

Charity Registration No. 229226

Company Registration No. 455366 (England and Wales)

CHURCH COMMUNITIES UK

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Board of Trustees	Bernard Hibbs Marianne Wright Lael Page Gregory Winter Darlene Keiderling
Secretary	Gregory Winter
Charity Number	229226
Company Number	455366
Registered Office	Darvell Brightling Road Robertsbridge East Sussex TN32 5DR
Auditors	HW Fisher LLP Acre House 11/15 William Road London NW1 3ER
Bankers	National Westminster Bank Plc Battle Branch 6 High Street Battle TN33 0AJ
Solicitors	Bates, Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

**CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)**

TRUSTEES' REPORT

The directors of Church Communities UK, who are Trustees for the purposes of charity law, present their Annual Report, which is the directors' report as required by company law, the group strategic report for the company and its subsidiaries, and the audited accounts for the year ended 31 March 2023.

The accounts have been prepared in accordance with the accounting policies set out in Note 1 and comply with the governing document of Church Communities UK, applicable law and requirements of SORP 2019.

LEGAL STRUCTURE AND GOVERNANCE

Church Communities UK, referred to in this Report as "the Order", is a private company limited by guarantee, registered in England and Wales, company number 455366. It is a religious order, registered as a charity, registration number 229226. The Order's governing document is its Articles of Association.

Directors and Members of the company are distinct groups. Directors are usually appointed by resolution of company Members. Procedures for induction and training of new directors include resources such as the relevant Charity Commission publications as well as board minutes and policies. The directors were as follows at the date they approved this Report:

Bernard Hibbs
Marianne Wright
Lael Page
Gregory Winter
Darlene Keiderling

The Board is responsible for management of the Order and most directors are involved in its daily activities. The Board has delegated certain authority to two committees: the Finance and Corporate Affairs Committee to ensure sound financial management and regulatory compliance; and the Education Committee to lead and manage the schools operated by the Order. Members of the Order, directors and Committee members receive no remuneration or benefit connected with these roles.

OBJECTS

The Objects of the Order, as shown in the governing document, are (in an abridged form):

The advancement of the Christian faith and the promotion of the moral and spiritual welfare of the general public in accordance with Foundations of Our Faith & Calling: the Bruderhof ("Foundations") and for the public benefit, and in particular

- advancing the vocation of Christian church community as described in *Foundations* and inspired by the early Christian community described in The Acts of the Apostles 2:44 – 45 and 4:32-35, as a witness to the world and in service of humanity;
- establishing, supporting, and maintaining Bruderhof church communities that are open to all people, thus enabling their participants to devote themselves to the service of Jesus Christ and the proclamation of the gospel through a shared life of worship, mission, common work, education, and family life, recognising that productive labour is a vital aspect of church community life and is, in this context, a religious activity that advances the message of the Christian gospel;

- relieving poverty, advancing education, and supporting the principles and practice of the Christian faith in relation to peace, justice, reconciliation, and non-violence; and
- furthering the purposes of the Bruderhof throughout the world insofar as they are exclusively charitable under English law.

STRATEGIC REPORT

In deciding what activities the Order should undertake, the directors have paid due regard to Charity Commission guidance on public benefit. During the year, the Order sought to fulfil its charitable Objects through two main areas of activity: Community Life and Other Charitable Work and Mission.

Community Life

The directors are satisfied that the most effective way of advancing the Christian faith, and furthering the Objects to benefit the public, is through the long-term objective of founding and maintaining church communities. This means demonstrating the faith and teachings of Jesus Christ and his Apostles in everyday life. The church document, *Foundations of our Faith and Calling*, describes this life and its biblical basis. Members live in full community of goods and complete spiritual unity while maintaining an open door for visitors. This is the Order's basic mission to the world and all else is in support of this.

At each of the Order's locations, housing is provided for the families and singles who share in the vocation of community life. Guest accommodation is available, and the community members and visitors gather for meals and worship meetings at noon or in the evenings. During the year, the communities welcomed many visitors and neighbours who attended occasions such as open days, summer festivals, religious services and Christmas celebrations.

Productive labour in community departments is integral to the religious vocation of community life described in the Objects. Members do not work for a salary or any remuneration and receive no pocket money. Rather, in wholehearted devotion to Christ and his church, members attend to their duties, and their needs are met to a simple standard, this being a basic principle of church community life since the time of the Apostles (Acts 2:44-45).

Adults contribute their efforts in various community departments and businesses. For example, members make high quality wooden furniture and educational play equipment that is sold to schools and nurseries through a separate primary purpose trading subsidiary, Community Products (UK) Limited. Other members work in departments such as the communal kitchen, laundry, and garden.

During the year the Order achieved some short-term aims in maintaining and improving the land, buildings and equipment at each community. The Order sold UK property surplus to requirements, and was able to purchase a commercial building near the new community location in Austria, enabling productive communal work to be developed in future years. In the UK, the Order began ground works and installation of a ground mounted solar photovoltaic system, completed during summer 2023. Further green energy infrastructure will be considered in the next financial year. Building works were also commenced on a new boarding house, with completion scheduled for 2024.

Other Charitable Work and Mission

Another long-term objective of the Order is to further the faith and mission of Jesus Christ through the publishing work, mission journeys, and other charitable work. In some cases the Order conducts these activities and in other cases grants are made to further the work of others. During each year the directors aim to balance appropriately the efforts and resources that support this wide variety of activities.

Distribution of books, a quarterly magazine, and on-line material under the name “Plough Publishing” is an important means of spreading the Order’s message to the general public. During the past year Plough Publishing distributed thousands of books dealing with such topics as forgiveness and reconciliation, marriage, prayer, family life and facing death.

Community members ministered to the varied needs of individuals in nearby towns and villages. Members also regularly attended local support groups for the elderly, volunteered as chaplains in hospitals and hospices, and volunteered with other charitable organisations which support the vulnerable, the homeless and refugees. In the past year, members have continued to volunteer in Thailand, helping churches support refugees. These are just a few examples of the Order’s many activities.

Charitable Grants: The Order fulfils its charitable Objects through the two areas of activity described above. The Order is not a grant-making charity. Nevertheless, during the year and to the extent surpluses remain after carrying out the activities described above, the Order made grants to support other charities in their work for education, reconciliation, alleviation of poverty and social need, and other mission activity within the UK and abroad. The board has delegated authority to the Finance and Corporate Affairs Committee to approve grants of up to £25,000 and any larger grants that are part of an arrangement already approved by the board.

Volunteers: The directors recognise the efforts of all volunteers. Most of them are community members who participate daily in all aspects of communal living as a religious vocation.

REVIEW OF FINANCIAL POSITION

As stated in the Objects, productive labour is a vital aspect of church community life. Therefore the wholly-owned trading subsidiary, Community Products (UK) Limited, fulfils one of the primary purposes of the Order. Trading under the brand name “Community Playthings”, it manufactures and sells high quality educational equipment and furniture. While the trading subsidiary is legally distinct from the Order, the common work it provides to members is an integral part of community life. The directors recognise that provision of meaningful work for community members and visitors is one of the most important goals of the manufacturing efforts. Pursuant to the terms of a deed of covenant, it distributes its profits to the Order, thereby providing the principal source of funding for all key charitable objectives. Community Products (UK) Limited has a wholly-owned subsidiary, Community Playthings Deutschland GmbH, which carries out profitable business activities in Germany. The directors are satisfied with the profitability, financial position, and future outlook of these entities.

Two other subsidiaries, Brightling Services Ltd and Ashdowne Resources Limited, have been established to provide services to the group. Brightling Services Ltd was largely inactive during the year. Ashdowne Resources Limited provided seconded labour services within the group. Both entities distributed profits to the Order pursuant to deeds of covenant.

In addition to income received from its subsidiaries the Order receives donations from members and other sources as set out in note 2. All the incoming resources are used to fund the charitable activities described above and set out in note 6.

Strategic Risks: The directors regularly identify and assess the major risks to which the Order is exposed. The Board has identified loss of income or catastrophic loss of assets as the most significant strategic risk faced by the Order. The Board has established systems to mitigate all risks, including strategic risks, and is satisfied that it has taken all steps reasonably practicable to minimise the impact such events would have on the Order. Day-to-day risk management is the responsibility of the Finance and Corporate Affairs Committee. The high costs of commodities and energy caused by geo-political uncertainty and conflict remain the primary strategic risk. The directors consider the measures implemented are adequate to address these challenges, and are confident that the Order will continue as a going concern.

Reserves and Funds: The directors have agreed a reserves policy to ensure the continuity of the Order's activities by managing the risk of unforeseen reduction of income. According to the policy which is reviewed each year, the Order's target free reserves range is between nine and eighteen months of the expenditure on charitable activities undertaken directly by the Order as detailed in note 6.

At 31 March 2023, the Order's unrestricted funds of £39,757,011 include a designated Fixed Asset Fund of £31,614,647, which is the value of the Charity's tangible fixed assets including foreign properties. This land, buildings and equipment is essential to the vocation of church community life and its benefit to the public. This designated fund is not readily available for expenditure. The group holds remaining free reserves of £8,142,364 which is within the acceptable range set by the reserves policy.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

AUDITORS

In accordance with section 485 of Companies Act 2006, a resolution regarding the appointment of the auditors of the company will be put to the Members.

The Trustees' Report (incorporating the Strategic Report) was approved and signed on behalf of the directors by:

Bernard Hibbs
Bernard Hibbs

Dated: 01 Dec 2023

Lael Page
Lael Page

01 Dec 2023

CHURCH COMMUNITIES UK

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who are also the directors of Church Communities UK for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

A combination of Company Law and Charity Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHURCH COMMUNITIES UK (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCH COMMUNITIES UK

Opinion

We have audited the accounts of Church Communities UK (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the consolidated and charity statement of financial position, the consolidated cash flow statement and the notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2023 and of the group's 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 requirements of the Companies Act 2006 and the Charities Act 2011.

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 the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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

CHURCH COMMUNITIES UK

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; and
- the strategic report and the directors' report included within the trustees' 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 group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity's accounts 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group's and parent charity'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.

CHURCH COMMUNITIES UK

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key fixed assets and stock.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted and designated funds.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party transactions.
- Reviewing documentation such as the charity board minutes, correspondence with solicitors, for discussions of irregularities including fraud.
- Testing all material consolidation adjustments.

**CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Carol Rudge

**Carol Rudge (Senior Statutory Auditor)
for and on behalf of H W Fisher LLP**

**Chartered Accountants
Statutory Auditor**

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

01 Dec 2023

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

GROUP/CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 March 2023

	Notes	Unrestricted funds £	Designated funds £	Total funds 2023 £	Unrestricted funds £	Designated funds £	Total funds 2022 £
Income from:							
Donations and legacies	2	3,906,257	-	3,906,257	6,395,354	-	6,395,354
Charitable activities	3	22,422,676	-	22,422,676	23,846,479	-	23,846,479
Other trading activities	4	191,142	-	191,142	195,564	-	195,564
Investment income	5	4,360	-	4,360	-	-	-
Total Income		26,524,435	-	26,524,435	30,437,397	-	30,437,397
Expenditure on:							
Charitable activities	6	26,738,702	-	26,738,702	24,476,881	-	24,476,881
Tax	10	17,492	-	17,492	5,395	-	5,395
Total expenditure		26,756,194	-	26,756,194	24,482,276	-	24,482,276
Net income/ (expenditure)		(231,759)	-	(231,759)	5,955,120	-	5,955,120
Transfers between funds	17	2,164,375	(2,164,375)	-	(4,460,412)	4,460,412	-
Currency translation adjustment		41,597	-	41,597	(23,307)	-	(23,307)
Net movement in funds		1,974,213	(2,164,375)	(190,162)	1,471,401	4,460,412	5,931,813
Fund balances at 1 April 2022		6,168,151	33,779,022	39,947,173	4,696,750	29,318,610	34,015,360
Fund balances at 31 March 2023		8,142,364	31,614,647	39,757,011	6,168,151	33,779,022	39,947,173

All amounts derive from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

COMPANY NUMBER: 455366

		Group		Charity	
		2023	2022	2023	2022
	Notes	£	£	£	£
Fixed assets					
Tangible fixed assets	11	26,333,990	29,755,572	24,725,975	28,416,328
Investments (including programme related investments)	12	6,888,672	5,362,694	8,566,353	7,140,375
Total Fixed Assets		33,222,662	35,118,266	33,292,328	35,556,703
Current assets					
Stocks	14	4,227,957	3,569,356	52,787	72,561
Debtors	15	1,636,287	2,870,333	4,055,312	2,872,142
Cash at bank and in hand		4,526,888	3,088,481	1,590,758	1,151,399
Total Current Assets		10,391,132	9,528,170	5,698,857	4,096,102
Liabilities					
Creditors: amounts falling due within one year	16	2,915,342	3,367,462	480,019	519,063
Net current assets		7,475,790	6,160,708	5,218,838	3,577,039
Total assets less current liabilities		40,698,452	41,278,974	38,511,166	39,133,742
Creditors: amounts falling due after more than one year	21	941,441	1,331,801	-	-
Net assets		39,757,011	39,947,173	38,511,166	39,133,742
Income funds					
Unrestricted funds:					
Designated funds		31,614,647	33,779,022	31,614,647	33,779,022
Other charitable funds		8,142,364	6,168,151	6,896,519	5,354,721
Total Funds	17	39,757,011	39,947,173	38,511,166	39,133,742

The charitable company's net deficit for the year was £622,576 (2022: surplus of £ 5,885,994)

01 Dec 2023

The accounts were approved by the Board of Trustees on

Bernard Hibbs

Bernard Hibbs
Trustee

Lael Page

Lael Page
Trustee

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash provided by operating activities	19	1,122,875	5,416,107
Cash flows from investing activities:			
Interest received	4,360	-	-
Payments to acquire tangible fixed assets and programme related investments	(2,861,275)	(6,162,105)	(6,162,105)
Receipts from sales of tangible fixed assets	3,550,927	16,349	16,349
Net cash used by investing activities		694,013	(6,145,756)
Cash flows from financing activities:			
Repayment of borrowings	(401,411)	(176,856)	(176,856)
Net cash (used)/ received in financing activities		(401,411)	(176,856)
		1,415,477	(906,505)
Changes in Cash and Cash Equivalents in the Reporting Period			
Effect of exchange rate changes on cash		22,930	(22,749)
Movement in net cash		1,438,407	(929,254)
Cash and Cash Equivalents Brought Forward		3,088,481	4,017,735
Cash and Cash Equivalents Carried Forward		4,526,888	3,088,481

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Church Communities UK is a private charitable company limited by guarantee incorporated in England and Wales. The registered office is Darvell, Brightling Road, Robertsbridge, East Sussex, TN32 5DR.

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), “Accounting and Reporting by Charities” the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006. The Charity is a Public Benefit Entity as defined by FRS 102.

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

The Charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Charity has therefore taken advantage of exemptions from the following disclosure requirements for parent charity information presented within the consolidated financial statements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a statement of cash flow and related notes and disclosures.
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument.

1.2 Basis of consolidation

The consolidated accounts of the Group incorporate the accounts of Church Communities UK and its subsidiary undertakings Ashdowne Resources Limited, Brightling Services Limited, Community Products (UK) Limited, and Community Playthings Deutschland GmbH, a German subsidiary of Community Products (UK) Limited. The subsidiaries have been consolidated on a line by line basis in accordance with section 9 of FRS 102. A separate Statement of Financial Activities (SoFA) for the Charity excluding consolidated organisations is not presented as the Order has taken advantage of the provisions of section 408 of the Companies Act.

1.3 Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for the foreseeable future, as the trading subsidiary has continued to provide the Charity with sufficient income to cover its activities. Thus the Trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

1.4 Charitable funds

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

Designated funds are reserves for which no specific use was specified by a third party, but for which the trustees have allocated to a particular charitable purpose as deemed appropriate.

1.5 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Trading income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.6 Resources expended

Resources expended are recognised on an accruals basis. Management and administration expenses represent central establishment costs.

Grants payable are accounted for when the Trustees have accepted a legal or constructive obligation to make a donation.

Costs are allocated to their relevant activity based on management's assessment of which activities were primarily responsible for incurring those costs

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets with a cost of £2,000 or more are capitalised and are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of assets less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Freehold property	2% straight line
Plant and machinery	between 10% and 50% straight line
Motor vehicles	between 10% and 25% straight line
Utilities (included within freehold property)	between 2% and 50% straight line
Roads (included within freehold property)	between 2% and 7% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Programme related investments are comprised of overseas properties owned by the Charity and licensed to local organisations whose objects match those of the charity. The value of such investments is shown on the balance sheet at historic cost less any depreciation or impairment.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Financial Activity for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.10 Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value except finished goods which are valued at 60% of sales price in order to incorporate an element of fixed and variable overheads. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

The purchase cost of raw materials is calculated on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.12 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset in the financial statements, with the net amounts presented in the accounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

NOTES TO THE ACCOUNTS (CONTINUED)
NOTES TO THE CONSOLIDATED ACCOUNTS

1.12 Financial instruments (Continued)

Basic financial liabilities

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

1.14 Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited in the Statement of Financial Activity, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.15 Critical accounting estimates and judgements

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

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

The Trustees do not believe there to be judgements or estimates that would be considered critical to the financial statements.

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2023	Unrestricted funds	Restricted funds	Total 2022
	£	£	£	£	£	£
	Current Period		Current Period	Prior Period		Prior Period
Incoming donations from members	342,850	-	342,850	433,472	-	433,472
Other incoming donations	3,563,407	-	3,563,407	5,961,882	-	5,961,882
	3,906,257	-	3,906,257	6,395,354	-	6,395,354

3 Charitable activities

As stated in the Objects, productive labour is a vital aspect of church community life and is, in this context, a religious activity. The Charity is the sole shareholder of Community Products (UK) Limited, a business in which the community members carry out primary purpose trading; manufacture and sale of high quality educational equipment and furniture. This subsidiary donates its taxable profits to the Charity each year under a deed of covenant. Its trading results for the year, as extracted from the audited financial statements, are summarized below.

	Community Products (UK) Ltd and subsidiary	Charitable trading	Total 2023	Community Products (UK) Ltd and subsidiary	Charitable trading	Total 2022
	£	£	£	£	£	£
Turnover						
Sales of goods	22,237,921	167,803	22,405,724	23,602,141	231,194	23,833,335
Plough publications	-	16,952	16,952	-	13,144	13,144
Turnover	22,237,921	184,755	22,422,676	23,602,141	244,338	23,846,479

	Group 2023	2022	Charity 2023	2022
	£	£	£	£
Turnover analysed by geographical area is as follows:				
USA	79,174	198,573	-	-
UK	16,299,415	18,713,717	184,755	244,338
Rest of the World	6,044,087	4,934,189	-	-
	22,422,676	23,846,479	184,755	244,338

4 Other trading activities

	Charitable trading	Total 2023	Total 2022
	£	£	£
Exchange rate gain/loss	65,808	65,808	32,509
Other income	125,334	125,334	163,055
	191,142	191,142	195,564

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

5 Investment income

	Unrestricted funds	Total 2023	Unrestricted funds	Total 2022
	£	£	£	£
Interest income	4,360	4,360	-	-
	<u>4,360</u>	<u>4,360</u>	<u>-</u>	<u>-</u>

6 Resources expended on charitable activities

	Community life	Charitable work & mission	Primary purpose trading	Total 2023
	£	£	£	£
Activities undertaken directly				
General living costs	3,101,825	-	-	3,101,825
Property improvements	250,944	-	-	250,944
School and education	523,616	-	-	523,616
Travel	856,638	-	-	856,638
Other charitable activities	-	335,526	-	335,526
Cost of sales	-	-	13,498,792	13,498,792
Distribution costs	-	-	2,424,149	2,424,149
Administrative expenses	-	-	799,660	799,660
Depreciation	1,185,107	-	-	1,185,107
(Gain)/ loss on disposal of assets	(232,967)	-	-	(232,967)
	<u>5,685,163</u>	<u>335,526</u>	<u>16,722,601</u>	<u>22,743,290</u>
Grant funding of activities				
Grants to institutions (see page 20)	-	3,774,159	-	3,774,159
	<u>-</u>	<u>3,774,159</u>	<u>-</u>	<u>3,774,159</u>
Share of governance costs	58,450	-	-	58,450
Share of support costs	162,803	-	-	162,803
	<u>5,906,417</u>	<u>4,109,685</u>	<u>16,722,601</u>	<u>26,738,702</u>

	Community life	Charitable work & mission	Primary purpose trading	Total 2022
	£	£	£	£
Prior Year Activities undertaken directly				
General living costs	2,906,759	-	-	2,906,759
Property improvements	240,417	-	-	240,417
School and education	590,245	-	-	590,245
Travel	1,237,500	-	-	1,237,500
Other charitable activities	-	299,569	-	299,569
Cost of sales	-	-	13,752,590	13,752,590
Distribution costs	-	-	1,834,298	1,834,298
Administrative expenses	-	-	736,766	736,766
Depreciation	1,209,999	-	-	1,209,999
(Gain)/ loss on disposal of assets	(13,955)	-	-	(13,955)
	<u>6,170,965</u>	<u>299,569</u>	<u>16,323,654</u>	<u>22,794,188</u>
Grant funding of activities				
Grants to institutions	-	1,483,433	-	1,483,433
(see page 20)	<u>-</u>	<u>1,483,433</u>	<u>-</u>	<u>1,483,433</u>
Share of governance costs	27,667	-	-	27,667
Share of support costs	171,593	-	-	171,593
	<u>6,370,225</u>	<u>1,783,002</u>	<u>16,323,654</u>	<u>24,476,881</u>

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

6 (Continued) Resources expended on charitable activities

Direct activities include founding and maintaining church communities, which the Charity considers to be the most effective means of furthering its charitable objects. Grants were made from surplus funds, but in terms of strategic priorities, the Directors do not consider grant making to be a material component of the Charity's charitable activities. Grant funding for charitable work and mission was provided to organisations in the UK and abroad, to support their work for peace, justice, reconciliation and non-violence; the alleviation of poverty and suffering; the education of children and adults; and community and apostolic mission. Information on institutional grants made is available at <http://www.churchcommunities.org.uk/grants>.

7 Governance and support costs

	Governance		Support	
	2023	2022	2023	2022
	£	£	£	£
Audit	58,450	27,668	-	-
Legal and professional	-	-	39,279	70,975
Administrative expenses	-	-	123,525	100,618
	58,450	27,668	162,804	171,593

Included within support costs are fees of £4,500 (2022: £4,500) paid to the auditors in respect of taxation related services. All of the above support and governance costs have been allocated to charitable activities – community life.

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, nor were they reimbursed any expenses.

9 Employees and employment costs

Number of employees

The Charity had no employees during the year. (2022: No Employees)

Employee related costs for the subsidiary Ashdowne Resources Limited were as follows:

	2023	2022
	£	£
Payroll	170,503	-
Pension and social security	23,806	-
	194,309	-

Ashdowne Resources Limited had an average staff number of 5 during the year (2022: nil).

10 Tax on profit of ordinary activities

Church Communities UK is a charity registered in the UK, charity number 229226. The charity has no liability to corporation tax. Corporate tax charges incurred by its subsidiaries are as shown in the Statement of Financial Activities.

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

Group	Land & Buildings*	Leasehold Improvements	Plant and machinery	Motor vehicles	Assets in course of construction	Total
	£		£	£	£	£
Cost						
At 1 April 2022*	33,238,293	-	5,008,964	1,453,143	625,312	40,325,712
Additions	158,902	197,994	419,167	109,202	295,172	1,180,437
Transfers	294,887	205,060	120,765	-	(620,712)	-
Disposals	(3,710,101)	-	(923,673)	(165,369)	-	(4,799,143)
At 31 March 2023	29,981,981	403,054	4,625,223	1,396,976	299,772	36,707,006
Depreciation						
At 1 April 2022	6,531,171	-	3,047,613	991,356	-	10,570,140
Charge for the year	631,933	3,359	496,879	161,788	-	1,293,959
On disposals	(442,859)	-	(882,855)	(165,369)	-	(1,491,083)
At 31 March 2023	6,720,245	3,359	2,661,637	987,775	-	10,373,016
Net book value						
At 31 March 2023	23,261,736	399,695	1,963,586	409,201	299,772	26,333,990
At 31 March 2022*	26,707,122	-	1,961,351	461,787	625,312	29,755,572
Charity						
	Land & Buildings*	Leasehold Improvements	Plant and machinery	Motor vehicles	Assets in course of construction	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	33,238,293	-	2,493,611	1,421,592	299,486	37,452,982
Additions	158,902	-	57,182	107,219	285,983	609,286
Transfers	(3,710,101)	-	(201,301)	(165,369)	-	(4,076,771)
Disposals	294,887	-	-	-	(294,887)	-
At 31 March 2023	29,981,981	-	2,349,492	1,363,442	290,582	33,985,497
Depreciation						
At 1 April 2022	6,531,171	-	1,516,230	989,253	-	9,036,654
Charge for the year	631,933	-	237,771	157,185	-	1,026,889
On disposals	(442,859)	-	(195,793)	(165,369)	-	(804,021)
At 31 March 2023	6,720,245	-	1,558,208	981,069	-	9,259,522
Net book value						
At 31 March 2023	23,261,736	-	791,284	382,373	290,582	24,725,975
At 31 March 2022*	26,707,122	-	977,381	432,339	299,486	28,416,328

*See Note 12 regarding Programme related investments which in the prior year were shown under Land and Buildings (Freehold property), but in the 2023 accounts have been reclassified under Investments (Note 12).

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

12 Investments

	Group Programme Related investments	Charity Investment in group undertaking	Charity Programme Related investments (see page 23)	Charity Total
	£	£	£	£
Cost				
At 1 April 2022	5,728,680	1,777,681	5,728,680	7,506,361
Additions	1,680,838	50,000	1,680,838	1,730,838
Reductions		(150,000)	-	(150,000)
At 31 March 2023	7,409,518	1,677,681	7,409,518	9,087,199
Net book value				
At 31 March 2023	6,888,672	1,677,681	6,888,672	8,566,353
At 31 March 2022	5,362,694	1,777,681	5,362,694	7,140,375

Church Communities UK has a £1,627,679 investment in the shares of Community Products (UK) Limited and a £1 (2022: 150,001) investment in the shares of Brightling Services Limited, both being wholly owned subsidiaries and companies registered in England nos. 3498955 and 10683230 respectively. Brightling Services Limited was not actively trading during the year although it did incur some costs and realise a gain on foreign currency balances. In March 2023 the Directors of Brightling Services Limited and Church Communities UK agreed on a cancellation of 150,000 shares of £1 each in Brightling Services Limited, enabling a distribution to the parent charity. Church Communities UK has a £50,000 investment in the shares of Ashdowne Resources Limited, a wholly owned subsidiary and company registered in England no. 13970904.

	Community Products (UK) Limited		Brightling Services Limited	
	2023	2022	2023	2022
	£	£	£	£
Turnover	21,477,970	23,148,326	-	337,400
Cost of sales	(13,771,520)	(13,809,801)	-	(302,983)
Distribution costs	(1,766,976)	(1,464,036)	-	-
Administrative expenses	(5,603,989)	(7,874,805)	(2,574)	(16,517)
Other income/expenditure	(19,960)	-	2,898	175
Profit (loss) on ordinary activities before taxation	315,525	(316)	324	18,075

Income from Community Products (UK) Limited is shown in the consolidated accounts as primary purpose trading, net of Deed of Covenant payable of £4,870,498 (2022: £7,421,291), rent expense of £364,510 (2022: £329,550) to Church Communities UK, and interest received of £2,287 (2022: £nil) which is included under the heading investment income. Income from Brightling Services Limited is shown net of Deed of Covenant payable of £1,436 (2022: £4,381).

Ashdowne Resources Limited's result below is shown net of a Deed of Covenant payable of £6,774. Community Products (UK) Limited has a £89,199 investment in Community Playthings Deutschland GmbH, a wholly owned subsidiary registered in Germany. Results for the year are set out below translated into Sterling from Euros, its functional currency.

	Community Playthings Deutschland GmbH		Ashdowne Resources Limited	
	£	£	£	£
	2023	2022	2023	2022
Turnover	4,560,672	3,794,153	233,686	-
Cost of sales	(3,812,767)	(3,354,940)	(194,349)	-
Distribution costs	(573,905)	(290,777)	(90)	-
Administrative expenses	(80,051)	(91,674)	(40,485)	-
Other income/expenditure	(250)	-	-	-
Profit (loss) on ordinary activities before taxation	93,699	56,762	(1,238)	-

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

12 Investments (continued)

	Community Products (UK) Limited		Brightling Services Limited	
	2023	2022	2023	2022
	£	£	£	£
Turnover	21,477,970	22,834,246	-	337,400
Expenditure	(21,162,445)	(22,834,562)	324	(314,944)
Subsidiary income	315,525	(316)	324	22,456
Subsidiary assets, liabilities and reserves:	Community Products (UK) Limited		Brightling Services Limited	
	2023	2022	2023	2022
	£	£	£	£
Assets	9,700,504	8,314,753	9,080	152,782
Liabilities	(7,249,750)	(6,179,524)	(1,513)	(3,216)
Subsidiary reserves	2,450,754	2,135,229	7,567	149,566
	Community Playthings		Ashdowne Resources Limited	
	Deutschland GmbH		2023	2022
	2023	2022	2023	2022
	£	£	£	£
Turnover	4,560,672	3,794,153	233,686	-
Expenditure	(4,466,973)	(3,765,658)	(234,924)	-
Subsidiary income	93,699	28,495	(1,238)	-
	Community Playthings		Ashdowne Resources Limited	
	Deutschland GmbH		2023	2022
	2023	2022	2023	2022
	£	£	£	£
Assets	1,290,693	999,797	150,266	-
Liabilities	(785,049)	(604,280)	(101,504)	-
Subsidiary reserves	505,643	395,517	48,762	-
Programme Related investments	Group		Charity	
Cost	£		£	
At 1 April 2022*	5,728,680		5,728,680	
Additions	1,680,838		1,680,838	
At 31 March 2023	7,409,518		7,409,518	
Depreciation				
At 1 April 2022	365,986		365,986	
Charge for the year	154,860		154,860	
At 31 March 2023	520,846		520,846	
Net book value				
At 31 March 2023	6,888,672		6,888,672	
At 31 March 2022*	5,362,694		5,362,694	

* Programme related investments are comprised of overseas properties owned by the Charity and licensed to local organisations whose objects match those of the Charity. In the 2022 accounts these were shown under Land and Buildings (freehold property) in the 2023 accounts they have been reclassified under Investments (Note 12).

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

13 Financial Instruments

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Carrying amount of financial assets	1,358,220	2,674,417	4,029,671	2,835,971
Carrying amount of financial liabilities	2,488,239	2,929,307	460,384	476,874

14 Stocks

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Raw materials and consumables	3,159,605	2,513,119	52,787	72,561
Work in progress	414,623	324,651	-	-
Finished goods and goods for resale	653,729	731,586	-	-
	4,227,957	3,569,356	52,787	72,561

15 Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,284,151	2,483,309	-	-
Amounts owed by group undertakings	-	-	3,983,475	2,672,340
Other debtors	74,069	191,108	46,196	161,341
Prepayments and accrued income	278,067	195,916	25,641	38,461
	1,636,287	2,870,333	4,055,312	2,872,142

Included in debtors are the following amounts due after one year:

Other Debtors	27,063	26,001	20,125	9,315
	27,063	26,001	20,125	9,315

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

16 Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Bank Loans	427,103	438,154	-	-
Payments received on account	320,958	379,863	18,013	18,047
Trade creditors	1,789,413	1,734,380	393,814	429,579
Taxes	255,105	701,764	(571)	(3,057)
Accruals	99,065	113,301	49,128	32,305
Amounts owed to group undertakings	-	-	19,635	42,189
Payroll Liabilities	23,698	-	-	-
	2,915,342	3,367,462	480,019	519,063

17 Unrestricted funds

	Balance at 1 April 2022	Incoming resources	Movement in funds		Currency translation adjustment	Balance at 31 March 2023
	£	£	Resources expended	Transfers	£	£
Designated funds:						
Fixed asset fund	33,779,022	-	-	(2,164,375)	-	31,614,647
Total for Designated funds	33,779,022	-	-	(2,164,375)	-	31,614,647
Other charitable funds	6,168,151	26,524,435	(26,756,194)	2,164,375	41,597	8,142,364
Total Unrestricted funds	39,947,173	26,524,435	(26,756,194)	-	41,597	39,757,011

	Balance at 1 April 2021	Incoming resources	Movement in funds		Currency translation adjustment	Balance at 31 March 2022
	£	£	Resources expended	Transfers	£	£
Designated funds:						
Fixed asset fund	29,318,610	-	-	4,460,412	-	33,779,022
Total for Designated funds	29,318,610	-	-	4,460,412	-	33,779,022
Other charitable funds	4,696,750	30,437,397	(24,482,276)	(4,460,412)	(23,307)	6,168,151
Total Unrestricted funds	34,015,360	30,437,397	(24,482,276)	-	(23,307)	39,947,173

The Fixed asset fund represents the net book value of the Order's tangible fixed assets, including programme related investments (overseas property) at the end of the year.

18 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Total 2023	Unrestricted funds	Designated funds*	Total 2022
	£	£	£	£	£	£
Fund balances at 31 March 2023 are represented by:						
Tangible fixed assets	1,608,015	24,725,975	26,333,990	1,339,244	28,416,328	29,755,572
Investments	-	6,888,672	6,888,672	-	5,362,694	5,362,694
Current assets	10,391,132	-	10,391,132	9,528,170	-	9,528,170
Creditors	(3,856,783)	-	(3,856,783)	(4,699,263)	-	(4,699,263)
	8,142,364	31,614,647	39,757,011	6,168,151	33,779,022	39,947,173

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023
COMPANY NUMBER: 229226

19 Cash flow information for the group

(a) Net cash inflow from operating activities

	2023	2022
	£	£
Reconciliation to net incoming resources:		
Net incoming resources	(231,759)	5,955,120
Adjusted for:		
Depreciation of tangible fixed assets and programme related investments	1,448,819	1,552,683
Interest received	(4,360)	-
Loss/(profit) on disposal of tangible fixed assets	(232,967)	(13,955)
Decrease/(increase) in stocks	(658,602)	(1,514,461)
Decrease/(increase) in debtors	1,234,046	(1,161,354)
Increase/(decrease) in creditors	(441,069)	598,631
Adjustments to equity	8,767	(557)
Net cash provided by operating activities	1,122,875	5,416,107

(b) Analysis of net cash

	1 April 2022	Cash flow	31 March 2023
	£	£	£
Cash at bank and in hand	3,088,481	1,438,407	4,526,888
	3,088,481	1,438,407	4,526,888

Prior Year Analysis of Net Cash

	1 April 2021	Cash flow	31 March 2022
	£	£	£
Cash at bank and in hand	4,017,735	(929,254)	3,088,481
	4,017,735	(929,254)	3,088,481

(c) Analysis of changes in net debt

	1 April 2022	Cash flow	Other changes	31 March 2023
Cash in hand, at bank	3,088,481	1,438,407		4,526,888
Debt due within one year	(438,154)		11,051	(427,103)
Debt due after one year	(1,331,801)		390,360	(941,441)
Total	1,318,526	1,438,407	401,411	3,158,344

(d) Reconciliation of net cash flow to movement in net debt

	2023	2022
Increase (decrease) in cash in the period	1,438,407	(929,254)
Repayments of bank loans	401,411	176,856
Change in net debt	1,839,818	(752,398)
Net funds at start of year	1,318,526	2,070,924
Net funds at end of year	3,158,344	1,318,526

20 Commitments under operating lease

At 31 March 2023 the trading subsidiary, Community Products (UK) Limited, had financial commitments for the provision of warehousing services of £378,000 expiring within one year (2022 : commitments of £378,000 expiring within one year) and for the lease of office space for £20,000 per annum expiring within one year (2022: nil).

CHURCH COMMUNITIES UK
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

21 Creditors: amounts falling due after more than one year

	Notes	Group		Charity	
		2023	2022	2023	2022
		£	£	£	£
Bank Loans	22	941,441	1,331,801	-	-
		<u>941,441</u>	<u>1,331,801</u>	<u>-</u>	<u>-</u>

The Coronavirus Business Interruption Loan held with National Westminster Bank PLC is secured by a debenture over all the assets of Community Products (UK) Limited alongside a guarantee from Church Communities UK in the amount of £2,000,000.

22 Bank Loans

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Payable within one year	427,103	438,154	-	-
Payable after one year	941,441	1,331,801	-	-
	<u>1,368,544</u>	<u>1,769,955</u>	<u>-</u>	<u>-</u>

The long-term loan, being the long-term portion of the Coronavirus Business Interruption Loan held with National Westminster Bank PLC, was secured under conditions detailed in Note 21. The loan, drawn down in 2020, was repayable over six years, with no interest payable by Community Products (UK) Limited for the first year, a fixed rate of 2.41% for the following two years, and a variable rate of 2.09% over base rate for the following three years.

23 Post Balance Sheet Events

In August 2023 the Charity purchased UK property for £2.5 million and invested a further £1m in share capital in Community Products (UK) Limited. In the same month, Community Products (UK) Limited repaid in full the balance of the Coronavirus Business Interruption Loan held with National Westminster Bank PLC.