

**Charity registration number 251395**

**Company registration number 00225717 (England and Wales)**

**THE FELLOWSHIP PROPERTY TRUST**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2021**

# THE FELLOWSHIP PROPERTY TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	J I Bond A P Boulter J R Prime A W J Stevens R J Underwood P K Walter
<b>Charity number</b>	251395
<b>Company number</b>	00225717
<b>Principal address</b>	41 The Point Market Harborough Leicestershire LE16 7QU
<b>Registered office</b>	41 The Point Market Harborough Leicestershire LE16 7QU
<b>Independent examiner</b>	Philip John Dymond FCCA Cheyettes Ltd 167 London Road Leicester LE2 1EG

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# THE FELLOWSHIP PROPERTY TRUST

## CONTENTS

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	<b>Page</b>
Trustees' report	1 - 3
Independent examiner's report	4
Statement of financial activities	5
Balance sheet	6
Notes to the financial statements	7 - 14

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# THE FELLOWSHIP PROPERTY TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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The trustees present their annual report and financial statements for the year ended 31 October 2021.

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 trust holding, mainly by way of converting to Charitable Incorporated Organisation status or transferring to an alternative trust holding provider.

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 has made a conscious decision not to accept any new client churches into its trust holding. The intention this year has continued to be to encourage churches to transfer their trust holding away from FPT.

In reviewing progress, the Board recorded a fall in the number of client churches from 185 in 2020 to 170 at 31st October 2021.

#### Financial review

Income from charitable activities totalled £35k (2020: £42k) while total income was £40k (2020: £250k).

The decrease in charitable income activities was due to a combination of churches leaving FPT's trust holding and a reduction in requests for model documents. The significant factor in the drop in total income was down to FPT not benefiting from the net gain on the disposal of tangible assets like it had done in 2020 (£205k).

Expenditure on charitable activities rose to £190k (2020: £148k). The significant variances to 2020 were a reduction in staff costs of £19k but an additional spend on legal fees (Edward Connor) of £62k relating to work undertaken by them on various trust holding and property matters.

Overall, the company had an operating deficit of £150k (2020 £103k deficit excluding the £205k gain on the disposal of tangible fixed assets). A substantial deficit was anticipated as the company moves towards winding down its Trust holding work over the next year or two.

At the end of the year total funds were £236k (2020: £387k).

# THE FELLOWSHIP PROPERTY TRUST

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

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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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 2021, the available unrestricted funds held in bank accounts of £148k. In view of the revised Business Plan aimed at withdrawing from trust holding within a shorter time frame than 5 years these were felt to be sufficient, albeit the Board recognise the importance of closely monitoring this as a matter of prudence and good governance. Some of the increase in legal costs incurred by the company for a Deeds Reviews prior to beginning the transfer away from the company can legitimately be recharged to the churches – a Charity Commission approved grant scheme is available to churches to help them cover this specific cost if it is necessary.

### **Risk review**

The major risks are around maintaining suitably skilled staff and the reduction in available unrestricted funds to cover ongoing costs.

### **Plans for future periods**

The ongoing plan for the business is to wind it down as soon as is practical. This involves all the churches we currently have a trust holding responsibility for, either setting up a CIO into which can be transferred any buildings or finding an alternative trust holding provider. This desired outcome is being actively pursued.

### **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 Limited (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 2021**

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Three of the FPT trustees are employed by FIEC (one being the Church Relations Director of the company who is seconded by FIEC for a period of time each week to undertake the role). 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.

At the end of this current financial period Trust Holding Funds held by FPT Limited stood at £1,263k. This figure includes two amounts (referred to in last year's report), Courtney Memorial £298k and Melton Chapel £186k, which were funds held from the sale of the respective properties. An application made to the Charity Commission was approved during the year for these funds to be utilised as a Grant Scheme to help support churches with their legal costs in leaving the company's trust holding. This leaves a balance of £779k being held on behalf of churches. Since the year end £312k has been returned to one of the churches we hold funds for.

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: 05/03/2022

# 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 2021, 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.

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.

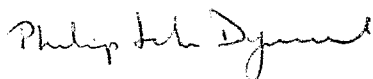
#### Basis of Independent examiner's report

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: 08/08/2021

# THE FELLOWSHIP PROPERTY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2021

		Unrestricted 2021 £	Unrestricted 2020 £
	Notes		
<b><u>Income and endowments from:</u></b>			
Donations and legacies	2	4,954	812
Charitable activities	3	35,100	41,977
Investments	4	196	205
Other income	5	-	207,279
<b>Total income</b>		<b>40,250</b>	<b>250,273</b>
<b><u>Expenditure on:</u></b>			
Charitable activities	6	190,298	148,436
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(150,048)</b>	<b>101,837</b>
Fund balances at 1 November 2020		386,539	284,702
<b>Fund balances at 31 October 2021</b>		<b>236,491</b>	<b>386,539</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 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	9		1,494		2,635
<b>Current assets</b>					
Debtors	10	88,485		54,313	
Cash at bank and in hand		173,625		331,167	
		<u>262,110</u>		<u>385,480</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(27,113)</u>		<u>(1,576)</u>	
Net current assets			234,997		383,904
<b>Total assets less current liabilities</b>			<u>236,491</u>		<u>386,539</u>
<b>Income funds</b>					
Unrestricted funds			236,491		386,539
			<u>236,491</u>		<u>386,539</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 2021. 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 05/08/2022



A.W.J. Stevens  
Trustee

Company registration number 00225717

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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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 2021

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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:

Fixtures and fittings	25% per annum on a straight line basis
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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 the statement of financial activities.

#### 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 2021

### 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
	2021 £	2020 £
Donations and gifts	4,954	812

### 3 Charitable activities

	2021 £	2020 £
Trusteeship and model document income	35,100	41,977

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

### 4 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	196	205

### 5 Other income

	Total	Unrestricted funds
	2021	2020
	£	£
Net gain on disposal of tangible fixed assets	-	205,189
Other income	-	2,090
	-	207,279

### 6 Charitable activities

	2021	2020
	£	£
Staff costs	35,892	54,856
Depreciation and impairment	1,141	1,141
Training and conferences	-	2,002
Trustees expenses	2,516	414
Insurance	9,473	9,325
Staff travelling expenses	-	660
Professional charges	133,332	71,450
Independent examiner's fee	1,300	1,250
Office expenses	2,138	3,266
Sundry expenses	4,309	3,911
Bank charges	197	161
	190,298	148,436
	190,298	148,436

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### 7 Trustees

Expenses of £2,516 were reimbursed to 2 trustees (prior year £414 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 £3,500 and pension benefits of £315.

#### 8 Employees

##### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Management and administration	2	2

##### Employment costs

	2021 £	2020 £
Wages and salaries	34,554	48,296
Other pension costs	1,338	6,560
	<u>35,892</u>	<u>54,856</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 2021

### 9 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 November 2020	4,564
At 31 October 2021	4,564
<b>Depreciation and impairment</b>	
At 1 November 2020	1,929
Depreciation charged in the year	1,141
At 31 October 2021	3,070
<b>Carrying amount</b>	
At 31 October 2021	1,494
At 31 October 2020	2,635

### 10 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	7,680	841
Other debtors	78,072	50,333
Prepayments and accrued income	2,733	3,139
	88,485	54,313

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

	2021 £	2020 £
Other taxation and social security	-	326
Trade creditors	25,813	-
Accruals and deferred income	1,300	1,250
	27,113	1,576

# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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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:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	978	978
Between two and five years	733	1,712
	<u>1,711</u>	<u>2,690</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 £982 for contribution to various expenses (2020 - £2,651). In addition, the Trust recharged various expenses to the charitable company of £29,481 (2020 - £19,137).



# THE FELLOWSHIP PROPERTY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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### 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.

	2021 £	2020 £
<b>Trust funds for churches and other trusts held in:</b>		
Property	199,144	199,144
Due from/(to) The Fellowship Property Trust	(67,156)	(46,710)
	<u>131,988</u>	<u>152,434</u>
 <b>Monies held on behalf of church trusts</b>	 <u>1,262,882</u>	 <u>1,325,406</u>

