

St Michael's Southfields

Annual report and financial statements

for the year ended 31 December 2020

Charity Registration number: 1151881

Company Registration number: 08337329

St Michael's Southfields

Annual report and financial statements for the year ended 31 December 2020

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Annual report and financial statements for the year ended 31 December 2020

General information

Registered office

71 Wimbledon Park Road
Southfields
London
SW18 5TT

Trustees / Directors

Mrs Rosemary Hyde
Mrs Katharine Elliott
Mrs Kimberly Dennis
Mr Andrew Lucas
Mr Edward Hicks

Secretary

Rev Stephen Melliush

Honorary Treasurer

Mrs Elizabeth Jukes

Bankers

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Independent Examiner

Helen Wildman ACA
London

St Michael's Southfields

Trustees' annual report (including directors' report)

Aim and purposes

The aim of St Michael's Southfields is the advancement of the Christian faith, mainly within the confines of the Ecclesiastical Parish of St Michael's Southfields and the surrounding areas. This aim is to be achieved through the provision of recreational and other facilities for those in need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare. The object of such activities is to improve the condition of life of said inhabitants. The objectives are carried out as a proclamation of the beliefs set out in Article 8 of the Articles of Association dated 14 December 2012 (date of incorporation 19 December 2012).

Objectives and activities

The main objectives of the financial year were:

1. to complete the development of Brathway Hall, a community hall situated within the Ecclesiastical Parish of St Michael's Southfields - the development involved the demolition of the old hall and construction of a new community hall on the site as well as two apartments to provide subsidised accommodation for key workers.
2. to ensure that the church workers could move into the apartments as soon as possible
3. to arrange a programme of activities such that the hall would be used for its intended purpose.

The purpose of the new community hall is to provide facilities and services in line with the charitable objectives of St Michael's Southfields including:

- community feeding programmes
- facilities and services for the homeless
- activities for the elderly
- services for disadvantaged families and individuals

and many more facilities and services to be agreed by the trustees.

Achievements and performance

The main building works were completed and the building was officially opened on 15th March 2020 by Fleur Anderson, the local MP. The event was very well attended and many compliments were received about the building.

After the official opening of the building, there remained some works to be completed on the two apartments and the church workers moved into them in April and May respectively.

Unfortunately, only one scheduled booking was able to take place in the hall before the global Covid pandemic caused the UK to go into lockdown on 23rd March 2020 and all subsequent bookings had to be cancelled. During lockdown the hall was used by the AFC Wimbledon Foundation, a local charity, as a food hub for the collection, storage and distribution of food to those members of the local community that were experiencing food hardship due to the pandemic. During this period of several months the hall was being used for up to 12 hours per day. Later in the year the hall was used by St Michael's Church to provide a Community Lunch take away service as well to cook meals for the Glass Door homeless shelter and to prepare food bundles for those experiencing hardship at Christmas.

At year end there remained some snagging works to be completed as well as an invoice for cost overruns which was being reviewed by an independent surveyor and the final two payments to the contractor remained outstanding and are still outstanding at the date of publishing these accounts.

Financial review

Total income was £266,602 in 2020 (2019: £109,727), which was derived from donations and grants as well as rental income from the 2 apartments. In 2020 the PCC of St Michael and All Angels, with St Stephen's Wandsworth ("the PCC") donated £45,000 (2019: £30,000) being £1,875 per month as agreed in the budget plus an additional one off donation of £22,500 to finance additional building costs. One grant was received of £2,500 (2019: £25,000) from the Jerusalem Trust. Individual donations totalled £201,562 including Gift Aid (2019: £54,728), including a one off donation from a private individual of £200,000, which was gifted specifically to pay down the mortgage on Brathway

St Michael's Southfields

Hall. All donations were specifically donated in respect of the Brathway Hall redevelopment project. Church workers moved into the apartments in April and May respectively so the subsidised rental income of £1,000 per apartment per month totalled £17,000. £540 rental was received for the one hall booking that took place.

The remaining £76,657 (2019: £363,342) was drawn down on the mortgage and £207,645 (2019: £3,206) was repaid. At year end the outstanding mortgage was £239,136 (2019: £370,123). As a result, with cash reserves and working capital, £165,556 (2019: £502,948) was invested in building works. This comprised contract costs, paid and accrued plus capitalised fees, including architects, surveyors and building control fees.

Expenditure consisted of £6,810 (2019: £574) in respect of bank charges, utilities and insurance and £15,741 (2019: £8,373) interest payments on the mortgage drawdown, £9,000 (2019: £0) of staff costs were paid to St Michael's church for use of their staff. Depreciation of £3,051 (2019: £0) was charged on the fixtures and fittings following the completion of the building in the year.

The building contract for the structure of the building was signed in 2018 for £450,000 to be financed from the £450,000 mortgage. In addition, at the time of contract signature it was estimated that there would be £150,000 of additional costs in relation to fixtures and fittings, as well as additional fees, to be financed from donations and grants. By the year end date building costs paid since the commencement of the redevelopment (excluding fees) totalled £643,240 (£638,788 to the contractor and £4,452 to third parties) including an outstanding amount for a contractor in respect of cost overruns – this invoice was being reviewed by a quantity surveyor at year end and is still outstanding at the time of publishing these accounts. Further a retention fee of £9,300, is payable to the contractor on completion of all snagging works. This fee is still outstanding at the time of publishing these accounts and is not accrued in the building cost.

The asset, being Brathway Hall, has been valued at an open market value of £1.245m as at 31 December 2020. The total investment into Brathway Hall has been allocated in the financial statements between land and buildings and social investment. The social investment represents the apartments which have been let at subsidised rent to provide employees of St Michael's church with local accommodation.

At the end of the year there was a cash balance of £37,958 (2019: 68,497)

Reserves policy

The reserves policy aims to maintain a balance on free reserves (net current assets) of at least 3 months unrestricted payments. At year end net current assets totalled £4,529 and 3 months unrestricted payments totalled £7,956. Post the year end, a donation of £15,000 was received given the additional building costs and therefore the directors are comfortable that the ongoing reserves policy is being met.

Structure, governance and management

St Michael's Southfields is a limited company, incorporated on 19 December 2012 and registered with the Charities Commission on 2 May 2013.

The trustees have control of the charity and its property and funds and operate in accordance with the Articles of Association.

The method of appointment of trustees is set out in the Articles of Association. The trustees and Secretary, as at 31 December 2020, are named above under General Information.

The trustees are responsible for making decisions on all matters of general concern and importance to the Company, including deciding how the funds are to be spent. The trustees met twice (virtually) in 2020. Day to day management of the Company is undertaken by the Secretary together with a team of staff employed by the PCC.

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Statement of the responsibilities of the trustees

The trustees (who are also directors of St Michael's Southfields for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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.


In so far as the trustees are aware:

- there is no relevant information of which the charitable company's examiner is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the independent examiner is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company has taken advantage of the small companies' exemption in preparing the report above. The trustees declare that they have approved the trustees' report (including directors' report) above.

Signed on behalf of the charity's trustees/directors


Name: Kimberly Dennis

Date: Sept 30 2021


Name: KATHARINE ELLIOTT
Date: 30 September 2021

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Independent examiner's report

Report to the trustees of St Michael's Southfields on the accounts for year ended 31 December 2020 (Charity Registration number: 1151881; Company Registration number: 08337329)

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 December 2020.

As the charity's trustees (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts 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.

I have completed my examination. I confirm that no material matters have come to my attention which give me cause to believe that:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Helen Wildman

Helen Wildman ACA
London, United Kingdom

30 September 2021

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Balance sheet

At 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	682,629	544,282
Investments – social investments	5	600,000	-
Current assets			
Cash at bank	6	37,958	68,497
Debtors	7	-	1,100
Creditors – amounts falling due within one year	8	(33,429)	(6,899)
Net current assets		4,529	62,698
Total assets less current liabilities		1,287,159	606,980
Creditors – amounts falling due after one year	9	(235,836)	(363,224)
Total net assets		<u>1,051,323</u>	<u>243,756</u>
Funds			
Restricted	10	<u>1,051,323</u>	<u>243,756</u>


For the year ended 31 December 2020, the Company was entitled to exemption from audit under s477 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.


The directors acknowledge their responsibilities for complying with the requirements of the Companies Act with respect to accounting records and the preparation of accounts.

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

Signed on behalf of all the trustees


Name: Kimberly Dennis
Date: Sept 30 2021

Signed by director, authenticating accounts being sent to Companies House


Name: KATHARINE ELLIOTT
Date: 30 September 2021

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Statement of financial activities

For the year ended 31 December 2020

	Note	Un- restricted £	Restricted £	Total 2020 £	Total 2019 £
Income					
Donations and legacies	2a	-	249,062	249,062	109,727
Other Trading Activities	2b	-	17,540	17,540	-
		-	266,602	266,602	109,727
Total income					
Resources used					
Charitable activities	3a	-	(6,810)	(6,810)	(574)
Interest payable	3c	-	(15,741)	(15,741)	(8,373)
Management and Administration	3b	-	(9,274)	(9,274)	-
Depreciation	3d	-	(3,051)	(3,051)	-
Total resources used		-	(34,876)	(34,876)	(8,947)
Net incoming resources before net gains on investments		-	231,726	231,726	100,780
Net gains on investments	4,5	-	575,842	575,842	-
Net income for the year		-	807,568	807,568	100,780

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Cashflow Statement

For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	a	253,658	108,053
Cash flows from investing activities			
Building works		(137,467)	(502,948)
Cash flows from financing activities			
Receipt /(repayment) of loans advanced		(130,988)	360,137
Bank interest paid		(15,741)	(8,373)
Change in cash in the year		(30,538)	(43,131)
Cash at 1 January		68,497	111,628
Cash at 31 December		37,958	68,497
Note a:			
Reconciliation of net movement in funds to net cash flow from operating activities			
Net movement in funds		231,726	100,780
Adjustments for:			
Bank interest paid		15,741	8,373
Decrease/(increase) in debtors		1,100	(1,100)
Increase in creditors		2,040	-
Depreciation		3,051	-
		253,658	108,053

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Notes to the financial statements

For the year ended 31 December 2020

1. Basis of preparation

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and with the Charities Act 2011

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

The accounts present a true and fair view and no changes have been made to the accounting policies disclosed below.

Going concern

Having considered the forecast activity for the 12 month period from the date of the approval of these financial statements, the directors have prepared the financial statements on the basis of going concern.

Accounting policies

Income: Recognition of income: Income is included in the Statement of Financial Activities ('SOFA') when the charity becomes entitled to the resources, it is more likely than not that the trustees will receive the resources and the monetary value can be estimated with sufficient reliability.

Offsetting: There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by the FRS 102 SORP or FRS 102.

Grants and donations: Grants and donations are only included in the SoFA when the general income recognition criteria are met.

Tax reclaims on donations: Gift Aid receivable is included in income when there is a valid declaration from the donor. Any Gift Aid amount recovered on a donation is considered to be part of that gift and is treated as an addition to the same fund as the initial donation unless the donor or the terms of the appeal have specified otherwise.

Interest income: This is included in the accounts when receipt is probable and the amount receivable can be measured reliably.

Liability recognition: Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

Interest payable: This is included in the accounts when payment is probable and the amount payable can be measured reliably.

Tangible fixed assets – land and buildings: Upon completion of the construction of the asset, the cost of the land and buildings (excluding the social investment – see below) was transferred out of assets under construction. The land and buildings are held at valuation less provision for any impairment.

Tangible fixed assets – fixtures and fittings: Upon completion of the construction of the asset, the cost of fixtures and fittings was transferred out of assets under construction. Fixtures and fittings are held at cost, net of depreciation and provision for any impairment. Depreciation is provided to write off the cost, less estimated residual value, on a straight line basis over its expected useful economic life. The useful economic life has been determined as 10 years.

Fixed assets – Social investment: Social investments include programme related investments which are held specifically to enable third parties to undertake particular activities using the asset that contribute to the charitable objectives of St Michaels, Southfields. Upon completion of the construction of the asset, the cost of the social investment was transferred out of assets under construction. The social investment, being the apartments made available for church workers at subsidised rent, are held at valuation less provision for any impairment.

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For the year ended 31 December 2020

Debtors: Debtors (including trade debtors and loans receivable) are measured on initial recognition at settlement amount after any trade discounts or amount advanced by the charity. Subsequently, they are measured at the cash or other consideration expected to be received.

2. Income

	Unrestricted Funds £	Restricted Funds £	Total funds	
			2020 £	2019 £
2a Donations and legacies				
Donation from the PCC of St Michael's with St Stephen's Church (Wandsworth)	-	45,000	45,000	30,000
Donations and legacies (non Gift Aid)	-	200,100	200,100	10,080
Donations (Gift Aid)	-	-	-	35,050
Tax recoverable on donations	-	1	1	8,762
CAF & GAYE donations	-	1,461	1,461	835
Grants	-	2,500	2,500	25,000
	-	249,062	249,062	109,727
2b Trading activities				
Rental income - apartments	-	17,000	17,000	-
Rental income - hall	-	540	540	-
	-	17,540	17,540	-
Total incoming resources	-	266,602	266,602	109,727

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Notes to the financial statements

For the year ended 31 December 2020

3. Resources used

	Unrestricted Funds £	Restricted Funds £	Total funds	
			2020 £	2019 £
3a. Charitable activities				
Bank charges		66	66	60
Utilities and insurance		6,744	6,744	514
	-	6,810	6,810	574
3b. Management and administration				
Re-charged staff costs	-	9,000	9,000	-
Accountancy fees	-	274	274	-
	-	9,274	9,274	-
3c. Loan interest paid	-	15,741	15,741	8,373
3d. Depreciation	-	3,051	3,051	-
Total resources used	-	34,876	34,876	8,947

The entity had no employees in the period.

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Notes to the financial statements

For the year ended 31 December 2020

4. Tangible assets

	Assets under construction £	Land and buildings £	Fixtures and fittings £	Total £
Cost/valuation				
At 1 January 2020	544,282	-	-	544,282
Additions	165,556	-	-	165,556
Revaluation	-	243,106	-	243,106
Transfers out of assets under construction/into land and buildings/fixtures and fittings	(709,838)	401,894	40,680	(267,264)
At 31 December 2020	-	645,000	40,680	685,680
Depreciation				
At 1 January 2020	-	-	-	-
Charge	-	-	(3,051)	(3,051)
At 31 December 2020	-	-	(3,051)	(3,051)
Net book value				
At 31 December 2019	544,282	-	-	544,282
At 31 December 2020	-	645,000	37,629	682,629

Assets under construction comprised building costs of £643,240 plus capitalised building fees (including architect's and surveyors' fees of £55,061 and finance fees of £11,536.)

The land and buildings are held at the directors' assessment of open market value using input from local valuation experts.

5. Fixed assets – social investment

	Total £
Cost/valuation	
At 1 January 2020	-
Transfer from assets under construction	267,264
Revaluation	332,736
At 31 December 2020	600,000

The social investment is held at the directors' assessment of open market value using input from local valuation experts.

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Notes to the financial statements

For the year ended 31 December 2020

6. Bank accounts

The Company has one current account with CAF Bank. As funds were expected to be utilised within a short space of time and, given the very low interest rates in the financial year, it was not deemed necessary to set up a deposit account.

7. Debtors

	2020	2019
	£	£
Tax refunds due	-	25C
Other debtors	-	85C
	<u>-</u>	<u>1,10C</u>

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loan	3,300	6,899
Tenants' deposits	2,000	-
Other creditors	28,129	-
	<u>33,429</u>	<u>6,899</u>

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Notes to the financial statements

For the year ended 31 December 2020

9. Creditors: amounts falling due after one year

	2020 £	2019 £
Bank loan	235,836	363,224

The Company signed a loan agreement for a £450,000 mortgage with Kingdom Bank which became effective in 2018. £76,657 of the mortgage was drawn down in 2020 (2019: £363,342) and £207,645 repaid (2019: £3,206). Drawdowns under the mortgage took place in accordance with work completed as certified by a surveyor appointed by Kingdom Bank. The term of the mortgage is 30 years, from first drawdown, with monthly repayments of principle and interest. The interest rate is 3.50% above the Bank of England base rate (which was 0.75% at the end of 2019 but reduced to 0.10% during the course of 2020 due to the global pandemic) for the first 5 years, after which it reverts to the bank's standard variable rate unless renegotiated. Security of the loan is by way of a first mortgage over Brathway Hall as well as an unconditional payment guarantee from the PCC for the full amount outstanding.

10. Restricted funds

	Construction of Brathway Hall fund £
Opening balance	243,755
Income	266,602
Expenses	(34,876)
Revaluation of investments	575,842
At 31 December 2020	1,051,323

The Restricted Fund above can only be used in connection with the construction of Brathway Hall, being a community hall with two apartments above the hall. Such costs include, in addition to the actual construction costs, all fees associated with the preliminary works and permissions as well as all costs associated with procuring finance for the building.

11. Related party transactions

The PCC, which is a trustee of St Michael's Southfields, is the guarantor of the £450,000 mortgage provided to St Michael's Southfields by Kingdom Bank.

12. Events after the balance sheet date

In addition to the £15,000 donation received in January 2021, detailed in the reserves policy above, three further significant donations of £15,000 plus gift aid, £50,000 and £76,000 were received in 2021 to pay down the mortgage on Brathway Hall.