



FRIENDS  
OF  
FRIENDLESS  
CHURCHES

(A company limited by guarantee)

**REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS**

**For The Year Ended 31 March 2015**

**REGISTERED COMPANY NUMBER: 1119137 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1113097**

**FRIENDS OF FRIENDLESS CHURCHES**

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for the Year Ended 31 March 2015**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**President**

The Most Hon the Marquess of Salisbury PC KCVO DL

**Episcopal Patron**

Rt Rev'd J Wyn Evans, Bishop of St David's BA BD FRHistS FSA

**Vice-Presidents**

Lord Brooke of Sutton Mandeville CH PC

Thomas Lloyd OBE MA

Professor Andrew Saint Hon FRIBA

Hugh Johnson OBE

**Trustees: Council 2013-2014**

Roger Evans MA \*

Matthew Saunders MBE MA FSA \*

Peter Scott BA FCA \*

John Bowles MA FSA MCFI

Sir Paul Britton CB CVO MA

Catherine Cullis MBE MA

Rev'd Philip Gray BA CertEd

Richard Halsey MBE BA FSA

Alexander Hamilton MA \*

Rev'd John Morgan-Guy BA PhD LicDD FRHistS

Howard Pool BA FCMA \*

John Porteous OBE FSA

Richard Smith MVO BA FRSA \*

John Vigar MA FSA Scot FRSA

Chairman

The Director and Company Secretary

Hon Treasurer

Hon Chaplain

\* Denotes members of Investment and Finance Sub-Committee

**Field Officer in Wales**

Susan Dalton

**Assistant Director**

Alison Du Cane BA Hons

**Registered Office**

St Ann's Vestry Hall, 2 Church Entry, London, EC4V 5HB

[office@friendsoffriendlesschurches.org.uk](mailto:office@friendsoffriendlesschurches.org.uk)

[www.friendsoffriendlesschurches.org.uk](http://www.friendsoffriendlesschurches.org.uk)

**Bankers**

Coutts & Co, St Martin's Office, 440 Strand, London WC2R 0QS

and National Westminster Bank plc, 46 Notting Hill Gate, London W11 3HZ

**Auditors**

McLintocks Limited, 46 Hamilton Square, Birkenhead CH41 5AR

**Broker**

J.M.Finn & Co, 4 Coleman Street London EC2R 5TA

**Solicitors**

Clifton Ingram, 22-24 Broad Street, Wokingham RG40 1BA

## **FRIENDS OF FRIENDLESS CHURCHES**

### **REPORT OF THE TRUSTEES for the Year Ended 31 March 2015**

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The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2015. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

In setting out objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's Guidance on Public Benefit.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity was incorporated as a company limited by guarantee on 20 June 1973. Following the acquisition of charitable status in its own right on 13 March 2006, it took over the entire undertaking of the old, unincorporated charity (registered charity no. 209456) of the same name originally established in 1957, with effect from 1 April 2006. On 11 February 2008 the Charity Commission approved a Uniting Direction under section 96(5) of the Charities Act 1993 which directed that the predecessor charity (charity no. 209456) should be treated as forming part of the new charity. This authorised, inter alia, a single set of Accounts to be prepared for the whole entity.

The Charity is governed by its Memorandum and Articles of Association, as amended on 26 October 2005 and 6 March 2006 as part of the above re-organisation.

The Trustees of The Friends form the Council which is responsible for the governance and management of the Charity. The Trustees are as listed on page 1 and are all elected annually by members of the Company at the Annual General Meeting, with the Council having the power to elect further members in addition between Meetings. When required, nominations for new appointments to the Council are sought from those with appropriate understanding of conservation matters and skills of use to the Charity and Company. Potential Trustees meet the Chairman and Director before a final proposal is put to the Council. Appointments run to the next Annual General Meeting. Each new member of the Council receives a briefing about the Charity and guidance on the responsibilities and duties of Trusteeship. Relevant material from the Charity Commission is distributed from time to time to all members of the Council to ensure that they remain up to date with current duties and practice.

The Council met four times in 2014-2015, and the meetings were supplemented by the circulation of additional information as necessary, principally by e-mail, to keep the Council fully informed. There is an Investment and Finance Sub-Committee, which met twice in the course of the year.

The Annual General Meeting, which accepted the annual report for 2013-14, was held on 27 September 2014 in The Friends' church of St Mary Magdalene, Boveney, Bucks. 93 people attended.

All Trustees and Directors are honorary and none receives a salary or remuneration. The Charity relies heavily on volunteers, particularly in the local groups of Friends based at a number of our churches. The day to day running of the Charity is conducted from its offices at St Ann's Vestry Hall in the City of London by Matthew Saunders, the Director, and Alison Du Cane, the Assistant Director. Both are employed by the Ancient Monuments Society. The Charity benefits from the services of a freelance Field Officer in Wales. The fees of the Field Officer are met in their entirety under the joint funding arrangement for the 'New Mechanism', further details of which are set out later in this Report.

The Charity is in a working partnership, which was brought into full force in October 1993, with the Ancient Monuments Society (registered charity no. 209605). The two charities share the same office, secretariat, membership and newsletter, but are otherwise strictly separate in terms of governing bodies, financing and charitable status. The Charity pays a contribution to the Ancient Monuments Society towards the expenses of the shared secretariat provided by the latter, including the services of the Director and the Assistant Director, and this is reviewed by the two charities from time to time. As from 1 January 2015 the annual contribution was raised from £57,500 to £58,000. A joint membership scheme is operated by the two charities, with the subscriptions being collected and retained by the Ancient Monuments Society as part of the agreed arrangements.

## FRIENDS OF FRIENDLESS CHURCHES

### REPORT OF THE TRUSTEES for the Year Ended 31 March 2015

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#### OBJECTS

The objects of the Charity are:-

- (a) To secure the preservation of churches and chapels or of any part thereof, in the British Islands, whether belonging to or used or formerly used by the Church of England or by any other religious body, as places of public worship; to secure the preservation of monuments, fixtures, fittings, stained glass, furniture, ornaments and chattels in such churches or chapels; and to secure the preservation of the churchyard or burial ground belonging or formerly belonging to any such church or chapel.
- (b) To secure the preservation of buildings of historic interest or architectural merit or beauty or of any part thereof, in the British Islands, used or formerly used as places of worship, for public access and the benefit of the nation; to secure the preservation of monuments fixtures, fittings, stained glass, furniture, ornaments and chattels in such buildings for public exhibition and the benefit of the nation; and to secure the preservation of the churchyard or burial ground belonging to or formerly belonging to any such building for public access and the benefit of the nation.
- (c) To furnish or equip any such church, chapel or building, or any part thereof, as aforesaid, and to use it for the advancement of the Christian religion, or such other charitable purposes as the Charity shall from time to time determine.
- (d) To repair, maintain, improve, beautify or reconstruct any church, chapel or building, or any part thereof, as aforesaid, or the monuments, fixtures, fittings, stained glass, furniture, ornaments or chattels therein, or the churchyard or burial ground belonging or formerly belonging thereto.
- (e) To promote all or any of the aforesaid objects either by means of the acquisition by purchase, gift or otherwise of any such church, chapel, or building, or any part thereof, as aforesaid, or any interest therein, or of such chattels or land as aforesaid, or by means of grants or loans to any parochial church council, trustees or persons or body of persons whether corporate or incorporate having the ownership, care or custody of any such church, chapel or building, or of any part thereof, as aforesaid, or of any such chattels or land as aforesaid or in such other manner as the Charity shall from time to time determine.

## FRIENDS OF FRIENDLESS CHURCHES

### REPORT OF THE TRUSTEES for the Year Ended 31 March 2015

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#### ACHIEVEMENT AND PERFORMANCE

##### Review of the Year

The Charity was responsible for all or part of the year for 46 redundant but architecturally and historically important places of worship which are held either freehold or on long lease. They are:-

##### English Vestings:

ALLINGTON, Wilts, St John the Baptist (freehold from 1 January 2011)  
AYSHFORD CHAPEL, Burtlescombe, Devon (125 year lease from 1 February 2000)  
BALLIDON, Derbs, All Saints (freehold from 28 December 2011)  
BOVENEY, St Mary Magdalene, near Windsor, Berks (999 year lease from 7 October 1983)  
BROWNSHILL, Glos, St Mary of the Angels (freehold from 20 May 2011)  
CALDECOTE, St Mary Magdalene, near Baldock, Herts (freehold from 15 April 1982)  
EASTWELL, St Mary, near Ashford, Kent (freehold from 20 March 1980)  
FORDHAM, Norfolk, St Mary (freehold from 12 September 2011)  
HARDMEAD, The Assumption, near Newport Pagnell, Bucks (99 year lease from 7 September 1982)  
LIGHTCLIFFE, Old St Matthew, near Halifax, W Yorks (99 year lease from 1 January 1974)  
LLANCILLO, St Peter, Herefordshire (freehold from 23 January 2007)  
LONG CRICHEL, Dorset, St Mary (freehold from 7 January 2011)  
MATLOCK BATH, St John the Baptist, Derbyshire (freehold from 15 March 2002)  
MILLAND, Old St Luke, near Liphook, W Sussex (99 year lease from 1 January 1974)  
MUNDON, St Mary, near Maldon, Essex (999 year lease from 1 January 1975)  
PAPWORTH ST AGNES, St John the Baptist, Cambs (freehold from 5 December 1979)  
SALTFLEETBY, Old St Peter, near Louth, Lincs (999 year lease from 1 May 1976)  
SOUTH HUISS, St Andrew, near Kingsbridge, Devon (999 year lease from 1 January 1976)  
SUTTERBY, St John the Baptist, near Horncastle, Lincs (freehold from 3 July 1981)  
THORNTON LE BEANS, North Yorkshire, chapel of ease (freehold from 15 November 2010)  
URISHAY, Chapel, near Peterchurch, Herefordshire (freehold from 26 July 1978)  
WADDESDON HILL, Baptist Chapel, near Aylesbury, Bucks (freehold from 31 December 1986)  
WICKHAM BISHOPS, St Peter, near Maldon, Essex (999 year lease from 1 January 1975)  
WOOD WALTON, St Andrew, near Huntingdon, Cambs (999 year lease from 24 June 1979)

##### Welsh Vestings:

BAYVIL (BEIFIL), St Andrew, near Nevern, Dyfed (999 year lease from 7 October 1983)  
BRITHDIR, St Mark, Gwynedd (999 year lease from 1 December 2002)  
DERWEN, St Mary, Denbighshire (999 year lease from 1 December 2002)  
HODGESTON, (dedication unknown), Pembrokeshire (999 year lease from 17 December 2000)  
LLANBEULAN, St Peulan, Anglesey (999 year lease from 10 June 2005)  
LLANDAWKE (LLANDOCH), St Oudoceus, Carmarthenshire (999 year lease from 24 April 2006)  
LLANDELOY (LLANDELOI), St Eloi, Pembrokeshire (999 year lease from 1 December 2002)  
LLANELIEU, St Ellwy, Powys (999 year lease from 19 November 1999)  
LLANFAGLAN, St Baglan, near Caernarfon, Gwynedd (freehold from 7 February 1991)  
LLANFAIR KILGEDDIN (LLANFAIR CILGEDIN), St Mary, near Usk, Monmouthshire (freehold from 22 November 1989)  
LLANFIGAEL, St Migaél, Anglesey (999 year lease from 1 February 2007)  
LLANFIHANGEL ROGIET, St Michael, Monmouthshire (999 year lease from 30 July 2008)  
LLANFROTHEN, St Brothen, Gwynedd (999 year lease from 1 January 2005)  
LLANGEVIEW (LLANGIFIW), St David, Monmouthshire, (999 year lease from 19 November 1999)  
LLANTRISANT, SSS Afran, Ieuan and Sannan, Holyhead, Anglesey (999 year lease from 1 November 1978)  
MANORDEIFI, St David, Pembrokeshire (999 year lease from 10 August 2000)  
PENLLECH, St Mary, Gwynedd (999 year lease from 14 May 2009)  
PENMORFA, St Beuno, Gwynedd (999 year lease from 19 November 1999)  
RHOSCROWTHER, St Decumanus, Pembrokeshire (999 year lease from 10 June 2005)  
TAL-Y-LLYN (TALYLLYN), St Mary, Anglesey (999 year lease from 19 November 1999)  
TREMAEN, St Michael, Ceredigion (999 year lease from 1 December 2013)  
YNYSCYNHAEARN, St Cynhaearn, Gwynedd, including the lychgate (999 year lease 1 December 2002)

In addition it oversees and bears the cost of caring for St. Leonards's church, Sperrall in Warwickshire, which is currently owned by the Ancient Monuments Society, but which it has been agreed should be transferred to the Friends.

Trustees have also formally accepted the vestings of St Jerome, Llangwm Uchaf, Monmouthshire, which underwent a major programme of repairs in 2013-14 and St Michael and All Angels, Castlemartin, Pembrokeshire, both of which are listed Grade 1. Castlemartin will be the principal building campaign in Wales in 2015-16. They have also agreed to accept the Grade 11\* listed church of St Denis at East Hatley, Cambs with a "dowry" of £60,000 from South Cambs DC. Formal vesting of all 3 is anticipated in 2015-16. Once these are transferred, the total number of vestings will be 49.

## FRIENDS OF FRIENDLESS CHURCHES

### REPORT OF THE TRUSTEES for the Year Ended 31 March 2015

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#### ACHIEVEMENT AND PERFORMANCE

2014-15 was a cautious year in terms of repairs – there were no new formal vestings and the principal repair campaigns, launched but not completed in the year, were at Caldecote and Hardmead, where trustees were very grateful for promises of financial assistance from the relevant local groups of £7,000 and £5,500 respectively. There was a programme of improvements to the rainwatergoods at Brownshill and minor work at Eastwell, Fordham and Matlock.

Trustees encourage the establishment of local groups of “Friends”. In the course of the year there was much activity organised by such groups at Llanfihangel Rogiet, Ynyscynhaearn, Caldecote, Papworth, Milland, Mundon, Hardmead, Allington, Tremaen, Boveney, Sutterby and Wood Walton. At the latter they carried out works to the bells and continued the excellent newsletter and at Sutterby the 134 local-strong group were much excited at the discovery of the remains of early medieval footings (which were excavated in 2015-16). Trustees are very gratified at these expressions of local support for our work. At Lightcliffe a grant application was lodged with the Heritage Lottery Fund by a local community group to tend the huge churchyard, and thus improve the setting of the residual late Georgian tower for which The Friends are responsible.

In September 2014 the Charity opened 28 of its churches in England and Wales to the general public for Heritage Open Days/Open doors. Most of our churches are open to visitors throughout the year. There is a major concert at Llanellieu every August and an annual service of the Baptist Historical Society at Waddesdon Hill. Brownshill is used for what is turning into an annual art festival and at other churches there has been a further range of activities, formal and informal. Llanfihangel Rogiet is in effect the headquarters of the Caldicot History Society.

#### **New Mechanism in Wales**

The year saw the successful continuation of the arrangements in Wales between the Friends, Cadw and the Church in Wales, under which £120,000 is given to the Charity by the last two parties, in the proportions two-thirds to one-third towards the repair and maintenance of redundant Anglican churches of architectural and historic importance vested with the Friends. In recent years the Cadw contribution has settled at £80,000 pa whilst early in 2015 The Church in Wales increased its contribution from £30,000 to £40,000.

The major building campaigns of the year were at Rhoscrowther, Llangwm, Tremaen, Hodgston, Llandawke, Llandeloy and enabling work at Castlemartin.

#### **Brett Trust**

The Charity administers the Brett Trust for the benefit of the churches at Tilbury juxta Clare and Ovington in Essex and St. Stephen's, Bourne-mouth. A grant offer at Ovington remains outstanding.

#### **Cottam Will Trust**

The Charity also administers a Trust Fund for the purchase of objects of beauty to be placed in ancient Gothic churches, for the furtherance of religion. In the course of the year a grant was offered for the reinstatement of an ejected window by Michael O'Connor in the church of St Mary the Virgin at Horton Kirby, Kent.

#### **Other Churches**

The Charity administers special funds for the benefit of certain other churches in use - Llangua on the English/Welsh borders, and Besselsleigh in Berkshire. It also holds money on behalf of Eglwys Brewis, Glamorgan.

#### FINANCIAL REVIEW

##### **Financial Report**

The financial position is set out in the accounts for the year, which show net incoming resources, before investment gains, of £100,289. Investments increased in value overall in the year and after taking account of gains on investments sold, the Charity's funds increased by £224,558 from those at the start of the year.

## FRIENDS OF FRIENDLESS CHURCHES

### REPORT OF THE TRUSTEES for the Year Ended 31 March 2015

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#### FINANCIAL REVIEW (continued)

In the course of the year a legacy of £100,000 was received from the estate of John Egerton Boulding and 3 more from Roger Tee, Simon Curtis and Colette Lewin. Donations of £10,000 were received from Philippa Hunt, others to the value of £920 and £1,285 in memory of Joanna Ritchie and Angus Donaldson Hewat, respectively – and general donations from the J.M.Britton Charitable Trust, the A.P.Bartleet Trust, the Esmee Fairbairn Foundation, the Farthing Trust, the Donald Forrester Trust and the Girdlers Company with individual gifts from Adrian Hohler, A.R.Aldwinckle, Messrs Stilwell and Wilding, D.L.Thomas, Jim Thompson, Roger Wools R.C.S Atkins, Rev'd Canon Andrew Lenox-Conyngham. Sir Jeremy Morse, Lord Brooke, Christine Fisher, Paul Jeffery, Mrs C van Driel Murray and Harry Mount. Trustees are very pleased to record their warm appreciation of such generosity.

The Charity remains a beneficiary under the Listed Places of Worship Scheme which allows VAT paid out on repairs and alterations to be reimbursed. The Scheme's de minimis rule does however prevent the return of VAT that is under £1,000 in a standalone project.

#### Reserves Policy

The unrestricted reserves of the Friends are an inherent part of the risk management policy. They represent funds for the periodic repair of existing vested churches, to provide for the repair of new vestings excluding those covered by the New Mechanism for the conservation and preservation of redundant churches in Wales, and to fund working capital required between the commencement of contracts and the receipt of third party grants. The Council considered that as at 31 March 2015 the unrestricted reserves were adequate to meet immediate needs but, although they are growing they are in no way sufficient to address long-term demands on the Charity. There remains a backlog of repairs at existing vestings, and the ability to save more churches depends critically upon funds being available for that purpose.

The restricted reserves of the Friends represent the funds held for the Cottam Will Trust left by Father Cottam, the Brett Trust established by Miss Winifred Brett in memory of her parents, the fabric funds for specific churches and grants received under the New Mechanism in Wales. The objects of the Cottam Will Trust and the Brett Trust are set out above. The assets held on behalf of these trusts are to provide income that is expended in accordance with the objects of those trusts. The specific fabric funds are held to pay for repairs to the relevant churches as required. The unspent funds held for the New Mechanism in Wales arise because one of the two funders, the Church in Wales, has agreed to release money before bills are received to avoid the need for the Charity to take out bank loans and we are grateful for this.

#### Grant Making Policy

The major grant making activity of the Friends relates to the Cottam Will Trust. Applications received are considered by the Council and grants are awarded based upon the conformity of the application with the objects of the Trust, the merit of the project and the financial need of the applicant. Further details of the conditions which applications must meet before they will be considered can be obtained from the office and are given on the Charity's website.

Grants are made from the Brett Trust in response to applications from the three churches for whose benefit the Trust was established.

It is not the policy of the Council to invite applications for grants from the unrestricted funds. However, the Council has made and will continue to make occasional small grants for the furtherance of the Friends' objects from these funds entirely at the discretion of the Council.

#### Investment Policy

The Council has appointed an Investment and Finance Sub-Committee which meets not less than twice a year. The Sub-Committee makes a formal report of its meetings to the Council. The Articles of Association, as amended in 2005 and 2006, grant the Council permissive rights to delegate discretionary investment powers and nominee status to an outside organisation. Detailed negotiations, assisted by the Charity's legal advisors, resulted in clearance from the Charity Commission to put these powers into force early in 2008-09. The function of the Investment and Finance Sub-Committee thus changed from reviewing individual holdings to that of recommending to the Council the strategic context within which our broker is delegated to operate and the subsequent monitoring of performance. The decision to buy or sell investments now rests with our broker alone. The strategic contexts for the general portfolio and for the Cottam are set differently in order to match the objectives of the separate funds. Underlying strategy may, from time to time, be reviewed.

## FRIENDS OF FRIENDLESS CHURCHES

### REPORT OF THE TRUSTEES for the Year Ended 31 March 2015

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#### FINANCIAL REVIEW (continued)

The members of the Investment and Finance Sub-Committee receive a quarterly report from the brokers showing the current composition of the portfolio and a current valuation. The changes are also reported to the office of the company. The report summarises actual income received and predictions of future income together with indicators which assist the Sub-Committee in its supervisory and monitoring role. A representative of J.M.Finn & Co, our broker, usually attends meetings of the Sub-Committee.

For the year under review, the general portfolio returned an overall gain of 6.52% against a market measure of 8.83% and the Cottam Will Trust portfolio an overall gain of 5.76% against a measure of 3.03%, as recorded by the APCIMS Balanced Portfolio Index and the FTSE All Share Index respectively.

During the closing months of the year all our British Government Stocks were redeemed at par value by HM Treasury. For Hardmead and Llangua the small amounts involved have been added to existing fabric fund accounts held on our behalf by the Central Board of Finance. The reinvestment of the Waddesdon Hill fund is under consideration. The amount held for the Brett Trust is £81,179 and the decision was taken by the Sub-Committee and endorsed by the Council to pass this to J.M.Finn & Co for investment as a separate fund; it is anticipated that a deposit fund held for the Brett Trust will also be transferred to the broker in due course.

#### Risk Management

The Trustees have identified the major risks to which the Charity is exposed; systems have been established to mitigate those risks and are reviewed regularly. Trustees commission regular assessments of each of the vestings, particularly in Wales where we have the advantage of a paid Field Officer. Trustees are aware of their responsibility under the Equality Act. We maintain a policy of insurance for all churches and the policies on insurance were comprehensively reviewed in 2014-15. The financial position is regularly monitored by the Council.

#### Membership

The total membership of the Ancient Monuments Society and the Friends of Friendless Churches, which operate a joint membership scheme, stood at 2,091 at the end of March 2015. That figure reflects the number of household members. Three joint AMS/Friends newsletters to members were published in the year, the cost being borne by the AMS.

#### Future Outlook

The Charity will continue to strive for the preservation and conservation of the historic churches in its possession. The level of giving and legacies in recent years allow Trustees to contemplate tackling the backlog of repairs at certain vested properties and the taking of additional threatened churches into care - although the Charity's capital base is likely to remain modest for a body charged with looking after 46 buildings, all but 9 listed Grade I or Grade II\*. The Trustees are mindful that a third of the reserves held by the Charity is restricted to the purpose of the Cottam Will Trust alone (see also page 5 of the Trustees' Report).

#### STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also the Directors of Friends of Friendless Churches for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**FRIENDS OF FRIENDLESS CHURCHES**

**REPORT OF THE TRUSTEES  
for the Year Ended 31 March 2015**

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**AUDITORS**

The auditors, McLintocks Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Roger Evans MA – Chairman 21 August 2015

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FRIENDS OF FRIENDLESS CHURCHES

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We have audited the financial statements of Friends of Friendless Churches for the year ended 31 March 2015 on pages ten to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

### **Respective responsibilities of trustee and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

Helen Furlong F.C.C.A. (Senior Statutory Auditor)  
for and on behalf of McLintocks Limited  
Chartered Accountants and  
Statutory Auditors  
46 Hamilton Square  
Birkenhead  
Wirral  
CH41 5AR

24 August 2015

FRIENDS OF FRIENDLESS CHURCHES

STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
for the Year Ended 31 March 2015

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total funds £	2014 Total funds £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	3	165,980	119,769	-	285,749	175,391
Activities for generating funds	4	59	-	-	59	30
Investment income	5	57,045	20,065	3,881	80,991	80,867
<b>Other incoming resources</b>		<u>1,108</u>	<u>-</u>	<u>-</u>	<u>1,108</u>	<u>340</u>
<b>Total incoming resources</b>		224,192	139,834	3,881	367,907	256,628
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income	6	2,332	-	-	2,332	1,863
Investment management costs	7	8,898	4,520	-	13,418	13,171
<b>Charitable activities</b>						
Costs of activities in furtherance of Society's objectives	8	90,239	149,073	-	239,312	275,953
<b>Governance costs</b>	9	<u>10,788</u>	<u>1,768</u>	<u>-</u>	<u>12,556</u>	<u>15,420</u>
<b>Total resources expended</b>		<u>112,257</u>	<u>155,361</u>	<u>-</u>	<u>267,618</u>	<u>306,407</u>
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>						
		111,935	(15,527)	3,881	100,289	(49,779)
<b>Gross transfers between funds</b>	17	<u>(36,824)</u>	<u>36,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>						
		75,111	21,297	3,881	100,289	(49,779)
Realised gains/(losses) on fixed asset investments		<u>14,584</u>	<u>2,897</u>	<u>14,150</u>	<u>31,631</u>	<u>17,991</u>
		89,695	24,194	18,031	131,920	(31,788)
Unrealised gains/(losses) on investment assets		<u>43,427</u>	<u>49,655</u>	<u>(444)</u>	<u>92,638</u>	<u>87,610</u>
<b>Net movement in funds</b>		133,122	73,849	17,587	224,558	55,822
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<u>1,334,491</u>	<u>934,190</u>	<u>350,294</u>	<u>2,618,975</u>	<u>2,563,153</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>1,467,613</u></u>	<u><u>1,008,039</u></u>	<u><u>367,881</u></u>	<u><u>2,843,533</u></u>	<u><u>2,618,975</u></u>

The notes form part of these financial statements

**FRIENDS OF FRIENDLESS CHURCHES****BALANCE SHEET  
At 31 March 2015**

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		2015	2014
		£	£
<b>FIXED ASSETS</b>	Notes		
Heritage assets	12	11,610	11,610
Investments	13	<u>2,691,077</u>	<u>2,541,068</u>
		2,702,687	2,552,678
<b>CURRENT ASSETS</b>			
Debtors	14	17,529	26,558
Cash at bank		<u>155,669</u>	<u>74,322</u>
		173,198	100,880
<b>CREDITORS</b>			
Amounts falling due within one year	15	(32,352)	(34,583)
		<u>140,846</u>	<u>66,297</u>
<b>NET CURRENT ASSETS</b>			
		<u>140,846</u>	<u>66,297</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,843,533	2,618,975
		<u>2,843,533</u>	<u>2,618,975</u>
<b>NET ASSETS</b>			
		<u>2,843,533</u>	<u>2,618,975</u>
<b>FUNDS</b>	17		
Unrestricted funds		1,467,613	1,334,491
Restricted funds		1,008,039	934,190
Endowment funds		<u>367,881</u>	<u>350,294</u>
<b>TOTAL FUNDS</b>		<u>2,843,533</u>	<u>2,618,975</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 21 August 2015 and were signed on its behalf by:

Roger Evans MA - Chairman

The notes form part of these financial statements

## FRIENDS OF FRIENDLESS CHURCHES

### NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2015

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#### 1. STATUS

The Charity was incorporated as a company limited by guarantee on 20 June 1973 and until 1 April 2006 acted solely as custodian trustee on behalf of the unincorporated charity, Friends of Friendless Churches (charity number 209456), with no assets or transactions of its own. The Company was registered as a charity (charity number 1113097) on 13 March 2006 and the entire operations of the old, unincorporated charity were transferred to it with effect from 1 April 2006. A Uniting Directive was issued by the Charity Commission on 11 February 2008.

Being a company limited by guarantee, the Charity has no share capital and the members are limited to a contribution of up to £1 each towards the Company's liabilities in the event of the Company being wound up.

#### 2. ACCOUNTING POLICIES

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).

##### **Incoming resources**

Donations and legacies are included as income when entitlement is established and quantifiable with certainty.

Grants are accounted for on a receivable basis, once entitlement is certain and quantified, and are allocated in accordance with the grant making body's wishes and attributable expenditure.

##### **Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.

Expenditure on repairs to churches for which specific grants or other restricted funds have been received or are receivable are charged to the relevant restricted funds and any excess of expenditure over such funds represents support for those projects from general funds and is adjusted by a transfer from the Charity's general funds.

##### **Taxation**

The Charity is exempt from corporation tax on its charitable activities.

##### **Fund accounting**

The Charity has the following types of funds:

- (a) General funds comprise unrestricted funds available for the Society's purpose at its discretion.
- (b) Designated funds comprise unrestricted funds that have been allocated by the charity for particular purposes.
- (c) Restricted funds are funds received for some specific aspect of the Charity's objects, including funds in respect of particular churches.
- (d) Expendable endowment funds are funds received primarily as capital but which can be expended as income if the need should arise.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
for the Year Ended 31 March 2015

2. ACCOUNTING POLICIES - continued

**Heritage assets**

The Charity owns the freehold or long leasehold of forty-six churches, which come within the definition of heritage assets under SORP 2005. These properties were acquired without cost in pursuit of the Charity's preservation and conservation objectives and the Council does not consider it appropriate or practical to attribute any value to them in view of their nature as historic buildings held for protection, with any use being very limited and subject to strict control. The Council believes that any valuation would lack sufficient reliability and incur onerous costs compared with the additional benefit derived by users of the accounts. Accordingly, these assets are not capitalised in the accounts. Details of the churches are given within the Annual Report, and it is the policy to provide access to the public to as many of the churches as possible.

Recent purchases of other heritage assets are reported in the balance sheet at cost, and as they are deemed to have indeterminate lives and to maintain their value, the Council do not consider it appropriate to charge depreciation.

Expenditure which, in the Council's view is required to preserve or prevent further deterioration of heritage assets, is recognised in the Statement of Financial Activities when it is incurred.

**Fixed asset investments**

Fixed asset investments are stated in the balance sheet at their market value at the balance sheet date, and the income arising thereon is recognised on the due date for payment. Gains and losses arising on the disposal and revaluation of investments are calculated by reference to their book value, and credited or charged to the Statement of Financial Activities.

**Cottam Will Trust**

The financial statements include transactions and balances of the Cottam Will Trust, an associated charity, which is registered under the Friends of Friendless Churches. The Council actively promote the distinct purpose of the Cottam Will Trust, which is the purchase of objects of beauty to be placed in ancient Gothic churches in England and Wales, for the furtherance of religion.

3. VOLUNTARY INCOME

	2015	2014
	£	£
Donations	41,473	26,981
Legacies	125,140	17,801
Grants	<u>119,136</u>	<u>130,609</u>
	<u>285,749</u>	<u>175,391</u>

Grants received, included in the above, are as follows:

	2015	2014
	£	£
CADW	80,000	80,000
Church in Wales	30,000	30,000
Listed Places of Worship Scheme	<u>9,136</u>	<u>20,609</u>
	<u>119,136</u>	<u>130,609</u>

4. ACTIVITIES FOR GENERATING FUNDS

	2015	2014
	£	£
Book sales	<u>59</u>	<u>30</u>

FRIENDS OF FRIENDLESS CHURCHES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
for the Year Ended 31 March 2015

5. INVESTMENT INCOME

	2015	2014
	£	£
UK investment income	80,274	79,893
Deposit account interest	<u>717</u>	<u>974</u>
	<u>80,991</u>	<u>80,867</u>

6. COSTS OF GENERATING VOLUNTARY INCOME

	2015	2014
	£	£
Representation	<u>2,332</u>	<u>1,863</u>

7. INVESTMENT MANAGEMENT COSTS

	2015	2014
	£	£
Brokers' fees	<u>13,418</u>	<u>13,171</u>

8. COSTS OF CHARITABLE ACTIVITIES

	2015	2014
	£	£
Purchase of objects of beauty	18,718	8,834
Works of reference	181	309
Repairs and maintenance	66,309	62,577
Insurance	11,258	13,448
Travel expenses	2,514	303
Ancient Monuments Society	51,463	51,500
Other expenses	842	1,668
Joe McCrindle Memorial	3,920	-
Upkeep of website	619	836
Expenses re potential vestings	1,086	1,450
Computer upkeep and expenses	110	1,415
New Mechanism - Repairs and maintenance	63,885	115,878
New Mechanism - Insurance	9,392	8,811
New Mechanism - Travel expenses	60	-
New Mechanism - Field Officer's expenses	2,505	2,924
New Mechanism - Ancient Monuments Society	6,000	6,000
New Mechanism - Photographic evidence	<u>450</u>	<u>-</u>
	<u>239,312</u>	<u>275,953</u>

FRIENDS OF FRIENDLESS CHURCHES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
for the Year Ended 31 March 2015

9. GOVERNANCE COSTS

	2015	2014
	£	£
Trustees' travel expenses	1,611	1,752
Bank charges	1,107	809
AGM and other expenses	4,078	6,859
Auditors' remuneration	<u>5,760</u>	<u>6,000</u>
	<u>12,556</u>	<u>15,420</u>

10. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2015	2014
	£	£
Auditors' remuneration – audit fee	3,000	3,100
Auditors' remuneration – non audit services	<u>2,760</u>	<u>2,900</u>
	<u>5,760</u>	<u>6,000</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2015, nor for the year ended 31 March 2014.

**Trustees' Expenses**

Travel expenses amounting to £1,611 have been reimbursed to 9 members of the Council during the year (2014 £1,752 to 9 members).

12. HERITAGE ASSETS

	Total £
<b>COST</b>	
At 1 April 2014 and 31 March 2015	<u>11,610</u>
<b>NET BOOK VALUE</b>	
At 31 March 2015	<u>11,610</u>
At 31 March 2014	<u>11,610</u>

Heritage assets recognised in the balance sheet comprise purchases by the Cottam Will Trust in past years where ownership has been retained by the Charity.

The Charity owns the freehold or long leasehold of 46 churches which are not recognised in the balance sheet.

FRIENDS OF FRIENDLESS CHURCHES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
for the Year Ended 31 March 2015

13. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
<b>MARKET VALUE</b>			
At 1 April 2014	2,309,858	231,210	2,541,068
Additions	384,948	-	384,948
Disposals	(323,375)	(4,202)	(327,577)
Revaluations	92,638	-	92,638
	<u>2,464,069</u>	<u>227,008</u>	<u>2,691,077</u>
At 31 March 2015	<u>2,464,069</u>	<u>227,008</u>	<u>2,691,077</u>

Listed investments comprise:

	2015 £	2014 £
British Government Stocks	-	79,781
United Kingdom equities and funds	2,274,657	2,097,593
Overseas equities	189,412	56,296
Sterling bonds	-	76,188
	<u>2,464,069</u>	<u>2,309,858</u>

The historical cost of the total of investments held is: 2,129,023 2,004,234

Included in investments are investments with a market value of £827,821 which are held specifically for the Cottam Will Trust.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Other debtors	<u>17,529</u>	<u>26,558</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Other creditors	<u>32,352</u>	<u>34,583</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total funds £	2014 Total funds £
Fixed assets	-	11,610	-	11,610	11,610
Investments	1,469,040	900,641	321,396	2,691,077	2,541,068
Cash at bank	3,601	106,420	45,648	155,669	74,322
Other current assets	3,778	12,914	837	17,529	26,558
Current liabilities	<u>(8,806)</u>	<u>(23,546)</u>	<u>-</u>	<u>(32,352)</u>	<u>(34,583)</u>
	<u>1,467,613</u>	<u>1,008,039</u>	<u>367,881</u>	<u>2,843,533</u>	<u>2,618,975</u>

Restricted funds include £880,679 in respect of the Cottam Will Trust.

FRIENDS OF FRIENDLESS CHURCHES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
for the Year Ended 31 March 2015

17. MOVEMENT IN FUNDS

	At 1.4.14 £	Net movement in funds £	Transfers between funds £	At 31.3.15 £
<b>Unrestricted funds</b>				
General fund	499,870	170,201	(37,079)	632,992
Designated funds	<u>834,621</u>	<u>(255)</u>	<u>255</u>	<u>834,621</u>
	1,334,491	169,946	(36,824)	1,467,613
<b>Restricted funds</b>				
Welsh Churches - 4 Original	-	(955)	955	-
Welsh Churches - New Mechanism	-	31,401	-	31,401
Cottam Will Trust	840,349	40,330	-	880,679
Fabric funds	<u>93,841</u>	<u>(33,751)</u>	<u>35,869</u>	<u>95,959</u>
	934,190	37,025	36,824	1,008,039
<b>Endowment funds</b>				
Brett Trust	114,150	17,587	-	131,737
James Johnston Fund	<u>236,144</u>	<u>-</u>	<u>-</u>	<u>236,144</u>
	350,294	17,587	-	367,881
<b>TOTAL FUNDS</b>	<u>2,618,975</u>	<u>224,558</u>	<u>-</u>	<u>2,843,533</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	224,192	(112,002)	58,011	170,201
Designated funds	<u>-</u>	<u>(255)</u>	<u>-</u>	<u>(225)</u>
	224,192	(112,257)	58,011	169,946
<b>Restricted funds</b>				
Welsh Churches - 4 Original	-	(955)	-	(955)
Welsh Churches - New Mechanism	113,812	(82,411)	-	31,401
Cottam Will Trust	18,009	(26,466)	48,787	40,330
Fabric funds	8,013	(45,529)	3,765	(33,751)
Other churches	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	139,834	(155,361)	52,552	37,025
<b>Endowment funds</b>				
Brett Trust	3,881	-	13,706	17,587
<b>TOTAL FUNDS</b>	<u>367,907</u>	<u>(267,618)</u>	<u>124,269</u>	<u>224,558</u>

Transfers between funds comprise the excess of expenditure on repairs to churches for which specific grants or other restricted funds have been received over such funds, such excess being the support given to those projects from general funds.

**FRIENDS OF FRIENDLESS CHURCHES**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2015**

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**17. MOVEMENT IN FUNDS - continued**

**Designated Funds**

Designated funds comprise specific income allocated by the trustees for the following purposes:

For investment as capital to provide future unrestricted income	£ <u>834,621</u>
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**Restricted Funds**

Restricted funds comprise:

The Cottam Will Trust for the purchase of objects of beauty to be placed in ancient Gothic churches in England and Wales for the furtherance of religion.

Other funds for the repair and upkeep of specific churches.

**Endowment Funds**

The Brett Trust is an expendable endowment established by bequest for the repairs of three specific churches in Essex and Dorset.

The James Johnston Fund is an expendable endowment, comprising a legacy intended to be invested as capital in order to provide future income for the Charity's general purpose, but available to be expended for any purpose should the need arise.

**18. COMMITMENTS**

At 31 March 2015, there were capital commitments of £14,000 and additionally the trustees had authorised future expenditure of £68,804 in pursuit of the objects of the Cottam Will Trust.

**19. ANCIENT MONUMENTS SOCIETY**

The Charity has a close working relationship with the Ancient Monuments Society, a separate charity with which it shares the same secretariat and membership. Under arrangements agreed between the two charities, the Friends of Friendless Churches pay an annual contribution towards the expenses of the shared secretariat provided by the Ancient Monuments Society, which also retains the full joint subscriptions received from members.

