

Church Extension Association (Incorporated) Limited by Guarantee

Report and Financial Statements
Year Ended 31 October 2020

Registered Company Number	00032430
Registered Charity Number	00200240

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020

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Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020

Reference and administrative details

Trustees

F H M Baumberg
E C Brogden
A I Cook
C M Heybourn
S J Hird
S I McCarten
A Taylor
T D Wright

Secretary and registered office

C M Heybourn
St Michael's Convent, Vicarage Way, Gerrards Cross, Buckinghamshire, SL9 8AT

Company number 00032430

Charity registration number 200240

Auditors

Moore Kingston Smith LLP
Devonshire House, 60 Goswell Road, EC1M 7AD

Investment managers

Brewin Dolphin Securities Limited,
12 Smithfield Street, London, EC1A 9BD

Solicitors

Stone King LLP
13 Queen Square, Bath, BA1 2HJ

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020

The directors and trustees present their report together with the audited financial statements for the year ended 31st October 2020.

Legal and administration details

Legal and administrative information set out on the previous page forms part of this report. The financial statements comply with the current statutory requirements, the Memorandum and Articles of Association and the 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 (The FRS 102 Charities SORP)

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit.

Structure, governance and management

The principal activity of the Association is that of a charitable organisation engaged in religious education and general pastoral work. The Association was founded in 1864 and in 1890 was incorporated as a company limited by guarantee and is governed by its Memorandum and Articles of Association. In the event of the Association being wound up each Member has guaranteed to contribute a maximum of £1.

The registered charity number is 200240, the company number is 00032430.

Trustees

The trustees are the Sister Provincial, the Assistant Provincial and six other elected Sisters.

The Appointment is for a period of three years after which they may be re-elected.

The trustees of the Association during the year were:

F H M Baumberg
E C Brogden
A I Cook
C M Heybourn (Secretary)
S J Hird
S I McCarten
A Taylor (Chair)
T D Wright

The directors meet a minimum of three times a year, the Secretary draws up the agenda, and items are included in response to established practices and as a way of monitoring the administration of the charity.

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020 (continued)

Trustees are elected by the Members or co-opted by the Trustees under the Memorandum and Articles of Association of Church Extension Association (Inc)

Ongoing support and training, such as attendance at conferences, is made available as necessary, as is advice from legal and financial professional advisors.

Risk management

The directors and trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Community, and are satisfied that procedures are in place to mitigate our exposure to the major risks.

The Trustees identified seven areas of risk:

Disaster:	From fire - mitigated by regular fire alarm and smoke detector checks; fire safety training is given to all in the house; regular boiler checks; Insurance in place. From flood - mitigated by regular boiler and plumbing checks; Insurance in place.
Building:	Maintenance contracts; emergency numbers visible; fault reporting procedures; regular insurance surveys; allowing adequate budget provision; insurance in place.
Computers:	Virus check in-built; back-ups in place; passwords used.
People:	Ageing members - funerals budgeted for; health and safety procedures are a priority. Employee loss - Contracts of employment; annual reviews; use of 'Peninsula'.
Financial:	Fraud, Investments - Annual audit; Sister Bursar in place; cash is kept secure; regular check on investments and ratings; annual meeting with business advisors. Having sufficient income to meet expenditure.
Reputation:	Wrong counselling advice - professional insurance and supervision in place; on-going professional training. Safeguarding policies in place; training made available for spiritual direction/retreat work.
Covid-19:	The charities main sources of income is from its investment portfolio and from pensions and donations, which may reduce in light of the current climate. A cash flow forecast has been prepared from 12 months from the approval of these financial statements in order to consider the effects of Covid-19 on the charity's resources. The Trustees are satisfied that the charity is largely sheltered from the effects of Covid-19 in the short to medium term due to the significant reserves it holds.

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020 (continued)

Objectives and activities

The Association is established for the furtherance of religion, education and the relief of poverty. These objectives are met through the outreach and ministry of the Sisters, who live at the properties that the Association owns and those locations where it operates, and the trustees ensure that they benefit the public. The trustees have had regard to the Charity Commission's guidance on public benefit, including 'public benefit: running a charity (PB2)'.

A full description of these activities can be found on the Community's website - www.sistersofthechurch.org.

Achievements and performance

The Community is now based at St. Michael's Convent, Vicarage Way, Gerrards Cross, Buckinghamshire SL9 8AT. The Sisters at Gerrards Cross have continued with their daily worship and intercession, which has become even more relevant through the pandemic. Members of the public were welcomed for Retreats and Quiet Days until March 2020. This ministry was growing and developing until Covid-19 restrictions forced it to stop. Sisters have continued with the ministries of Quiet Days, Counselling and Spiritual Direction, mostly online. The Sisters have also contributed to the Diocese of Oxford worship, available online. The eldest members of the Community live and are cared for at St Michael's Convent Gerrards Cross.

The charity undertakes the following activities:-

Women and children are still supported, who have applied for leave to remain in the UK, both financially and pastorally in their transition to independent living.

At our Bristol house the work has continued to be that of pastoral care outreach in the local community, mainly centred on the house but also working with other agencies and food-banks. At the house, this care has taken the form of both practical assistance, such as giving food parcels at the door, and befriending and listening and giving prayer support to callers and volunteers. Some individuals receive extensive and long-term support from the Sisters.

There are a team of volunteers who assist the Sisters with their Ministry. The volunteers contributed approximately 6,000 hours in the year.

Outside the house, Sisters provide religious education through such means as talks, preaching and spiritual accompaniment. Sisters make pastoral visits at home, in hospital, and prison as is needed.

Anita has continued with her Ministry in the Benefice of East Clevedon and has been able to co-ordinate the contributions coming locally for the Loaves and Fishes project in Bristol.

She has also continued to serve as Chair of the St. Andrew's Trust and a member of the Anglican Religious Communities Development Trust. She serves as a Member of the General Synod of the Church of England and several other related bodies.

At West Harrow, Vivien is a Lay Chaplain at St Martin in the Fields. She promotes religious education through various ministries. She is a member of an ecumenical team that runs Weeks of Accompanied Prayer in parishes throughout the South East. She also accompanies people on Ignatian Retreats, including some in Wales. Locally, and in London, she sees individuals for Spiritual Direction/Supervision. Vivien visits those in need of a listening ear.

Covid-19 has curtailed Vivien's face to face ministry of accompaniment but she has carried on by phone, virtually on the internet and in person when allowable.

Other sisters live beyond community houses to care for parents. They remain committed to a life of prayer and service and attend community gatherings.

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020 (continued)

Financial Review

This year's activities resulted in an overall deficit of £102,916 (2019 - £1,321,523 surplus), which has been transferred to accumulated reserves. Of the total deficit, £11,466 relates to realised loss on investments, £683,058 relates to unrealised losses on investments and there was an operating surplus of £591,608.

Reserve Policy

The year's deficit has reduced the accumulated reserves to £14,079,537 (2019- £14,182,453). The Directors consider that this level of reserves is necessary for the future financial stability of the charitable company for two reasons:-

- 1) £7,054,063 of the reserves is represented by the new St Michael's Convent at Gerrard's Cross, and the refurbishment work required there.
- 2) £6,774,990 of the reserves are represented by investments, the income from which is the company's principal source of income.

Total reserves are represented by £7,448 of restricted funds, £693,239 of designated funds and £7,107,970 invested in fixed assets.

This leaves £6,270,880 as free reserves of the charity.

The charity seeks to maintain free reserves in order to continue to deliver its charitable objectives to the charities beneficiaries in the short term. The charity has calculated that the working capital required for the continuity and operation of the charities activities for a period of 12 months is £ 559,000. At the year end, total reserves were above this level.

Investments Policy

Investments are stated at the market value prevailing at the balance sheet date. The market value of quoted securities is based on the bid price. Any gain or loss on revaluation is taken to the SOFA.

The investment policy is to maximise total return through a diversified portfolio whilst providing a level of income advised by the trustees from time to time. There is also an Ethical Policy precluding investment in any company which, after reasonable enquiry, clearly has significant profits from an activity which is contrary to the objectives of the Church Extension Association.

Plans for the future

The Sisters plan to continue with their established ministries whilst being open to the possibilities of new callings.

There is ongoing research into possible ways to make a smaller impact on the environment.

We plan to continue seeking financial support for our ministry with women and children who have come to this country as asylum seekers and displaced persons.

When we can return to our ministry of hospitality we hope to be available for those who have been especially effected by the pandemic.

The sisters have considered the effect of Covid-19 on the charity's finances in current and future periods. In the short to medium term, the charity is protected from this by the significant reserves it holds in liquid investments, which can be readily converted into cash if required. It has enough unrestricted funds to continue its charitable activities and fund future potential deficits, should they arise.

Church Extension Association (Incorporated)
Report of the Trustees for the year ended 31 October 2020 (continued)

Statement of Trustees' responsibilities

The trustees (who are also the directors of the Church Extension Association (Incorporated) for the purpose of company law) are responsible for preparing the report of the directors and trustees report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- Observe the methods and principles in the charities SORP.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board of trustees and signed on their behalf



C M Heybourn

Trustee & Secretary

Date: 30 April 2021

Independent Auditor's Report to the members of Church Extension Association (incorporated)

Opinion

We have audited the financial statements of Church Extension Association (Incorporated) for the year ended 31 October 2020 which comprise Statement of Financial Activities, the Balance Sheet, the statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: 04/05/2021

Devonshire House
60 Goswell Road
London
EC1M 7AD

Church Extension Association (Incorporated)

Statement of Financial Activities for the year ended 31 October 2020

Note

		General Fund (unrestricted) £	Bristol (designated) £	Relief Fund (designated) £	Relief Fund (restricted) £	Total funds 2020 £	Total funds 2019 £
Income from:							
Accommodation		12,416				12,416	27,792
Donations		805,369	9,962	1,725	6,640	823,696	16,049
Donations from Overseas		4,448				4,448	-
Legacies		12,662				12,662	171,450
Charitable activities			107,444			107,444	66,906
Royalties & Energy, Interest		847				847	1,377
Sisters earning and pensions		165,525				165,525	195,088
Investments		195,250				195,250	218,619
Profit on sale of tangible assets						-	1,236,327
Total income		1,196,517	117,406	1,725	6,640	1,322,288	1,933,608
Expenditure on:							
Charitable activities	2	608,995	100,076	17,379	4,230	730,680	804,205
Total expenditure		608,995	100,076	17,379	4,230	730,680	804,205
Net gains/(losses) on investments		(694,524)	-	-	-	(694,524)	192,120
Net income/ (expenditure)		(107,002)	17,330	(15,654)	2,410	(102,916)	1,321,523
Transfer between funds		(37,254)	19,723	17,531		-	-
Net movement in funds	12	(144,256)	37,053	1,877	2,410	(102,916)	1,321,523
Balance brought forward at 1 November 2019	12	13,523,106	656,186	-	3,161	14,182,453	12,860,930
Balance carried forward at 31 October 2020	12	13,378,850	693,239	1,877	5,571	14,079,537	14,182,453

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the statement of financial activities.

Church Extension Association (Incorporated)

Balance Sheet at 31 October 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	7 & 8		7,107,970		7,236,909
Investments	9		6,792,740		5,512,147
			<u>13,900,710</u>		<u>12,749,056</u>
Current assets					
Debtors	10	95,448		1,351,303	
Cash at bank and in hand		<u>182,446</u>		<u>269,372</u>	
		277,894		1,620,675	
Creditors: amounts falling due within one year					
	11	<u>(99,067)</u>		<u>(187,278)</u>	
Net current assets			178,827		1,433,397
Total assets less current liabilities			<u>14,079,537</u>		<u>14,182,453</u>
Net assets			<u><u>14,079,537</u></u>		<u><u>14,182,453</u></u>
Funds					
Unrestricted funds					
General fund		13,378,850		13,523,106	
Designated funds		<u>695,116</u>		<u>656,186</u>	
			14,073,966		14,179,292
Restricted funds			5,571		3,161
Total funds	12		<u><u>14,079,537</u></u>		<u><u>14,182,453</u></u>

Approved and authorised for issue on behalf of the Executive Body on

30 April 2021

Signed on behalf of the Executive Body of the Church Extension Association (Incorporated);

A. Taylor

A Taylor
Chief Officer

C. M. Heybourn

C M Heybourn
Member of the Executive Body
Secretary

Registered Company Number: 00032430

The notes on pages 14 to 26 form part of these financial statements.

Church Extension Association (Incorporated)

Statement of Cash Flows for the year ended 31 October 2020

	2020 £	2019 £
Cash generated from operating activities		
Net cash provided by operating activities	<u>1,692,942</u>	<u>(221,132)</u>
Cash flows from investing activities		
Investment income	195,250	218,619
Proceeds from the sale of property, plant and equipment	-	-
Purchase of fixed assets	-	(190,775)
Proceeds from the sale of investments	486,865	296,440
Purchase of investments	(1,169,147)	(168,657)
Movement on cash held in investment portfolio	(1,292,836)	(92,990)
Net cash provided by/(used in) investing activities	<u>(1,779,868)</u>	<u>62,637</u>
Cash flows from financing activities		
Repayments of borrowing	-	-
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
<i>Change in cash and cash equivalents in the reporting period</i>	<u>(86,926)</u>	<u>(158,495)</u>
Cash and cash equivalents at the beginning of the reporting period	269,372	427,867
Cash and cash equivalents at the end of the reporting period	<u><u>182,446</u></u>	<u><u>269,372</u></u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(102,916)	1,321,523
Adjustments for:		
Depreciation charges	118,202	121,278
(Gains)/losses on investments	694,524	(192,120)
Investment income	(195,250)	(218,619)
(Profit)/loss on sale of fixed assets	10,738	(1,236,327)
(Increase)/decrease in debtors	1,255,855	(94,611)
Increase/(decrease) in creditors	(88,211)	77,744
Net cash provided by/(used in) operating activities	<u><u>1,692,942</u></u>	<u><u>(221,132)</u></u>

Church Extension Association (Incorporated)

Notes forming part of the Financial Statements

For the year ended 31 October 2020

1 Accounting policies

Status of company

The Church Extension Association (Incorporated) was incorporated under the Companies Act 1862 to 1890 and is a company limited by guarantee, not having a share capital. The liability of its members is limited to £1 per member. Its registered address is St Michael's Convent, Vicarage Way, Gerrards Cross, Buckinghamshire, SL9 8AT.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company is a public benefit entity for the purposes of FRS 102 and a registered charity established as a company limited by guarantee and therefore has also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP) including Update Bulletin 2, the Companies Act 2006 and Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Going Concern Basis

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and in particular have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income from the Covid-19 pandemic. The charity is largely sheltered from the expected ongoing effects of Covid-19 due to the significant reserves it holds in liquid investments, which can be readily converted into cash if required. Based on this, the trustees have concluded that there is a reasonable expectation that the charitable entity has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

Income

The charity, in common with many others, derives a proportion of its income from voluntary donations which can only be recorded on receipt. Donations are therefore included in the accounts on the basis of cash received, except as follows:

- when donors specify that donations, and grants given to the charity must be used in future accounting periods, the income is deferred until those periods; and
- when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

All other incoming resources, including legacies, are recognised in the financial year in which the charity becomes entitled to the income, the amount can be measured and receipt is probable.

Church Extension Association (Incorporated)

Notes forming part of the Financial Statements (continued)

For the year ended 31 October 2020

1 Accounting policies (continued)

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expense was incurred.

Charitable activities comprises the direct costs, staff costs and overheads, including governance costs of carrying out the charity's objectives.

Governance costs includes the costs of compliance with constitutional and statutory requirements.

Expenditure on raising funds comprise the direct costs relating to raising funds.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

Furniture and equipment	-	10% reducing balance
Motor vehicles	-	25% reducing balance
Freehold land	-	Nil
Freehold buildings	-	2% straight line
Freehold buildings - Refurbishment	-	2% straight line
Freehold buildings - Improvements	-	5% straight line

Investments

Investments are stated at the market value prevailing at the balance sheet date. The market value of quoted securities is based on the bid price quotation. Any realised and unrealised gains and losses on revaluation are taken to the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Financial Instruments

Debtors and creditors receivable or payable within one year of the reporting date are carried at their at transaction price.

Employee benefits

The cost of short term employee benefits are recognised as a liability and as an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Pensions

Contributions to the company's defined contribution scheme are charged to the SOFA in the year which the became

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

1 Accounting policies (continued)

Fund accounting

Funds held by the charity are either:

- unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;
- designated funds - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects; or
- restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Each year a transfer of funds is recognised to move a designated amount for the branches and the Solomon Islands from unrestricted funds to designated funds.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Trustees to have the most significant effect on amounts recognised in the financial statements:

The annual depreciation charge for property, plant and equipment is sensitive to change in useful economic life and residual values of assets. These are reassessed annually.

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

2 Charitable activities

	General Fund	Bristol	West Harrow	Clevedon	Relief Fund	Relief Fund (Restricted)	Total 2020	Total 2019
	£	£	£	£	£	£	£	£
Bank charges & interest	118	2	-	-	-	-	120	180
Chapel & Chaplainacy	3,006	95	-	-	-	-	3,101	4,818
Council tax, water charges & insurance	22,354	1,489	1,766	1,916	-	-	27,525	27,698
Depreciation	114,941	132	2,959	170	-	-	118,202	121,278
Donations & Gifts	1,545	812	459	247	-	-	3,063	5,665
Donations -Solomon Islands	7,194	-	-	-	-	-	7,194	13,651
Education & Training	7,065	291	814	32	-	-	8,202	14,690
Funeral related expense	4,214	-	-	-	-	-	4,214	3,827
Furniture & Equipment								
Renewals	3,497	245	390	-	-	-	4,132	5,320
General	625	-	-	-	-	-	625	561
Housekeeping & Household	34,094	11,243	4,879	6,535	-	-	56,751	58,316
Library	269	-	-	-	-	-	269	219
Ministry	834	68,709	-	-	17,379	4,230	91,152	98,130
National Insurance Sisters	360	-	-	-	-	-	360	861
Newsletter	1,780	-	-	-	-	-	1,780	1,577
Postage, Stationery, Computing	5,241	1,852	205	299	-	-	7,597	9,897
Premises - Repair & Maintenance	68,241	2,910	4,027	6,712	-	-	81,890	75,298
Professional fees	55,637	-	-	-	-	-	55,637	40,617
Sale of assets/(Profit)	10,738	-	-	-	-	-	10,738	-
Salaries & Wages	65,526	-	-	-	-	-	65,526	65,651
Sisters Care costs	157,451	-	-	-	-	-	157,451	154,393
Sisters personal	14,804	4,873	1,647	3,344	-	-	24,668	26,794
Telephone	2,114	1,114	432	444	-	-	4,104	4,424
Travel & Motor Exps. Including Insurance	11,681	2,495	1,105	2,007	-	-	17,288	26,098
Utilities	15,351	3,778	2,168	2,502	-	-	23,799	30,038
Utilities (Prior years excess accrual)	(61,064)						(61,064)	-
Goverance	15,470	36	-	-	-	-	15,506	13,440
Publicity	850	-	-	-	-	-	850	764
	563,936	100,076	20,851	24,208	17,379	4,230	730,680	804,205

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

3 Governance costs

	General Fund £	Branch Houses £	Total 2020 £	Total 2019 £
Audit and accountancy charges	15,470	36	15,506	13,440
General expenses	625	-	625	561
	<u>16,095</u>	<u>36</u>	<u>16,131</u>	<u>14,001</u>

4 Deficit of income over expenditure for the year

	2020 £	2019 £
This is stated after charging the following:		
Depreciation	118,202	121,278
Auditors' remuneration - audit services	14,000	13,800
	<u>132,202</u>	<u>135,078</u>

5 Staff costs and trustees' remuneration

	2020 £	2019 £
Wages	91,848	90,362
Social security costs	3,687	4,624
Pension contributions	1,845	1,580
	<u>97,380</u>	<u>96,566</u>

No employee received remuneration amounting to more than £60,000 in either year.

The directors and trustees were not paid or reimbursed for expenses during either year.

Key Management Personnel

Key management personnel include the Trustees and the Bursar. The total employee benefits of the charity's key management personnel were £nil (2019: £nil).

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

6 Employees

	2020 Number	2019 Number
The average number of employees during the year was as follows:		
Domestic assistants	3	3
Administration	1	1
	<u>4</u>	<u>4</u>

7 Tangible assets

	Motor vehicles £	Freehold land and buildings (see note 8) £	Furniture And Equipment £	Total £
<i>Cost</i>				
At 1 November 2019	51,103	7,443,751	193,434	7,688,288
Additions	-			-
Disposals	-	-	(14,730)	(14,730)
Transfers	-		-	-
At 31 October 2020	<u>51,103</u>	<u>7,443,751</u>	<u>178,704</u>	<u>7,673,558</u>
<i>Depreciation</i>				
At 1 November 2019	34,661	280,220	136,498	451,379
Charge for the year	4,113	109,468	4,620	118,201
Disposals		-	(3,992)	(3,992)
At 31 October 2020	<u>38,774</u>	<u>389,688</u>	<u>137,126</u>	<u>565,588</u>
<i>Net book value</i>				
At 31 October 2020	<u>12,329</u>	<u>7,054,063</u>	<u>41,578</u>	<u>7,107,970</u>
At 31 October 2019	<u>16,442</u>	<u>7,163,531</u>	<u>56,936</u>	<u>7,236,909</u>

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

8 Freehold land and buildings

		Cost	Accumulated depreciation	Net book value
		£	£	£
St Gabriel's, Clevedon	Land	6,265	-	6,265
St Gabriel's, Clevedon	Buildings	6,265	5,887	378
10 Furness Road, West Harrow	Land	113,024	-	113,024
10 Furness Road, West Harrow	Buildings	113,025	62,807	50,218
Garden House, Gerrards Cross	Buildings	180,397	14,432	165,965
Main House, Gerrards Cross	Land	2,175,000	-	2,175,000
Main House, Gerrards Cross	Buildings	2,175,000	130,500	2,044,500
	Building refurbishment			
Main House, Gerrards Cross		2,458,800	144,048	2,314,752
	Building improvements			
Main House, Gerrards Cross		215,975	32,014	183,961
		7,443,751	389,688	7,054,063

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

9 Investments

	2020	2019
	£	£
<i>Quoted securities at valuation</i>		
At 1 November	5,186,188	5,121,851
Additions	1,169,147	168,657
Disposals	(486,730)	(296,440)
Realised gain/(loss)	(11,466)	(6,420)
Unrealised (loss)/gain	(683,058)	198,540
Accrued Interest	(136)	-
	<u>5,173,945</u>	<u>5,186,188</u>
At 31 October	5,173,945	5,186,188
Capital on deposit	1,618,795	325,959
	<u>6,792,740</u>	<u>5,512,147</u>
<i>Historical cost</i>		
Investments	5,076,607	4,339,252
Capital on deposit	1,618,795	325,959
	<u><u>6,695,402</u></u>	<u><u>4,665,211</u></u>

All investments are listed on the UK Stock Exchange.

There are no investments held by the Church Extension Association (Incorporated) with a market value in excess of 5% of the total portfolio market value as at 31 October 2020.

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

10	Debtors	2020	2019
		£	£
	Other debtors	78,444	1,346,102
	Prepayments and accrued income	17,004	5,201
		<u>95,448</u>	<u>1,351,303</u>

All amounts shown under debtors fall due for payment within one year.

11	Creditors: amounts falling due within one year	2020	2019
		£	£
	Other creditors	47,564	46,064
	Accruals and deferred income	51,503	141,214
		<u>99,067</u>	<u>187,278</u>

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

12 Funds

For the year ended 31 October 2020

	Balance at 1 November 2019	Income	Expenditure	Gain/(Losses)	Transfers	Balance at 31 October 2020
	£	£	£	£	£	£
General Fund	13,523,106	1,196,517	(608,995)	(694,524)	(37,254)	13,378,850
Designated Funds:						
Branch Houses	656,186	117,406	(100,076)	-	19,723	693,239
Relief Fund	-	1,725	(17,379)	-	17,531	1,877
Restricted Fund:						
Relief	3,161	6,640	(4,230)	-	-	5,571
Total	<u>14,182,453</u>	<u>1,322,288</u>	<u>(730,680)</u>	<u>(694,524)</u>	<u>-</u>	<u>14,079,537</u>

For the year ended 31 October 2019

	Balance at 31 October 2018	Income	Expenditure	Gain/(Losses)	Transfers	Balance at 31 October 2019
	£	£	£	£	£	£
General Fund	12,187,810	1,861,342	(673,189)	192,120	(44,977)	13,523,106
Designated Funds:						
Branch Houses	663,520	70,984	(104,918)	-	26,600	656,186
Relief Fund	-	1,282	(19,659)	-	18,377	-
Restricted Fund:						
Relief Fund	9,600	-	(6,439)	-	-	3,161
Total	<u>12,860,930</u>	<u>1,933,608</u>	<u>(804,205)</u>	<u>192,120</u>	<u>-</u>	<u>14,182,453</u>

Purpose of funds

Branch Houses

This fund is the total of the activities of the Company's Branch Houses at Harrow, Bristol and Clevedon.

Relief Fund

This fund is for the Sisters' ministry in the financial relief of the poor. Nearly all of it is for women and children family support.

Church Extension Association (Incorporated)

Notes forming part of the Financial Statements (continued)

For the year ended 31 October 2020

13 Analysis of net assets between funds

For the year ended 31 October 2020

	General Funds	Designated Funds	Restricted Funds	Balance at 31 October 2020
Tangible Fixed Assets	7,107,970	-	-	7,107,970
Investments	6,792,740	-	-	6,792,740
Net Current Assets	(519,983)	693,239	5,571	178,827
	<u>13,380,727</u>	<u>693,239</u>	<u>5,571</u>	<u>14,079,537</u>

For the year ended 31 October 2019

	General Funds	Designated Funds	Restricted Funds	Balance at 31 October 2019
Tangible Fixed Assets	7,236,909	-	-	7,236,909
Investments	5,512,147	-	-	5,512,147
Net Current Assets	774,050	656,186	3,161	1,433,397
	<u>13,523,106</u>	<u>656,186</u>	<u>3,161</u>	<u>14,182,453</u>

14 Contingent liabilities

- i. At the year end, Church Extension Association (Incorporated) acted as a guarantor of the rent on two properties. On property 1, if the tenant were to default on their rent. The charity would be liable for the full rental payments due under the lease terms of £1,500 per calendar month. The lease is due to expire on 2 December 2020. On property 2, if the tenant were to default on their rent. The charity would be liable for the full rental payments due under the lease terms of £1,600 per calendar month. The lease is due to expire on 10 April 2023.
- ii. When a Sister makes her Life Profession in the Community she renounces her right to all income and assets to which she becomes entitled. Whilst Sisters usually make a lifelong commitment to the Community, in the event that a Sister leaves the Community then she would be entitled to the capital she brought with her plus any amount she inherited whilst she was a member of the Community.

This entitlement does not extend to any income or movement in value arising from these monies whilst a Sister is a member of the Community, only the original capital amount brought in or inherited.

The total amount of capital brought into the Community or inherited by Sisters whilst a member of the Community, and therefore repayable in the event that a Sister leaves, is £936,826.

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

15 Taxation

As a charity, Church Extension Association (Incorporated) is exempt on income gains falling within section 466-493 of the Corporation Tax act 2010 to the extent that they are derived from charitable activities.

16 Related party transactions

There were no related party transactions in the period under review that require disclosure in the financial statements in the period under review.

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

Statement of Financial Activities for the year ended 31 October 2019

Note

		General Fund (unrestricted)	Bristol (designated)	Relief Fund (designated)	Relief Fund (restricted)	Total funds 2019
		£	£	£	£	£
Income from:						
Accommodation		27,792	-	-	-	27,792
Donations		10,689	5,360	-	-	16,049
Legacies		171,450	-	-	-	171,450
Charitable activities			65,624	1,282	-	66,906
Royalties & Energy		1,377	-	-	-	1,377
Sisters earning and pensions		195,088	-	-	-	195,088
Investment income		218,619	-	-	-	218,619
Profit on sale of tangible assets		1,236,327	-	-	-	1,236,327
Total income		1,861,342	70,984	1,282	-	1,933,608
Expenditure on:						
Charitable activities	2	673,189	104,918	19,659	6,439	804,205
Total expenditure		673,189	104,918	19,659	6,439	804,205
Net gains/ (losses) on investments		192,120	-	-	-	192,120
Net expenditure		(481,069)	(104,918)	(19,659)	(6,439)	(612,085)
Transfer between funds		(44,977)	26,600	18,377	-	-
Net movement in funds	12	1,335,296	(7,334)	-	(6,439)	1,321,523
Balance brought forward at 1 November 2018	12	12,187,810	663,520	-	9,600	12,860,930
Balance carried forward at 31 October 2019	12	13,523,106	656,186	-	3,161	14,182,453

Church Extension Association (Incorporated)
Notes forming part of the Financial Statements (continued)
For the year ended 31 October 2020

Income and expenditure account

Summary for the year ended 31 October 2020

	2020	2020	2019	2019
	£	£	£	£
Income				
General Fund	1,195,374		1,859,142	
Bristol	117,406		70,984	
West Harrow	827		2,070	
Clevedon	316		130	
Relief	1,725		1,282	
Relief -Restricted Fund	<u>6,640</u>		<u>-</u>	
		1,322,288		1,933,608
Expenditure				
General Fund	563,936		623,956	
Bristol	100,076		104,918	
West Harrow	20,851		26,672	
Clevedon	24,208		22,561	
Relief	17,379		19,659	
Relief -Restricted Fund	<u>4,230</u>		<u>6,439</u>	
		730,680		804,205
Surplus of income over expenditure for the year		<u><u>591,608</u></u>		<u><u>1,129,403</u></u>