

ST STEPHEN'S CHURCH ENDOWMENT FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

ST STEPHEN'S CHURCH ENDOWMENT FUND

GENERAL INFORMATION

Name

The Fund for the Endowment of the Living of St. Stephen's, South Kensington, London is more generally known by its working name of St. Stephen's Church Endowment Fund. On 22 May 1997 the Charity Commissioners sealed a Scheme whereby the income of the fund subject to the trusts of the 1937 Deed was thenceforth to be applied for the purposes of the 1960 Deed (as varied or affected by the Scheme) and other matters were provided for.

The Trustees

Mr J M Randolph (Chairman)
Mr P Rodier
Mr D H Colville
Mrs D Simpson

Charity Number

241052

Investment Managers

Cazenove Capital
1 London Wall Place,
London
EC2Y 5AU

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Address

Saint Stephen's Church
Southwell Gardens
London
SW7 4RL

Independent Examiner

Tina Allison FCCA
Chartered Certified Accountant
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Lloyds Bank plc
70-71 Cheapside
London
EC2V 6EN

ST STEPHEN'S CHURCH ENDOWMENT FUND
TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2021

OBJECTS

The Trust is registered as a charity under number 241052. It was established by a Trust Deed dated 2 April 1937 to promote, aid and further the objects of the Church of England in the Parish of St. Stephen, South Kensington in the Diocese of London by the endowment of the living of the incumbent for the time being of said parish and extended by a Declaration of Trust dated 21 March 1960.

ORGANISATIONAL STRUCTURE

St. Stephen's Church Endowment Fund (the Trust) is managed by Trustees who have authority for overseeing the activities of the Trust. There are no sub-committees or staff considered to be part of the key management structure. The original Trustees were appointed at the inception of the Trust, subsequent Trustees being elected by current Trustees.

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The Trustees have managed the Trust's investments to assist in the provision of income to the clergy and parish staff of the parish and to pay incidental expenses.

ACTIVITIES AND ACHIEVEMENTS

Objectives and achievements

The Trust plays an important role in the work of St Stephen's Church for the public benefit.

The Trust supports the work of a Church of England parish church, with religious services available to all who wish to attend. The church adopts a policy of keeping church doors open as far as possible, and the clergy or lay helpers maintain a presence during the day for visitors wishing to speak to them.

There is a strong sense in which the church provides comfort and security to the community. In the case of St Stephen's a significant proportion of the community is transient and therefore needful of such benefits.

The Trust plans to continue the above activities for the foreseeable future.

The Trustees have had due regard to the Charity Commission's guidance on public benefit when considering the Trust's activities and objectives.

Financial review

The Trust's income arises mainly from investment income and is applied by way of grants. Investment income totalled £35,176 (2020: £34,517) covering grants of £35,050 (2020: £34,500) in the year. During the year there were net gains on investments of £62,746 (2020: gains of £30,604).

The Trust's funds increased by £47,432 in the year to 31 December 2021, resulting in funds carried forward of £940,732 (2020: £893,300).

ST STEPHEN'S CHURCH ENDOWMENT FUND
TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2021

RESERVES POLICY

The Trustees have considered the reserves held by the Trust as of 31 December 2021. It is the Trustees' policy to achieve in the medium to long term unrestricted reserves at least equal to 12 months' grant expenditure. Grant expenditure in the year to 31 December 2021 was £35,050, and at the balance sheet date unrestricted reserves stood at £31,657.

The Trustees expect to maintain grants to St Stephen's Church during 2022 at a level at least the same as was the case in 2021. The Trustees expect investment income received during 2022 to be sufficient to enable the maintained grants to be paid without having recourse to reserves.

INVESTMENT POWERS, POLICY AND PERFORMANCE

The Trustees' investment powers are governed by the Trust Deed and the Trustee Act 2000 which permit the Trustees to invest in such stock, shares and investments as they see fit. The Trustees' policy is to seek returns over the long term to:

- provide for real increase in annual income; and
- preserve the capital base of the Trust in real terms.

This policy involves investing some of the Trust's assets for long term growth rather than to maximise short term income. The Trust's investments are held through the Cazenove Charity Multi-Asset Fund, which is managed by Schroder Unit Trusts Limited and which operates in conformity with the Trust's policy.

Stock markets generally performed strongly in 2021, particularly in the United States, with the result that the overall performance was very satisfactory. As indicated in Note 5 to the accounts, the units of the Cazenove Charity Multi-Asset Fund were valued at 61.29p each at 31 December 2021; this compares with 57.62p at 31 December 2020. Performance since the year end has been weaker against the background of conflict in Ukraine and a move to tighter monetary policy by central banks; at 5 May 2022 the unit price had fallen back to 57.93p.

RISK ASSESSMENT

The Trustees have examined the principal areas of the Trust's activity and considered the major risks which may arise. In the opinion of the Trustees the Trust has established a process and reviewed systems which, under normal conditions, should allow the major risks identified by them to be managed to an acceptable level.

The Trustees continue to monitor the level of income expected to be received from the Trust's investments given the possibility of renewed market uncertainty against the background described above. As also indicated above, the Trustees expect income in 2022 to be sufficient to cover grants payable. The position will be kept under review so far as concerns 2023 and future periods.

ST STEPHEN'S CHURCH ENDOWMENT FUND
TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2021

GRANT MAKING POLICY

This year, 2021, the Trust awarded grants of £35,050 (2020: £34,500) from unrestricted funds in accordance with its long term commitment to assist with the funding of salaries, running costs and other recurring expenses of the clergy and parish staff of the parish of St Stephen, South Kensington.


STATEMENT OF TRUSTEES' RESPONSIBILITIES


The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 charity will continue in business.
- The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. 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.

Approved by the Trustees on 19 May 2022 and signed on their behalf by:


.....
Trustee


.....
Trustee

Independent examiner's report to the trustees of St Stephen's Church Endowment Fund

I report to the trustees on my examination of the accounts of the St Stephen's Church Endowment Fund (the Trust) for the year ended 31 December 2021, which are set out on pages 6 to 14.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. My independent examiner's work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees as a body for my independent examiner's work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act. Independent examiner's statement

Independent examiner's statement

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

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

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



Tina Allison
FCCA
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

19 May 2022

ST STEPHEN'S CHURCH ENDOWMENT FUND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021			Prior Period Total Funds 2020
	Notes	Endowment Funds £	Unrestricted Funds £	Total Funds £	£
INCOME & ENDOWMENTS					
Voluntary Income	4	-	-	-	500
Income from investments	4	-	35,176	35,176	34,517
Other income	4	-	-	-	17
Total income and endowments		-	35,176	35,176	35,034
EXPENDITURE					
Expenditure on:					
Raising funds					
Investment manager's fees	3	9,904	-	9,904	9,297
Charitable activities					
Grants	3	-	35,050	35,050	34,500
Governance Costs	3	5,536	-	5,536	7,316
Total expenditure		15,440	35,050	50,490	51,113
Net operating deficit for the year		(15,440)	126	(15,314)	(16,079)
Net gain on investment	5	62,746	-	62,746	30,604
Net Movement in funds		47,306	126	47,432	14,525
Reconciliation of funds					
Total funds brought forward at 1 January 2021		861,769	31,531	893,300	878,775
Total funds carried forward at 31 December 2021		909,075	31,657	940,732	893,300

There are no gains and losses other than as recognised above. All activities are continuing.
The notes on pages 9 to 14 form part of these financial statements

ST STEPHEN'S CHURCH ENDOWMENT FUND
BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Investments	5	918,737	863,724
CURRENT ASSETS			
Cash at Bank and in Hand			
Current account		2,060	2,380
Cash held by investment managers		<u>25,769</u>	<u>32,537</u>
		27,829	34,917
CREDITORS: Amounts falling due within one year			
Accruals		<u>5,834</u>	<u>5,341</u>
NET CURRENT ASSETS		<u>21,995</u>	<u>29,576</u>
NET ASSETS	7	<u>940,732</u>	<u>893,300</u>
THE FUNDS OF THE CHARITY			
Endowment funds	6	909,075	861,769
Unrestricted funds		<u>31,657</u>	<u>31,531</u>
Total Charity Funds		<u>940,732</u>	<u>893,300</u>

Approved by the Trustees and authorised for issue on
and signed on their behalf by

19 May 2022

.....
Trustee

.....
Trustee

The notes on pages 9 to 14 form part of these financial statements

ST STEPHEN'S CHURCH ENDOWMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of cash flows	2021 £	2020 £
Cash flows from operating activities:		
Net cash used in operating activities	A. <u>(40,093)</u>	<u>(41,641)</u>
Cash flows from investing activities:		
Dividends and interest from investments	35,176	34,517
Management fees paid from endowment funds	(9,904)	(9,297)
Purchase of investments	-	20,110
Proceeds from sale of investments	7,733	58,411
Net cash provided by investing activities	<u>33,005</u>	<u>63,522</u>
Change in cash and cash equivalents in the reporting period	(7,088)	21,881
Cash and cash equivalents at the beginning of the reporting period	34,917	13,036
Cash and cash equivalents at the end of the reporting period	27,829	34,917
A. Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period	<u>47,432</u>	<u>14,525</u>
Adjustments for:		
(Gains) on investments	(62,746)	(30,604)
Dividends and interest from investments	(35,716)	(34,517)
Management fees paid from endowment funds	9,904	9,297
Decrease in debtors	-	-
Increase in creditors	493	342
Net cash provided by (used in) operating activities	<u>(40,093)</u>	<u>(41,640)</u>
Analysis of cash and cash equivalents		
Cash in hand	2,060	2,380
Cash held by investment manager	25,769	32,537
Total cash and cash equivalents	<u>27,829</u>	<u>34,917</u>

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021

1. ACCOUNTING POLICIES

a) Basis of Accounting

The Trust is a registered charity in England and Wales and as such is a Public Benefit entity. Governed by its Trust Deed dated 2 April 1937 and extended by a Declaration of Trust dated 21 March 1960. The Trust's Charity Commission registration number is 241052 and its registered address is St. Stephens Church, Southwell Gardens, London, SW7 4RL

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) 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 (FRS 102) - effective 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. The departure has arisen because charities are now required to prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees remain of the opinion that the charity has adequate resources to continue its activities for the foreseeable future, although the Trustees will continue to keep the level of grants paid under review in the light of future investment income received. The Trustees accordingly continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 4.

b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods.

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 DECEMBER 2021

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

c) Investment Income

Investment income is accounted for on an accruals basis as earned and is all derived from listed investments and bank interest receivable.

d) Charitable Activities

Charitable activities comprise all costs which are directly attributable to the objects of the charity. Grants and other expenses are recognised when a constructive or legal obligation to the recipient has been created by the charity.

e) Governance Costs

Governance costs comprise the costs of statutory compliance, including legal advice, independent examination fees and the costs of preparing the statutory accounts.

f) Portfolio Management Fees

The cost of managing the Trust's investment portfolio is met from Endowment Funds.

g) Fixed Asset Investments

Fixed asset investments are stated at mid-market value at the balance sheet date.

The Statement of Financial Activities includes the aggregate of realised and unrealised gains and losses during the year.

h) Financial instruments

The Trust has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities comprise accruals, trade and other creditors.

Investments, including bonds and cash held as part of an investment portfolio, are held at fair value at the balance sheet date, with income, gains and losses recognised in the Statement of Financial Activities.

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 DECEMBER 2021

i) Endowment Fund

The endowment fund can be used for any activities of the charity that fall within its charitable objects. Income arising from the assets held within the endowment fund is therefore shown as unrestricted.

j) Taxation

No corporation tax is payable by the Trust as it is able to make use of the tax exemptions on income and capital gains available to charities.

2. ANALYSIS OF TOTAL EXPENDITURE

	Other £	Governance Costs £	Grants £	2021 Total £	2020 Total £
Expenditure on raising funds:					
Investment management fees	9,904	-	-	9,904	9,297
Expenditure on charitable activities:					
Governance Costs	-	5,536	-	5,536	7,316
Grant	-	-	35,050	35,050	34,500
Total expenditure	<u>9,904</u>	<u>5,536</u>	<u>35,050</u>	<u>50,490</u>	<u>51,113</u>

3. GOVERNANCE COSTS

	2021 £	2020 £
Professional charges	716	2,616
Independent examiner's fees	3,207	3,133
Accountancy services	1,613	1,567
	<u>5,536</u>	<u>7,316</u>

No trustees received remuneration or re-imbursement of expenses for their services in the current or the preceding year.

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 DECEMBER 2021

4. INCOME

	2021	2020
	£	£
Donations	-	500
Equities	35,176	34,517
Cash	-	17
	<u>35,176</u>	<u>35,034</u>

5. FIXED ASSET INVESTMENTS

	2021	2020
	£	£
Market value at start of year	863,724	871,422
Additions	-	20,110
Disposals	(7,733)	(58,842)
Unrealised gains during the year	62,746	31,034
	<u>918,737</u>	<u>863,724</u>
Market value at end of year	918,737	863,724
Cost at end of year	<u>823,024</u>	<u>823,052</u>

At the 31 December 2021 the trust held 1,499,000 units in the Cazenove Charity Multi-Asset Fund valued at 61.29 pence per unit. The most recent valuation of the Cazenove Charity Multi-Asset Fund can be found at www.cazenovecapital.com/uk/charities

6. ENDOWMENT FUNDS

	2021	2020
	£	£
Capital account		
Balance at start of year	861,769	847,778
Movement during year	47,306	13,991
	<u>909,075</u>	<u>861,769</u>
Balance at end of year	909,075	861,769

The endowment funds consist of the principal endowment fund established in 1937 and the additional endowment fund established in 1960. The Trustees believe these are permanent endowments, subject to a limited power to resort to capital.

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 DECEMBER 2021

7. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021	Investments	Net Current Assets/ (Liabilities)	Total
	£	£	£
Endowment fund	918,737	(9,662)	909,075
Unrestricted fund	-	31,657	31,657
	918,737	21,995	940,732
2020	Investments	Net Current Assets/ (Liabilities)	Total
	£	£	£
Endowment fund	863,724	(1,955)	861,769
Unrestricted fund	-	31,531	31,531
	863,724	29,576	893,300

8. RELATED PARTIES

There are no related party transactions or balances which require disclosure within the financial statements during 2021. (2020: Nil).

ST STEPHEN'S CHURCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 DECEMBER 2021

9. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Year ended 31 December 2020		
	Endowment Funds £	Unrestricted Funds £	Total Funds £
INCOME & ENDOWMENTS			
Voluntary income	-	500	500
Income from investments	-	34,517	34,517
Other income	-	17	17
Total Incoming Resources	-	35,034	35,034
EXPENDITURE			
Expenditure on:			
Raising funds			
Investment manager's fees	9,297	-	9,297
Charitable activities			
Provision of support to parish of St Stephen's	7,316	34,500	41,816
Total Expenditure	16,613	34,500	51,113
Net operating deficit for the year	(16,613)	534	(16,079)
Net gain on investment	30,604	-	30,604
Net Movement in funds	13,991	534	14,525
Reconciliation of funds			
Total funds brought forward at 1 January 2020	847,778	30,997	878,775
Total funds carried forward at 31 December 2020	861,769	31,531	893,300

