restricted funds of £25,000.

In 2012, the Trustees stated that there was a significant uncertainty about the ability of the charity to continue as a going concern. Six years on, the Trustees are now confident about the charity's ability to continue as a going concern, especially after the changes during the year, and with the increased support from the PCC.

Notwithstanding this, the Trustees have considered the future cash flows, the financial support from the PCC and the Diocese and the new tenants and activities which continue to become more

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

established in the building: in view of the steps taken, they consider it appropriate to prepare the financial statements on a going concern basis.

### Reserves Policy

The charity has had no reserves since 2013. It is unlikely that reserves will be restored in the foreseeable future. The long term policy is to regain enough reserves to cover unexpected needs.

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the Directors of the Charity for the purpose 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 financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemptions.

The Trustees' report was approved by the Board of Trustees.

Registered office:  
St Matthews Church  
Brixton Hill  
London  
SW2 1JF

Signed by order of the Trustees



Rev Dr S Sichel  
Trustee

26.6.2018

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

**YEAR ENDED 31 DECEMBER 2017**

I report to the trustees on my examination of the financial statements of the charitable company for the year ended 31 December 2017, which are set out on pages 7 to 18.

### **Responsibilities and basis of report**

As the charity trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charitable company's financial statements as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### **Independent examiner's statement – matter of concern identified**

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In carrying out my examination, I have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the charitable company's ability to continue as going concern. The charitable company's former principal tenant, Chicks Limited, went into insolvent liquidation during 2012, the ongoing impact of which contributed to the deficit on the unrestricted funds of £50,570 at the balance sheet date. In order to enable the charity to meet its obligations as they fall due, the Trustees have taken active steps to secure new income streams and to curtail costs. New tenants have been secured, and the Hub has been developed as an additional workspace. Loan support has also been secured from the PCC and the Diocese. However, if the charitable company were to lose

**ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT  
CHARITY**

**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF  
ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

**YEAR ENDED 31 DECEMBER 2017**

a major income stream and be unable to replace it or the loan support was withdrawn, these conditions would indicate the existence of a material uncertainty, which may cast significant doubt about the charity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charity were unable to continue as a going concern.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the financial statements to be reached.



**Marc Levy FCA**  
**Chartered Accountant (Institute of Chartered Accountants in England and Wales)**

Citroen Wells  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

Date: 27 June 2018



# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Other trading activities	2	179,520	-	179,520	232,971
Donations and legacies	3	7,500	-	7,500	-
Investments	4	47	-	47	24
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL INCOME:</b>		<b>187,067</b>	<b>-</b>	<b>187,067</b>	<b>232,995</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURE ON:</b>					
Charitable activities	5	(174,335)	(10,000)	(184,335)	(269,975)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURE</b>		<b>(174,335)</b>	<b>(10,000)</b>	<b>(184,335)</b>	<b>(269,975)</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET INCOME/ (EXPENDITURE) FOR THE YEAR/NET MOVEMENT IN FUNDS</b>	<b>7</b>	<b>12,732</b>	<b>(10,000)</b>	<b>2,732</b>	<b>(36,980)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		(63,302)	35,000	(28,302)	8,678
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(50,570)</b>	<b>25,000</b>	<b>(25,570)</b>	<b>(28,302)</b>
		<hr/>	<hr/>	<hr/>	<hr/>

All of the above amounts relate to continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under Companies Act 2006.

The notes on pages 10 to 18 form an integral part of the financial statements

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
<b>FIXED ASSETS:</b>			
Tangible assets	11	61,589	84,323
<b>CURRENT ASSETS:</b>			
Debtors	12	32,503	39,815
Cash at bank and in hand		44,444	4,485
		<u>76,947</u>	<u>44,300</u>
<b>LIABILITIES:</b>			
Creditors: Amounts falling due within one year	13	(164,106)	(154,707)
<b>NET CURRENT LIABILITIES</b>		(87,159)	(110,407)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(25,570)	(26,084)
Creditors: Amounts falling due after one year	14	-	(2,218)
<b>TOTAL NET LIABILITIES</b>		<u>(25,570)</u>	<u>(28,302)</u>
<b>THE FUNDS OF THE CHARITY:</b>			
Unrestricted funds		(50,570)	(63,302)
Restricted income funds	18	25,000	35,000
<b>TOTAL CHARITY FUNDS</b>	19	<u>(25,570)</u>	<u>(28,302)</u>

The charitable company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006 for the year ended 31 December 2017. No member of the charitable company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The Trustees are responsible for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

**ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT  
CHARITY**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board on 26.6.18 and are signed on their behalf by:



Rev Dr S Sichel  
Trustee

Company Registration Number: 02880299

The notes on pages 10 to 18 form an integral part of the financial statements

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017**

### **1. ACCOUNTING POLICIES**

#### **General information and basis of Accounting**

St Matthew's is a company limited by guarantee registered in England and Wales and is governed by its Memorandum and Articles of Association. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. St Matthew's is also a registered charity in accordance with the Charities Act 2011. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the charity's operations and principal activities are set out in the Trustees' Annual Report.

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

St Matthew's constitutes a public benefit entity as defined by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of St Matthew's. Monetary amounts in these financial statements are rounded to the nearest £.

#### **Going Concern**

The financial statements have been prepared on a going concern basis despite the deficit on the unrestricted funds of £50,570 at the balance sheet date. The PCC have confirmed their ongoing financial support in order to enable the charity to meet its obligations as they fall due, the Trustees have taken active steps to secure new income streams and to curtail costs. However, if the charity were to lose a major income stream and be unable to replace it or the loan support was withdrawn, there may be a significant uncertainty about the ability of the charity to continue as a going concern. Notwithstanding this, the Trustees have considered the future cash flows, and the tenants and activities in place and in view of the steps taken, they consider it appropriate to prepare the financial statements on a going concern basis.

#### **Cash flow statement**

The charity has taken advantage of the exemption from the requirement to prepare a cash flow statement on the grounds that it is a small charitable company.

# **ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Charitable funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### **Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Rent receivable is stated net of VAT.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charitable company has control over the item. Fair value is determined on the basis of the value of the gift to the charitable company. For example the amount the charitable company would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Investment income is recognised on a receivable basis.

#### **Resources expended**

Resources expended are included in the statement of financial activities on an accruals basis.

Expenditure on charitable activities comprises expenses incurred in pursuance of the charity's principal activities.

Governance costs, which are included in expenditure on charitable activities, are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

#### **Corporation tax**

No liability arises as the company's charitable activities are exempt from corporation tax.

#### **Employee benefits**

Termination payments are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Cash and cash equivalents**

Cash and cash equivalents include deposits held at call with banks.

#### **Fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

Leasehold improvements:	10 years on a straight line basis
Hub equipment:	7 years on a straight line basis
Other fixtures, fittings & equipment:	25% per annum on a reducing basis

#### **Impairment of fixed assets**

At each reporting period end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the charity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Financial instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. They are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

#### **Basic financial assets**

Basic financial assets, which include trade debtors and cash and bank balances, are initially measured at transaction price.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Basic financial liabilities*

Basic financial liabilities, including trade creditors and accruals are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

#### **Leases and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. The finance element of the rental obligation is charged to the statement of financial activities over the period of the lease.

#### **Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 2. INCOME FROM OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Rent and service charges receivable	<u>179,520</u>	<u>232,971</u>

### 3. INCOME FROM DONATIONS AND LEGACIES

	2017	2016
	£	£
Donated services	<u>7,500</u>	<u>-</u>

### 4. INCOME FROM INVESTMENTS

	2017	2016
	£	£
Interest receivable	<u>47</u>	<u>24</u>

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 5. EXPENDITURE ON CHARITABLE ACTIVITIES

Expenditure on charitable activities comprises:	2017	2016
	£	£
Staff costs	-	57,020
Rent	4,621	5,687
Rates and water	13,608	15,601
Light and heat	35,028	34,031
Repairs and maintenance	18,220	15,733
Insurance	18,964	18,287
Other	2,258	1,940
Telephone	17,236	13,582
Postage and stationery	113	4,994
Cleaning and refuse	7,548	17,996
Security	1,815	132
Bad and doubtful debts and irrecoverable VAT	5,499	17,670
Marketing, advertising and events	15	-
Staff training, recruitment and temporary staff	-	14,452
Depreciation	24,355	25,333
Interest payable	2,150	3,071
Governance costs (see note 6)	32,905	24,446
	<u>184,335</u>	<u>269,975</u>

### 6. GOVERNANCE COSTS

Governance costs comprise:	2017	2016
	£	£
Audit fees	-	6,279
Audit fees – under provision in relation to the prior year	3,000	-
Independent examiner fees	4,000	-
Wages and salaries	-	6,336
Legal and professional	25,602	11,504
Trustees travel and expenses	-	160
Bank charges	303	167
	<u>32,905</u>	<u>24,446</u>



# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 7. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2017 £	2016 £
Depreciation		
- owned	21,420	22,397
- leased	2,935	2,936
Independent examiner's remuneration:		
- independent examination of the financial statements	7,000	-
- audit of the financial statements	-	6,279

### 8. TRUSTEES

None of the Trustees (or any persons connected with them) received any remuneration during the year. No Trustees (2016: 1 Trustee) were reimbursed for expenses incurred in the year (2016: £160).

### 9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2017 £	2016 £
Wages and salaries	-	59,023
Social security costs	-	4,333
	<u>-</u>	<u>63,356</u>

### 10. STAFF COSTS AND EMOLUMENTS (CONTINUED)

#### Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2017 No	2016 No
Number of administrative staff	-	1
Number of management staff	-	1
Number of security staff	-	2
	<u>-</u>	<u>4</u>

No employee received emoluments of more than £60,000 during the year (2016 - Nil).

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 11. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures & Fittings £	Total £
<b>COST</b>			
At 1 January 2017	1,500,523	154,291	1,654,814
Additions	-	1,621	1,621
<b>At 31 December 2017</b>	<b>1,500,523</b>	<b>155,912</b>	<b>1,656,435</b>
 <b>DEPRECIATION</b>			
At 1 January 2017	1,443,696	126,795	1,570,491
Charge for the year	16,709	7,646	24,355
<b>At 31 December 2017</b>	<b>1,460,405</b>	<b>134,441</b>	<b>1,594,846</b>
 <b>NET BOOK VALUE</b>			
<b>At 31 December 2017</b>	<b>40,118</b>	<b>21,471</b>	<b>61,589</b>
 At 31 December 2016	56,827	27,496	84,323
 <i>Leased assets included above:</i>			
<b>NET BOOK VALUE</b>			
<b>At 31 December 2017</b>	-	7,339	7,339
At 31 December 2016	-	10,274	10,274

### 12. DEBTORS

	2017 £	2016 £
Trade debtors	11,603	22,019
Prepayments and accrued income	19,329	17,796
Taxation and social security	1,571	-
	<b>32,503</b>	<b>39,815</b>

### 13. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	47,247	49,417
Taxation and social security	-	2,282
Diocese and PCC loans	37,136	32,112
Other creditors	21,976	19,074
Net obligations under finance leases	3,439	5,466
Accruals and deferred income	54,308	46,356
	<b>164,106</b>	<b>154,707</b>

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 14. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases	-	2,218
<b>Analysis of loans</b>		
Wholly repayable within five years	34,000	30,000
Included in current liabilities	(34,000)	(30,000)
	-	-
<b>Analysis of finance leases</b>		
Included in current liabilities	3,439	5,466
Between one and two years	-	2,218
Between two and five years	-	-
	3,439	7,684

### 15. FINANCIAL INSTRUMENTS

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	11,603	22,019
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	152,461	139,231

### 16. CAPITAL COMMITMENTS

At 31 December 2017, St Matthew's had no committed capital expenditure (2016: £Nil).

### 17. OPERATING LEASE COMMITMENTS

At 31 December 2017, St Matthew's had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017 £	2016 £
484,000	489,000

The annual rental cost under the lease agreement for St Matthew's Church is "5% of net rents". The lease agreement expires in 2120. Accordingly, the outstanding lease commitment has been estimated based on an annual charge of £4,700, over the remaining 103 years of the lease. As the annual rent may vary, the actual rent payable may differ to the estimate of £4,700.

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 18. ANALYSIS OF RESTRICTED FUNDS

	At 1 January 2017 £	Incoming resources £	Resources expended £	At 31 December 2017 £
Hub development	35,000	-	(10,000)	25,000
<b>Total</b>	<b>35,000</b>	<b>-</b>	<b>(10,000)</b>	<b>25,000</b>

#### Purpose of restricted funds:

The Hub development fund represents grant income received from the London Borough of Lambeth Council in 2012 to enable the conversion of half a floor of the building into a "Hub", or a managed workspace. The conversion was completed during 2015, with costs capitalised in the financial statements as fixed assets. Under the terms of the agreement, there is a clawback of the grant if the Hub ceases to be used within seven years of receipt.

### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Unrestricted funds £	Restricted Funds £	Total 2017 £
Tangible fixed assets	36,589	25,000	61,589
Net current liabilities	(87,159)	-	(87,159)
<b>Net (Liabilities)/Assets</b>	<b>(50,570)</b>	<b>25,000</b>	<b>(25,570)</b>

### 20. RELATED PARTIES

The remuneration of key management personnel, who are not Trustees, during the year was £nil (2016: £33,339).

Resources expended for the year ended 31 December 2017 include provision for rent payable to the Diocese of £4,621 (2016: £5,687). The accumulated provision at 31 December 2017 amounted to £19,621 (2016: £20,687).

At 31 December 2017, a loan of £37,136 was owed to the PCC. Interest is charged on the loan based on the Bank of England base rate plus 2%.

During the year under review, the PCC donated building management services to the Charity of £7,500.

# ST MATTHEW'S CHURCH BRIXTON PCC BUILDING MANAGEMENT CHARITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

This page does not form part of the statutory financial statements that are the subject of the independent examiner's report on pages 5 to 6.

	2017 £	2016 £
<b>INCOME AND ENDOWMENTS FROM:</b>		
Rent and Service charges	179,520	232,971
Donations and legacies	7,500	-
Investment income	47	24
<b>TOTAL INCOME</b>	<b><u>187,067</u></b>	<b><u>232,995</u></b>
<b>EXPENDITURE ON CHARITABLE ACTIVITIES:</b>		
Rent	4,621	5,687
Rates and Water	13,608	15,601
Light and heat	35,028	34,031
Repairs and maintenance	18,220	15,733
Insurance	18,964	18,287
Other	2,258	1,941
Telephone	17,236	13,582
Post and stationery	113	4,994
Cleaning and refuse	7,548	17,996
Security	1,815	132
Bad and doubtful debts and irrecoverable VAT	5,499	17,670
Advertising	15	-
Salaries and wages	-	59,023
Employer's NIC	-	4,332
Independent examiner and audit fees	7,000	6,279
Trustees travel and meeting expenses	-	160
Legal and professional	25,602	11,504
Depreciation	24,355	25,333
Bank charges	303	167
Staff training, recruitment and temporary staff	-	14,452
Interest payable	2,150	3,071
<b>TOTAL EXPENDITURE</b>	<b><u>184,335</u></b>	<b><u>269,975</u></b>