

**Charity Registration No. 251395**

**Company Registration No. 00225717 (England and Wales)**

**THE FELLOWSHIP PROPERTY TRUST**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2020**

# THE FELLOWSHIP PROPERTY TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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The trustees present their report and financial statements for the year ended 31 October 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: 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)" (published in October 2019).

#### Objectives and activities

The object of The Fellowship Property Trust ('FPT') is to advance the Evangelical Christian Faith. In seeking to advance this, the charitable company acts in a corporate trustee capacity for church properties and seeks to further the objects and work of The Fellowship of Independent Evangelical Churches ('FIEC').

The trustees have considered the general guidance issued by the Charity Commission on public benefit and, in particular, its supplementary guidance on the advancement of religion for the public benefit.

#### Achievements and performance

During the year the charitable company continued to implement the strategy agreed in its Business Plan. This acknowledged an ongoing period of managed decline as client churches leave our trustholding, mainly by way of converting to Charitable Incorporated Organisation status.

In addition, we strove to ensure that client churches:

- have governing documents that are legally compliant and are of a standard to allow for registration with the Charity Commission, and so
- are prepared, where relevant, for fulfilling their responsibilities should The Charities (Exception from Registration) Regulations 1996, as amended by The Charities (Exception from Registration) (Amendment) Regulations 2014, not be extended beyond 31 March 2031.

The charitable company policy is no longer accepting new client churches into its trustholding and during the year the Board gave particular emphasis to dealing with churches where:

- FPT is sole trustee;
- the client churches' governing documents are below expected standards.

In reviewing progress, the Board recorded a fall in the number of client churches of 300 in 2010 to 185 in 2020.

#### Financial review

Income from charitable activities totalled £42k (2019: £28k) while total income was £250k (2019: £48k).

The increase in charitable activities was due to a combination of higher trusteeship and model document income. The significant increase in total income was contributed to by the net gain on the disposal of tangible fixed assets; two properties (£205k) - other income was £19k lower.

Expenditure on charitable activities rose to £148k (2019: £97k). This was due to additional salary costs required to undertake the work of the company and the additional outside legal advice from Edward Connor Solicitors on various Trust holding and property matters.

Overall, the charitable company had an in year operating deficit of £103k (2019: £49k). this was fully anticipated in the budget as the company moves towards winding down its Trust holding work over the next year or two. There was an Extraordinary item of £205k income bringing the net surplus for the year after extraordinary items to £102k.

At the year end the total funds were £387k (2019: £285k).

# THE FELLOWSHIP PROPERTY TRUST

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### Reserves policy

The Board aims to hold available unrestricted funds sufficient to cover forecast operating losses over the next 5 years plus 2 years' operational expenditure. At the end of October 2020 the available unrestricted funds held in bank accounts was £331k. In view of the revised Business Plan aimed at withdrawing from trust holding within a two year timeframe, these were felt to be adequate.

#### Risk review

The trustees carry out an annual risk review which is monitored on a regular basis. The major risks continue to be around maintaining / finding suitably skilled staff.

#### Plans for future periods

The Business Plan is currently being reviewed with the desire to speed up the winding down of the trust holding / property responsibilities that the company has. This is in line with a continued move away by churches towards becoming CIO's themselves and the impending retirement of key members of staff. This will result in a more proactive approach being taken by the charitable company to achieve this.

#### Structure, governance and management

The Fellowship Property Trust (FPT) is a registered charity and trust corporation and is a company limited by guarantee, without share capital. It was incorporated in 1927 and is governed by its Articles of Association. The name of the charitable company prior to 5th December 2019 was The Fellowship of Independent Evangelical Churches (FIEC Ltd). This change of name was undertaken to help avoid the ongoing confusion amongst churches that the charitable company was the same as The Fellowship of Independent Evangelical Churches.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

J I Bond

A P Boulter

A P Nicholson

(Resigned 31 December 2020)

J R Prime

P J Shelley

(Resigned 7 January 2021)

A W J Stevens

R J Underwood

P K Walter

The trustees of FPT are appointed by the members. The members are:

- the trustees of FPT;
- the trustees of FIEC.

The trustees of FIEC have voting rights of 3:1 in proportion to voting rights of trustees of FPT. None of the trustees has any beneficial interest in the charitable company. All of the trustees are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Although they are separate charities, FPT works closely with FIEC, a Charitable Incorporated Organisation, Registered in England with charity number 1168037 and in Scotland with charity number SC047080 (FIEC), whilst complying fully with GDPR legislation and working within our Privacy Statement.

The majority of churches for which FIEC Limited acts as holding trustee are also affiliated to FIEC.

# THE FELLOWSHIP PROPERTY TRUST

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 OCTOBER 2020

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There was one trustee common to both charities during the year under review and there are three staff employed by FIEC (two by the year end) who are also trustees of FPT. One of the trustees is employed part time by FPT as a paid employee. The charitable company is, therefore, particularly careful to ensure that the inevitable conflicts of interest and loyalty are managed well in accordance with its Articles of Association and the subordinate Conflicts of Interest and Loyalty Policy.

Trustees receive training with regards to charity governance and the trustholding work of FPT.

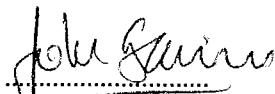
### **Funds held as custodian trustee**

All funds held by the charitable company on behalf of churches are held in accordance with the objectives outlined above and in accordance with the individual church trusts.

As indicated in the previous two year's reports, the charitable company continues to work actively to reduce the level of funds held. From the funds held last year (£710k) over £260k was removed from the balance. At the end of this current financial period, due to income being received from the sale of three properties, the trust holding funds held by FPT had risen to £1,325k. £403k came from the sale of a manse and is help on trust from the church. Of the monies from the sale of the other two properties, £470k relates to a closed church and a manse. An application has been made to the Charity Commission for the charitable company to use these funds for the purposes of a Grant Scheme to assist churches to find alternatives to FPT holding their trust deeds in order to allow the charitable company to wind down its activities sooner (this scheme has since been approved by the Charity Commission).

This report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.



**A W J Stevens**

Director and trustee

Dated: 26/07/2021

# THE FELLOWSHIP PROPERTY TRUST

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF THE FELLOWSHIP PROPERTY TRUST

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I report on the financial statements of the charitable company for the year ended 31 October 2020, which are set out on pages 5 to 14.

#### **Respective responsibilities of trustees and examiner**

The charitable company's trustees, who are also the directors of The Fellowship Property Trust for the purposes of company law, are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination being a qualified member of Association of Chartered Certified Accountants.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- (i) examine the financial statements under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

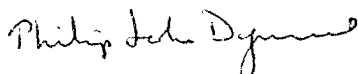
#### **Basis of independent examiner's report**

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the next statement.

#### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
  - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
  - (ii) to prepare financial statements which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Philip John Dymond FCCA  
Chartered Certified Accountant  
Cheyettes Ltd  
167 London Road  
Leicester  
LE2 1EG  
Dated: 27/07/2021

# THE FELLOWSHIP PROPERTY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2020

		Unrestricted 2020 £	Unrestricted 2019 £
	Notes		
<b><u>Income and endowments from:</u></b>			
Donations and legacies	2	812	130
Charitable activities	3	41,977	27,947
Investments	4	205	207
Other income	5	207,279	19,719
<b>Total income</b>		<b>250,273</b>	<b>48,003</b>
<b><u>Expenditure on:</u></b>			
Charitable activities	6	148,436	96,831
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>101,837</b>	<b>(48,828)</b>
Fund balances at 1 November 2019		284,702	333,530
<b>Fund balances at 31 October 2020</b>		<b>386,539</b>	<b>284,702</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE FELLOWSHIP PROPERTY TRUST

## BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9		2,635		10,267
<b>Current assets</b>					
Debtors	10	54,313		38,614	
Cash at bank and in hand		331,167		255,940	
		<u>385,480</u>		<u>294,554</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,576)</u>		<u>(20,119)</u>	
Net current assets			383,904		274,435
<b>Total assets less current liabilities</b>			<u>386,539</u>		<u>284,702</u>
<b>Income funds</b>					
Unrestricted funds			386,539		284,702
			<u>386,539</u>		<u>284,702</u>

The charitable company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 October 2020. No member of the charitable company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The trustees' responsibilities for ensuring that the charitable company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the charitable company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 26/07/2021.



A W J Stevens  
Trustee

Company Registration No. 00225717

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### 1 Accounting policies

##### Charity information

The Fellowship Property Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 41 The Point, Market Harborough, Leicestershire, LE16 7QU.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charitable company's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: 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)" (published in October 2019). The charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 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.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charitable company.

#### 1.4 Incoming resources

Income is recognised when the charitable company 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, except when donors specify that sums given to the charitable company must be used in future accounting periods, the income is then deferred until those periods.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company 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.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.



# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

Expenditure is included in the financial statements on an accruals basis.

Charitable expenditure comprises those costs incurred by the charitable company on the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them based upon either time spent on the actual activities or usage.

#### 1.6 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% per annum on a straight line basis on buildings
Fixtures and fittings	25% per annum on a straight line basis

Freehold land is not depreciated.

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.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charitable company 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).

#### 1.8 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. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The charitable company 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 charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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 debtors 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.

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans 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 payments 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 creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Donations and gifts	812	130

### 3 Charitable activities

	2020	2019
	£	£
Trusteeship and model document income	41,977	27,947

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 4 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Interest receivable	205	207

### 5 Other income

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Net gain on disposal of tangible fixed assets	205,189	-
Other income	2,090	19,719
	<u>207,279</u>	<u>19,719</u>

### 6 Charitable activities

	2020	2019
	£	£
Staff costs	54,856	26,377
Depreciation and impairment	1,141	879
Training and conferences	2,002	1
Trustees expenses	414	346
Insurance	9,325	8,856
Staff travelling expenses	660	2,621
Professional charges	71,450	46,499
Independent examiner's fee	1,250	1,250
Office expenses	3,266	2,179
Sundry expenses	3,911	7,703
Bank charges	161	120
	<u>148,436</u>	<u>96,831</u>
	<u>148,436</u>	<u>96,831</u>

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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### **7 Trustees**

Expenses of £414 were reimbursed to 3 trustees (prior year £346 to 3 trustees) in respect of travel and meetings; none of the trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

None of the trustees were remunerated for their role as trustees.

In accordance with section 5.3.9 of its Articles of Association, one trustee was remunerated in connection with fulfilling his duties under his contract of employment. During the year, Andrew Nicholson received gross remuneration of £24,500 and pension benefits of £2,205.

### **8 Employees**

#### **Number of employees**

The average monthly number of employees during the year was:

	<b>2020 Number</b>	<b>2019 Number</b>
Management and administration	<u>2</u>	<u>1</u>
<b>Employment costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	48,296	22,958
Other pension costs	6,560	3,419
	<u>54,856</u>	<u>26,377</u>

There were no employees whose annual remuneration was £60,000 or more.

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 9 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 November 2019	12,000	3,150	15,150
Additions	-	1,414	1,414
Disposals	(12,000)	-	(12,000)
At 31 October 2020	-	4,564	4,564
<b>Depreciation and impairment</b>			
At 1 November 2019	4,095	788	4,883
Depreciation charged in the year	-	1,141	1,141
Eliminated in respect of disposals	(4,095)	-	(4,095)
At 31 October 2020	-	1,929	1,929
<b>Carrying amount</b>			
At 31 October 2020	-	2,635	2,635
At 31 October 2019	7,905	2,362	10,267

### 10 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	841	1,586
Other debtors	50,333	34,009
Prepayments and accrued income	3,139	3,019
	54,313	38,614

### 11 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	326	-
Other creditors	-	18,536
Accruals and deferred income	1,250	1,583
	1,576	20,119

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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### **12 Operating lease commitments**

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	978	8,853
Between two and five years	1,712	2,690
	<u>2,690</u>	<u>11,543</u>

### **13 Related party transactions**

The trustees of the charity are appointed by the Board together with the trustees of The Fellowship of Independent Evangelical Churches. During the year, the charitable company received £2,651 for contribution to various expenses (2019 - £14,471). In addition, the Trust recharged various expenses to the charitable company of £19,137 (2019 - £17,459).

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2020**

### **14 Trust assets and liabilities**

A summary of the funds and corresponding assets at cost for which the charitable company is trustee is set out below. The value of churches, manses and other properties transferred when the trust was accepted are excluded from these figures. Properties purchased from Trust funds, whilst under management, are included at cost.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Trust funds for churches and other trusts held in:</b>		
Property	199,144	199,144
Due from/(to) The Fellowship Property Trust	(46,710)	(13,223)
	<u>152,434</u>	<u>185,921</u>
 <b>Monies held on behalf of church trusts</b>	 <u>1,325,406</u>	 <u>709,519</u>

