

St Michael's Southfields

Annual report and financial statements

for the year ended 31 December 2021

Charity Registration number: 1151881

Company Registration number: 08337329

St Michael's Southfields

Annual report and financial statements for the year ended 31 December 2021

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St Michael's Southfields

Annual report and financial statements for the year ended 31 December 2021

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 global Covid pandemic which caused the UK to go into lockdown in 2020, continued to impact the use of Brathway hall in 2021. During lockdown the hall was used for up to 12 hours a day, 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. 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 which ran until April. Community Lunch (Wednesdays) returned to being an in person sit down meal (with sensible sanitising and social distancing parameters) at the end of the year. The hall was also used throughout December, to prepare food bundles for those experiencing hardship at Christmas. Occasional hirers and users also returned, such as NCT (National Childbirth Trust) courses, a weekly NA (Narcotics Anonymous) group, and a local Brownies pack.

At year end there remained some snagging works to be completed by the builder. The final £9,300 contingency fee for this work has still to be paid. Some outstanding paperwork and sign-off documentation was still anticipated.

Financial review

Total income was £214,025 in 2021 (2020: £266,602), which was derived from donations and grants as well as rental income from the 2 apartments. In 2021 the PCC of St Michael and All Angels, with St Stephen Wandsworth ("the PCC") donated £22,500 (2020: £45,000) being £1,875 per month as agreed in the budget. In the prior year, there was also an additional one-off donation of £22,500 to finance additional building costs. Grants of £0 were received in the year. (2020: £2,500 from the Jerusalem Trust). Individual donations totalled £166,000 including Gift Aid (2020: £201,561). Church workers rented the apartments for the full 12 months (2020: 9 months) so the subsidised rental income of £1,000 per apartment per month totalled £24,000 (2020: £17,000). £1,525 (2020: £540) rental was received for the hall bookings that took place during the year.

There was no further draw down on the mortgage in the year (2020: £76,657) and £165,209 was repaid (2020: £207,645). At year end the outstanding mortgage was £73,927 (2020: £239,136). Additions to the land and buildings were £5,430 in the year, being late invoices for work completed in 2020.

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Expenditure consisted of £7,365 (2020: £6,810) in respect of bank charges, utilities and insurance and £5,897 (2020: £15,741) interest payments on the mortgage drawdown, £9,000 (2020: £9,000) of staff costs were paid to St Michael's church for use of their staff. Depreciation of £3,051 (2020: £3,051) was charged on the fixtures and fittings following the completion of the building in the year.

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.

The land and building has been valued at an open market value of £1.245m as at 31 December 2021 (2020: £1.245m).

At the end of the year there was a cash balance of £26,963 (2020: £37,958).

Reserves policy

The reserves policy aims to maintain a balance on free reserves (net current assets) of at least 3 months payments. At year end net current assets totalled £27,624. Three months unrestricted payments are estimated to be £6,000.

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 2021, 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 in 2021 (2020: twice). 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 Myers 
Date: 29 Sept 2022

Name: KATHARINE ELLIOTT 
Date: 29 Sept 2022

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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 2021 (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 2021.

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 ACA
London, United Kingdom

29 September 2022

St Michael's Southfields

Balance sheet

At 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	679,578	682,629
Investments – social investments	5	600,000	600,000
Current assets			
Cash at bank	6	26,963	37,958
Debtors	7	6,808	-
Creditors – amounts falling due within one year	8	(6,147)	(33,429)
Net current assets		27,624	4,529
Total assets less current liabilities		1,307,202	1,287,159
Creditors – amounts falling due after one year	9	(72,984)	(235,836)
Total net assets		1,234,218	1,051,323
Funds			
Restricted	10	1,234,218	1,051,323

For the year ended 31 December 2021, 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 Myers*
Date: *29 September* 2022



Signed by director, authenticating accounts being sent to Companies House

Name: *KATHARINE ELLIOTT*
Date: *29 Sept* 2022



St Michael's Southfields

Statement of financial activities

For the year ended 31 December 2021

	Note	Un- restricted £	Restricted £	Total 2021 £	Total 2020 £
Income					
Donations and legacies	2a	-	188,500	188,500	249,062
Other trading activities	2b	-	25,525	25,525	17,540
Total income		-	214,025	214,025	266,602
Resources used					
Charitable activities	3a	-	(7,365)	(7,365)	(6,810)
Interest payable	3c	-	(5,897)	(5,897)	(15,741)
Management and administration	3b	-	(9,386)	(9,386)	(9,274)
Depreciation	3d	-	(3,051)	(3,051)	(3,051)
Total resources used		-	(25,699)	(25,699)	(34,876)
Net incoming resources before net gains on investments		-	188,326	188,326	231,726
Net gains on investments	4	-	-	-	575,842
Net income for the year		-	188,326	188,326	807,568

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Cashflow Statement

For the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	a	165,541	253,658
Cash flows from investing activities			
Building works		(5,430)	(137,467)
Cash flows from financing activities			
Receipt /(repayment) of loans advanced		(165,208)	(130,988)
Bank interest paid		(5,897)	(15,741)
Change in cash in the year		(10,995)	(30,538)
Cash at 1 January		37,958	68,497
Cash at 31 December		26,963	37,958
Note a:			
Reconciliation of net movement in funds to net cash flow from operating activities			
Net movement in funds		188,326	231,726
Adjustments for:			
Bank interest paid		5,897	15,741
Decrease/(increase) in debtors		(6,808)	1,100
(Decrease)/increase in creditors		(24,925)	2,040
Depreciation		3,051	3,051
		165,541	253,658

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Notes to the financial statements

For the year ended 31 December 2021

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 in note 1.2

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 Michael's, 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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Notes to the financial statements

For the year ended 31 December 2021

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	
			2021 £	2020 £
2a Donations and legacies				
Donation from the PCC of St Michael's with St Stephen's Church (Wandsworth)	-	22,500	22,500	45,000
Donations and legacies (non Gift Aid)	-	126,000	126,000	200,100
Donations (Gift Aid)	-	20,000	20,000	-
Tax recoverable on donations	-	5,000	5,000	1
CAF & GAYE donations	-	15,000	15,000	1,461
Grants	-	-	-	2,500
	-	188,500	188,500	249,062
2b Trading activities				
Rental income - apartments	-	24,000	24,000	17,000
Rental income - hall	-	1,525	1,525	540
	-	25,525	25,525	17,540
Total incoming resources	-	214,025	214,025	266,602

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Notes to the financial statements

For the year ended 31 December 2021

3. Resources used

	Unrestricted Funds £	Restricted Funds £	Total funds	
			2021 £	2020 £
3a. Charitable activities				
Bank charges		102	102	66
Utilities and insurance		7,263	7,263	6,744
	-	7,365	7,365	6,810
3b. Management and administration				
Re-charged staff costs	-	9,000	9,000	9,000
Accountancy fees	-	386	386	274
	-	9,386	9,386	9,274
3c. Loan interest paid	-	5,897	5,897	15,741
3d. Depreciation	-	3,051	3,051	3,051
Total resources used	-	25,699	25,699	34,876

The entity had no employees in the period.

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Notes to the financial statements For the year ended 31 December 2021

4. Tangible assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost/valuation			
At 1 January 2021	645,000	40,680	685,680
Additions	5,430	-	5,430
Revaluation	(5,430)	-	(5,430)
At 31 December 2021	645,000	40,680	685,680
Depreciation			
At 1 January 2021	-	(3,051)	(3,051)
Charge	-	(3,051)	(3,051)
At 31 December 2021	-	(6,102)	(6,102)
Net book value			
At 31 December 2020	645,000	37,629	682,629
At 31 December 2021	645,000	34,578	679,578

Land and buildings comprised building costs of £648,240 plus capitalised building fees (including architect's and surveyors' fees of £55,491 and finance fees of £11,536.) A retention fee of £9,300 remains outstanding.

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

5. Fixed assets – social investment

	Total £
Cost/valuation	
At 1 January 2021	600,000
Revaluation	-
At 31 December 2021	600,000

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.

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Notes to the financial statements

For the year ended 31 December 2021

7. Debtors

	2021	2020
	£	£
Tax refunds due	1,250	-
Other debtors	5,558	-
	<u>6,808</u>	<u>-</u>

8. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loan	943	3,300
Tenants' deposits	2,000	2,000
Other creditors	3,204	28,129
	<u>6,147</u>	<u>33,429</u>

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9. Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loan	<u>72,984</u>	<u>235,836</u>

The Company signed a loan agreement for a £450,000 mortgage with Kingdom Bank which became effective in 2018. There was no further drawdown of the mortgage in 2021 (2020: £76,567) and £165,209 repaid (2020: £207,645). Previous year's 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 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 and operation of Brathway Hall fund £
Opening balance	1,051,323
Income	214,025
Expenses	(25,699)
Revaluation of investments	(5,430)
At 31 December 2021	<u>1,234,217</u>

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.