

THE CORPORATION OF THE CHURCH HOUSE
AND ITS SUBSIDIARY

One hundred and thirty third annual report and financial
statements

Year ended 31 December 2020

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

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THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

27 Great Smith Street, London, SW1P 3AZ
The Council, Officers, Senior Staff and Advisors

Reference and administrative information

The Council

Elected members

Canon Dr Christina Baxter CBE, *Chair of the Council*

Canon Lucy Docherty (retired 19 November 2020)

Hywel Rees-Jones, *Treasurer* (from 19 November 2020)

Nominated members

Keith Cawdron

Dr Justine Allain Chapman (appointed 1 May 2020)

David Kemp

Co-opted members

Andrew Penny

Hywel Rees-Jones, *Treasurer* (to 19 November 2020)

Christopher Smith CBE

Officers and senior staff

Treasurer

Hywel Rees-Jones

Secretary/Chief Executive Officer

Stephanie Maurel (appointed 1 September 2020)

Christopher Palmer CBE (retired 30 September 2020)

Head of Finance and Deputy Chief Executive Officer

Adrian Smith

Head of Facilities

Hugh Allcock-Green (appointed 1 December 2020)

Ian Bessant (retired 31 December 2020)

General Manager of the Conference Centre

Robin Parker (until 13 November 2020)

Committees

Audit Committee

Stephen East, *Chair* (appointed 23 April 2020)

Keith Robinson, *Chair* (retired 23 April 2020)

Canon Lucy Docherty (retired 19 November 2020)

John Hughesdon

Andrew Penny (appointed 19 November 2020)

Investment Committee

Hywel Rees-Jones, *Chair*

John Booth

David Kemp

Andrew Penny

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

27 Great Smith Street, London, SW1P 3AZ
The Council, Officers, Senior Staff and Advisors

Reference and administrative information (continued)

Professional advisors

Independent auditor

Buzzacott LLP
130 Wood Street, London, EC2V 6DL

Principal bankers

Coutts & Company
440 Strand, London, WC2R 0QS

Nationwide Building Society
Kings Park Road, Northampton, NN3 6NW

Solicitors

BDB Pitman LLP
One Bartholomew Close, London, EC1A 7BL

Investment Managers

Cazenove Capital Management Limited
1 London Wall Place, London, EC2Y 5AU

Church House Conference Centre Limited

Non-Executive Directors

Peter Thackwray OBE, *Chair*

Mary Burley

Dr Michaela Jordan

Hywel Rees-Jones

Executive Directors

Stephanie Maurel (appointed 14 September 2020)

Christopher Palmer CBE (retired 14 September 2020)

Robin Parker (until 13 November 2020)

Adrian Smith

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Chair's report to the members of The Corporation of the Church House

2020 will be a year best remembered for the influence COVID-19 has had on the lives people lead and the support that can be offered. Whilst the Corporation has continued to thrive, the restrictions associated with the pandemic have cancelled many national and Conference Centre events planned for 2020.

The Corporation remains in a strong financial position. The pandemic had its impact on the financial markets and the Corporation's investment portfolio fluctuated over 2020. The reserves are satisfactory: they are slightly lower at the end of 2020 compared to the same point in 2019, with the Corporation of Church House reporting a net deficit and only a minimal increase in the value of investments.

One of the restrictions of 2020 was that the 2019 annual audit was severely disrupted. Firstly, the audit had to be paused to comply with pandemic regulations and secondly, there was a delay in signing off the accounts, due to the complexities of the Conference Centre loan. Consequently, the AGM had to be first cancelled and then postponed at short notice. The delay in signing-off the accounts was consequent upon the need for a new lease and the loan arrangement to be finalised. All of this meant that the AGM needed to be postponed to later in the year. The charity's Regulations require the accounts to be placed before the members once a year and whilst ideally this would have been in July, the best that it was possible to organise in the circumstances was November. We thank all members for their patience and willingness to attend the AGM online to keep everyone safe.

The Corporation took advantage of the Government furlough scheme and firstly used the scheme to place members of staff on full time furlough and as the scheme adapted so did our use. Certain staff members remain on part time furlough and where possible staff are rotated on and off the furlough scheme. There has been a minimum of staff present at Church House all the way through 2020 to ensure the security and safety of the building. Church House saw reduced operating costs for the building resulting from the dramatically lower occupancy and usage. As a consequence, corresponding service charge income was also reduced in the year. The building was running at under 5% occupancy for much of the past twelve months. Our particular thanks go to the security, cleaning and maintenance teams for ensuring that Church House remains a workspace that staff can return to when government regulations allow.

The Corporation has a rolling ten-year cyclical maintenance and improvement plan that was impacted by the pandemic and ensuing restrictions. The external walls of Church House were timetabled to be refurbished in the summer of 2020. Despite agreement from our neighbours and the Council on the dates for the scaffolding to be in Dean's Yard and the roads that encircle the building, it was decided not to go ahead for reasons of safety. The plans have now been finalised and the work will be going ahead in the middle six months of 2021.

All the leases for the tenants of Church House came to end in December 2020; I am pleased to say that all our current tenants decided to stay at Church House and have signed new leases with us. The two private flats also had leases that came to an end, this time in February 2021, and both individuals have renewed their lease. There is a small amount of space that is now vacant within the fifth and sixth floors of Church House as the National Church Institutions (NCIs) have handed back space that they no longer require. It is unlikely that this will be re-let in the short term however we are taking the time to reconfigure and include it in the longer-term thinking for the use of the space within Church House. The Conference Centre staff, and Finance team, who were sharing office space on the lower ground floor have moved to the first floor to vacated office space released by the NCIs. This has allowed the senior management team to join the staff in these converted meeting rooms and should facilitate ongoing collaboration between teams.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Chair's report to the members of The Corporation of the Church House (continued)

The new lease signed by the National Church Institutions is of two years in duration. This is to allow time for the major refurbishment project to be explored further. The NCIs are looking to reduce their footprint at Church House and are working on plans for the development of their space within the building. Whilst this hasn't been finalised as yet, a large part of the work will be to consider the Synod announcement for buildings owned or occupied by the Church of England to be carbon neutral by 2030. The new Head of Facilities – Hugh Allcock-Green, who arrived in December 2020 – is leading on the work from the Corporation side to ensure that Church House has a clear roadmap to deliver on this goal. As the landlord, the finalisation of the NCI plans and the receipt of clear costing will likely lead to an accelerated plan of capital works in both scope and cost.

At the November AGM, after a long period of work supported by Professor Reverend Oliver O'Donovan FBA, FRSE, an Ethical Letting Policy was adopted. The Council broadened its study to include all lettings at Church House, not just those of our trading subsidiary. All the newly signed leases include a reference for all tenants to respect the terms of the Ethical Letting Policy now in force including the new NCI lease.

With the covenant from the Conference Centre reduced to zero and a loan in place from the Corporation to the Conference Centre, it was decided by trustees not to invite applications from the Archbishop's Council for any further grants for the immediate future. The third and final year of funding for Safeguarding was confirmed and £1.752m will be paid in 2021 as promised; this was the only grant in place for 2020 and 2021. Whether any grants will be offered to the Church of England via the Archbishop's Council will be considered in the autumn of 2021.

As mentioned in my report last year the Corporation agreed a £2 million loan to the Conference Centre to mitigate the ongoing financial impact of the health pandemic. This was to replace the existing £500,000 loan facility. The new facility was made available in September 2020 and £500,000 was drawn down against it up to the end of December 2020. A lot of work was put into ensuring the financial stability of the Conference Centre by the Board of directors of the Conference Centre, and I thank them especially the Chair Peter Thackwray. The Conference Centre, as the borrower, had to undertake significant work to demonstrate financial viability, affordability and future cashflow etc. As an agreed response to the loan, the Conference Centre developed a business plan which was updated in November of 2020 as the ongoing nature of the crisis was better understood. The plan concentrates on turning the lights on in the tunnel, rather than waiting for the light at the end of the tunnel for trade to pick up.

Our 2020 year promised to be one of the best yet for the Conference Centre. The centre was already ahead of budget for new business by the end of the first quarter and was ready to showcase the best the team could deliver in terms of events, dinners, and ceremonies. The first quarter was not quite over when the difficult decision was taken to halt the events from April onwards. Unfortunately, as expected, the year was very difficult financially for the Conference Centre. The loss reported for the year was £1.41m. This final figure is after the £0.97m contribution made to the Corporation through the payment of rent and service charge.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Chair's report to the members of The Corporation of the Church House (continued)

Whilst most events in 2020 had to be cancelled or postponed some events were able to be held. The team showed creativity and innovation in the clients that were pursued. In November and December 2020, the Conference Centre hosted two live sporting events which were broadcast via BT Sport. The clients were very pleased with the location and there was favourable press about the quality of the location of the events. The Conference Centre, thanks to the team's hard work in the fourth quarter of 2020, in February 2021 opened as an on-demand lateral flow COVID-19 testing centre. Whilst the uncertainty of the pandemic is here for a while longer, the Conference Centre is seizing the opportunity to explore new markets and areas which is having relative success to date. Staff are to be congratulated for the way they embraced the new ways of working with enthusiasm.

The Board of directors meets monthly to review current trading conditions and prospects for the Conference Centre and to consider cashflow models identifying the potential requirement to draw funds from the loan facility. The Council, through the Chair, receives a monthly update of the position from the Board of directors. The good news is that the new business plan developed to see the Conference Centre through the remaining time that the pandemic's impact is strong and is bearing fruit.

In terms of governance, there was a change in leadership of the Audit Committee, the new Chair, Stephen East, picked up the reins of the committee in 2020 and is already adding value. Canon Lucy Docherty reached the end of her term as an elected trustee at last year's Annual General Meeting. Lucy brought significant expertise to the Council, particularly in the areas of management and oversight of risk through her membership of the Audit Committee. She contributed constructively to all our meetings, and she is thanked for her service to Church House. At the last AGM Hywel Rees-Jones joined the Council as an elected member and remains Chair of the Investment Committee and through his Directorship of the Conference Centre, is a strong link to the activities of the Conference Centre.

The Corporation saw several major staff changes in 2020. Chris Palmer took his retirement in September 2020 and was replaced by Stephanie Maurel who picked up the reins in early September. We have been unable to thank Chris for his ten years of service face to face but hope to do so in 2021. We also said goodbye to the Facilities Manager Ian Bessant, who took planned semi-retirement at the end of 2020 after 24 years in the organisation. The pandemic also took its toll on staffing. To fulfil the terms of the Corporation loan, the Conference Centre underwent a restructure which led to the staff being reduced by half. This also meant that the General Manager of the Conference Centre, Robin Parker, was made redundant. For the time being the oversight of the Conference Centre is being managed by Stephanie Maurel.

There has been a dramatic change in the world in which the Corporation operates. The Corporation has weathered the storm well and remains strong and ready to drive forwards through 2021.

Canon Dr Christina Baxter CBE
Chair

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House

The Council presents its annual report and audited consolidated financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 27 of the attached financial statements and comply with the charity's Royal Charter, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Objects and activities

The primary object of The Corporation, as laid down in the Royal Charter, is to own and maintain a building - Church House - for the use of the National Church Institutions of the Church of England (NCIs). Following amendment of the Royal Charter in February 2018, The Corporation is now also permitted to award grants for the benefit of the NCIs.

The Corporation may manage such business as it thinks fit and expedient to undertake for the promotion of the objects of The Corporation.

The Corporation aims to provide office and meeting space for the NCIs at a cost below the market rent for the area; the annual rent charged in the year represents a substantial saving when compared to the costs of equivalent commercial property. The rent reflects an appropriate annual share of the governance costs and provides funds to be used towards the anticipated costs of future refurbishment and improvement of the building.

The Corporation seeks to generate income from the operation of its wholly owned commercial subsidiary, Church House Conference Centre Limited, which markets the spare capacity when the large meeting rooms in the building (whose listed status precludes radical alteration), are not required for use by the the General Synod. The Conference Centre clients include commercial companies, charities, church organisations, government bodies, trade associations and research organisations. Any taxable profit created by the Conference Centre is usually covenanted directly to The Corporation.

Building on the decision reached by the Council in 2017 to provide financial support to the National Church Institutions through the award of grants, and following the necessary amendment to the Royal Charter to permit such activity, the Council, with support from the senior management team and external advisors, introduced a grant-making policy in 2018. Complementing the three grants totalling a combined £4,004,000 awarded in 2018 and 2019, the Council considered an application from the National Church Institutions to extend the grant for safeguarding for a third and final year and, ultimately, approved the award of a grant for £1,752,000 for payment in 2021.

The Corporation's operational objectives during the year under review have been to maintain the security of the building and to ensure Church House continued to offer a safe and available workspace for the benefit of the National Church Institutions fulfilling all Government guidance relating to the COVID-19 pandemic. Additionally, the second and final phase of the refurbishment of kitchen facilities was planned and completed on time and within budget.

In reviewing its aims and objectives and in planning its future activities we confirm The Corporation has complied with the Charity Commission's general guidance on public benefit: 'Charities and Public Benefit'.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Review of achievements and performance for 2020

Operational performance

The principal tenants of the building are the National Church Institutions. The office space areas at Church House remained fully let and open throughout the year, although actual occupancy levels were significantly lower as a result of the COVID-19 pandemic. We also welcomed fewer visitors at Church House in 2020 - the events space available for hire and marketed by Church House Conference Centre was closed, or operated for much of the year at reduced capacity, in accordance with the government guidance issued in response to the pandemic.

All facilities and services were maintained at appropriate levels and operated well throughout the year.

Grant-making policy

The Corporation will from time to time accept grant applications from the National Church Institutions dependent upon the financial performance of The Corporation.

Financial review

The consolidated statement of financial activities for the year is set out on page 19. A summary of the results and of the work of The Corporation is set out below.

The charity's principal sources of income are rent, investment income and covenanted profit from its trading subsidiary, Church House Conference Centre Limited. The group's expenditure during the year exceeded income by £2,076,148 (2019: £587,625) before gains on investments and other recognised gains. The level of net expenditure reflects the Council's continued support of the work of the Church of England through the award of a further grant to be used in the area of safeguarding. A grant of £1,752,000 has been recognised in the year (2019: grant of £1,752,000 for safeguarding) although actual payments will be made throughout 2021. After taking into account the net expenditure for 2020, together with recognised gains, the group's total funds decreased by £1,868,585 to £23,419,018 (2019: increased by £1,955,456 to £25,287,603).

Church House Conference Centre Limited

The Conference Centre is the wholly owned subsidiary of The Corporation and carries out trading activities for the benefit of The Corporation, paying rent and service charge which in 2020 amounted to £974,901 (2019: £1,031,005).

The Conference Centre was set for a record year, with revenue up almost 25% at the end of February and a strong forward order book for the remainder of 2020 and into 2021. The impact of the COVID-19 pandemic, however, was dramatic. On 19 March the Conference Centre was forced to close its doors to events and only re-opened, in a limited guise, in September 2020.

For 2020, the loss on ordinary activities for the year was £1,422,498 (2019: profit £48,270) before accrued recoverable taxation of £11,940 (2019: £11,940 payable) and transfers under deed of covenant for the current year of £Nil (2019: £Nil).

As the Company reported a taxable loss for the year ended 31 December 2020, no amount is payable to The Corporation under the terms of the Deed of Covenant.

A summary of the trading results of the Conference Centre is shown in note 17 to the financial statements.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Review of achievements and performance for 2020 (continued)

Investment policy

The Council has adopted a long-term and medium-risk policy to achieve a balance of income and capital growth from its investments. As permitted by The Corporation's Royal Charter, the Council has given its investment managers discretion to manage the portfolio within an agreed risk profile.

The purpose of The Corporation's investments is to provide the necessary stability and financial backing to enable periodic improvement and refurbishment of Church House. To achieve this, it is the intention to manage the portfolio in such a way that the value of the investments more than matches inflation over the longer term. Given the investment horizon, it has been decided in consultation with the investment managers that the portfolio should consist substantially of equities both in the UK and overseas. Consideration is being given, as part of the regular review of the investment mandate, to amending the investment policy to remove the current requirement for a minimum amount of the portfolio to be held in UK equities and thereby providing the opportunity for some of the sectoral imbalances that exist within the portfolio's equity exposure to be addressed.

It is the Council's policy to take note of the guidance of the Church of England's Ethical Investment Advisory Group.

Investment performance

Performance of the investments is measured against a bespoke benchmark. The benchmark is based on the agreed asset allocation: 55% to relate to the FTSE All Share index, 20% to the FTSE World index (excluding UK), 20% to the FTSE Government All Stocks index and 5% to CPI+2%.

The Corporation's investments delivered an overall return of plus 0.89% (2019: plus 15.82%) compared with the bespoke benchmark of minus 0.29% (2019: plus 16.61%). UK equities returned minus 8.83% (2019: plus 21.10%) against the FTSE All Share index return of minus 9.85% (2019: plus 19.11%), overseas equities returning plus 20.88% (2019: plus 20.47%) against the FTSE World index (excluding UK) return of plus 14.15% (2019: plus 23.10%). UK bonds returned plus 1.01% (2019: plus 4.22%) and international bonds plus 3.90% (2019: plus 4.69%) against the FTSE All Stock Gilts index of plus 8.27% (2019: plus 6.90%).

Overall, 2020 was a turbulent year for markets. After a major market sell-off in the first quarter of the year as the pandemic took hold, significant monetary and fiscal stimulus drove strong returns throughout the rest of the year, culminating in a wave of optimism in November after the announcement of several vaccines and the US election. There were notable differences in returns between sectors and regions, with UK equities in particular lagging international equities (such as the US and Emerging Markets). The performance of the portfolio was marginally ahead of the benchmark for the year, the Council remains satisfied with the longer-term performance and positioning of the investment portfolio.

The Corporation withdrew £49,334 (2019: £1,418,188) from the portfolio to provide additional working capital in the year. No capital (2019: none) was transferred to Cazenove Capital Management Limited for investment during the year. The market value of listed investments at 31 December, excluding cash held with the investment managers, was £19,475,870 (2019: £20,279,011), a decrease of £803,141 (2019: £1,744,565 increase) when compared to the position at the end of 2019.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Review of achievements and performance for 2019 (continued)

Investment performance (continued)

The Council, upon the recommendation of the Investment Committee, agreed that the investment managers should continue to hold a higher balance of cash to ensure funds would be available to meet the different profiles of planned grant and capital expenditure under discussion. Consequently, the value of cash held by the investment managers at 31 December 2020 was £1,694,391 (2019: £743,246).

Investment markets have continued to recover in 2021 and as at 30 April 2021 the market value of listed investments, excluding cash of £1,697,823 held with the investment managers, was £20,683,905.

Reserves

The free/expendable reserves of The Corporation, predominantly represented by its investment portfolio, are held to meet the primary charitable objective of The Corporation which is to own and maintain the building called Church House for the use of the National Church Institutions of the Church of England. Of the group's total funds at 31 December 2020 amounting to £23,419,018 (2019: £25,287,603), the free reserves amounted to £1,907,058 (2019: £3,317,616). Free reserves consist of the general funds excluding the pension reserve.

When undertaking the annual review of free reserves, the Council determined that the present level is more than sufficient to meet operational needs and to provide contingency funds. The impact of COVID-19 on The Corporation and its subsidiary has been considered in detail by management and Council and the view in respect to the adequacy of free reserves has not changed.

The Council consider the £6.4 million (2019: £6.5 million) balance of the designated fund established in 2018 sufficient to meet future refurbishment/improvement expenditure.

The balance transferred to the grant-making fund in 2020 was £2,124,354 (2019: £4,927,413) from which the grant of £1,752,000 awarded to the Church of England National Safeguarding Team has been funded. The balance of the grant-making fund at 31 December 2020 was therefore £12,005,251 (2019: £11,632,897).

Future plans

The Corporation's primary objective is to plan to run an efficient office building for the National Church Institutions of the Church of England and examine its running costs with a view to saving expenditure wherever possible.

The process of identifying the changes that will have to be implemented at Church House to achieve the aim of operating a carbon zero building no later than 2030 has commenced. The operational impact of the works needed whilst the building remains in use will be assessed before a costed plan and timeline for completion of the project is produced.

The Council expects to receive further applications for grants from the National Church Institutions. The suitability of all grant applications for funding will be considered on the basis of the benefits they will deliver across the Church and for the wider public. Once suitability has been established, the appropriate level of any funding will be determined with reference to The Corporation's own financial position, general economic conditions and, in particular, anticipated future investment performance.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Structure, governance, management and external professional advisors

The Corporation of the Church House (“The Corporation”) was established in 1888 by Royal Charter (charity registration number 213252) and its principal office is 27 Great Smith Street, London, SW1P 3AZ.

During the year The Corporation was governed by a Royal Charter dated 22 November 2002, which was last amended on 8 February 2018. The most recent amendment permits grants to be awarded for the benefit of the National Church Institutions of the Church of England.

It has a wholly owned, commercial trading subsidiary, Church House Conference Centre Limited (company registration number 02869220 (England and Wales)). The company’s trading name is Church House Westminster and its principal activity is that of running a conference centre.

The Council of the Corporation comprises of up to nine members. Each member is appointed for an initial term of five years, renewable for a further term of the same length. Following resolutions carried at the 2008 Annual General Meeting and the approval of the Privy Council and the Charity Commission, two members are elected from amongst the members of The Corporation, who are members of the General Synod and other individuals, by the members of The Corporation; three members are nominated by the Appointments Committee of the Church of England and four members are co-opted by the Council. Currently there are two vacancies for co-opted members. Every member of the Council must be and continue to be a member of the Church of England. The names of the members of the Council at 31 December 2020 (and up to the date of this report) are given on page 2.

New Council members are inducted into the workings of The Corporation and its subsidiary, including Council policy and procedures, at an initial meeting with the Secretary and also receive a copy of the Charity Commission guidance on the roles and responsibilities of trustees.

Members of the Council, as The Corporation’s trustees, are legally responsible for the overall management and control of The Corporation and its subsidiary and the Council meets at least four times a year. The Council appoints the senior staff of The Corporation who, in turn, are responsible for its day to day running. The Council is responsible for the approval of the annual budget and cash flow forecasts and is responsible for the preparation of the financial statements of The Corporation and its subsidiary. It also monitors the financial and operational activities of The Corporation.

The Council has an Audit Committee with an independent Chairman, one independent member and one member co-opted from the Council. The Committee meets at least twice a year and, inter alia, monitors The Corporation’s external audit arrangements and risk management systems. The spring meeting is principally concerned with the annual audit including a confidential meeting with the auditor, while the autumn meeting concentrates on governance, personnel matters and the scrutiny of risk management. The Committee held two meetings during the year under review.

Details of The Corporation’s professional advisors are given on page 3. The Corporation maintains a relationship and regular dialogue with its advisors in addition to obtaining expert advice and assurance when required.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Structure, governance, management and external professional advisors (continued)

Risk management

The Council has identified and reviewed the major risks to which The Corporation and its subsidiary are exposed, in particular those related to their operations and finance with particular reference to the ongoing challenges posed by COVID-19, and is satisfied that systems are in place to mitigate The Corporation's exposure to those major risks.

The primary risks faced by The Corporation and Church House Conference Centre Limited are those that would significantly disrupt the availability and operation of the building. The Corporation and Conference Centre have comprehensive policies of insurance, reviewed annually, that provide financial compensation for many such occurrences although, along with many other businesses, we identified that our insurance cover did not extend to provide cover for the economic impact of the COVID-19 pandemic. Above all, The Corporation has a business continuity plan that did, and will, enable it to maintain and recover its operations in the event of significant disruption.

Any significant reduction in the value of The Corporation's investment portfolio could place at risk The Corporation's ability to fund future improvements to Church House in the longer-term. This risk is managed through the setting of an appropriate Investment Policy (see the Investment policy section of the Report of the Council on page 9 for more information) and continuous review of investment performance by the Investment Committee (see page 9 for more information).

Notwithstanding the potential impact arising from the availability and operation of Church House being significantly disrupted as outlined above, the most significant financial risk to which Church House Conference Centre Limited is exposed is the impact of general economic and wider conditions affecting their existing and potential client base. Specifically, like many others in the hospitality sector, the Company continues to be significantly impacted as a consequence of the COVID-19 pandemic.

To mitigate the financial impact of COVID-19 the Corporation agreed to the request from the Board of directors to replace the £500,000 loan facility first made available in February 2011 with an increased facility of £2,000,000. The new facility was made available in September 2020 and is available to be drawn down, in accordance with agreed terms, until the end of 2021. The Council has agreed to provide a further £500,000 loan facility from 1 January 2022 to provide the Company with further financial support, should it be needed, for the period to 31 December 2031.

The Board of directors meet monthly to review current trading conditions and future prospects for the Conference Centre and to consider cashflow models identifying the potential requirement to draw funds from the loan facility. The Council, through the Chair, receives a monthly update of the position from the Board of directors (see note 16).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Structure, governance, management and external professional advisors (continued)

Key management personnel

In addition to The Corporation's unremunerated Council members, the Senior Management Team are defined as key personnel.

The Council has delegated responsibility and authority for managing the day-to-day activities of The Corporation and, through the Board of directors of Church House Conference Centre Limited, to the Senior Management Team which consists of the Secretary, Head of Finance, Head of Facilities and Conference Centre General Manager.

In 2020 the Council agreed a uniform percentage cost-of-living pay award for all staff.

No additional bonus or other incentive schemes apply to the Senior Management Team.

No member of the Council received any remuneration from either The Corporation or Church House Conference Centre Limited.

Fundraising

The Corporation does not actively engage in fundraising activities and does not employ a professional fundraiser or commercial participator. No complaints in respect to fundraising activity were received by The Corporation during the year.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Report of the Council of The Corporation of the Church House (continued)

Statement of the Council's responsibilities

The Council is responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the group and the charity and of the income and expenditure of the charity and the group for that year.

In preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in business.

The Council is responsible for keeping accounting records that are sufficient to show and explain the group and charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provision of the Royal Charter. It is also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the group and the charity financial information included on the group and the charity's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed on behalf of the Council



Canon Dr Christina Baxter CBE
Chair



Hywel Rees-Jones
Treasurer

20 May 2021

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Independent auditor's report to the Council of The Corporation of the Church House

Opinion

We have audited the accounts of The Corporation of the Church House and its subsidiary for the year ended 31 December 2020 which comprise the group and parent charity statement of financial activities, the group and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2020 and of their 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

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

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

Other information

The Council members are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Independent auditor's report to the Council of The Corporation of the Church House (continued)

Other information (continued)

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Chair's report and Report of the Council is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Council

As explained more fully in the Council's responsibilities statement, the members of the Council are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Council members are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Independent auditor's report to the Council of The Corporation of the Church House (continued)

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussions with key management and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of key management and review of minutes of Council members' meetings.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - Making enquiries of key management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Tested the authorisation of expenditure;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Council members; and
- Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of key management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Independent auditor's report to the Council of The Corporation of the Church House (continued)

Auditor's responsibilities for the audit of the accounts (continued)

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

Use of our report

This report is made solely to the Council, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's 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 charity and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 June 2021

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Consolidated statement of financial activities for the year ended 31 December 2020

	Note	2020 £	2019 £
Income from:			
Investments and bank deposits	3	309,755	541,786
Other trading activities – Conference Centre	17(b)	1,002,252	4,141,213
Charitable activities			
. Rental income and service charge		2,845,519	2,945,339
Donations and legacies		500	—
Other			
. Coronavirus Job Retention Scheme Grant		180,293	—
. Dilapidation receipts		25,000	—
. Management fees receivable		6,667	6,667
. Profit on disposal of tangible fixed assets		555	—
Total income		4,370,541	7,635,005
Expenditure on:			
Raising funds			
. Investment management fees		96,384	100,185
. Conference Centre costs	17(b)	1,556,261	3,050,112
. Taxation		(11,940)	11,940
Charitable activities			
. Grants awarded to the National Church Institutions of the Church of England	4	1,752,000	1,752,000
. Corporation operating costs	5	3,045,984	3,287,978
Other			
. Interest payable	8(a)	8,000	16,000
. Loss on disposal of tangible fixed assets		—	4,415
Total expenditure		6,446,689	8,222,630
Net expenditure before gains on investments		(2,076,148)	(587,625)
Net gains on investments	10	1,563	2,561,081
Net (expenditure) income		(2,074,585)	1,973,456
Other recognised gains (losses)			
Actuarial gains (losses) on defined benefit pension scheme	8(a)	206,000	(18,000)
Net movement in funds	6	(1,868,585)	1,955,456
Reconciliation of funds:			
Fund balances brought forward at 1 January	13	25,287,603	23,332,147
Fund balances carried forward at 31 December	13	23,419,018	25,287,603

All of the group's activities derived from continuing operations during the above two financial periods. The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure of the charity was unrestricted during the above two financial periods. Fund balances at 31 December 2019 and 2020 include restricted funds of £9,254. The notes on pages 22 to 43 form part of the financial statements.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Balance sheets as at 31 December 2020

	Note	Group		The Corporation	
		2020 £	2019 £	2020 £	2019 £
Fixed assets					
Tangible assets	9	3,749,444	4,893,780	3,468,418	4,506,319
Investments	10	21,170,261	21,022,257	21,670,261	21,522,257
Total fixed assets		24,919,705	25,916,037	25,138,679	26,028,576
Current assets					
Debtors: due after more than one year	11(a)	—	—	500,628	—
Debtors: due within one year	11(b)	1,062,940	608,402	1,012,315	155,859
Cash at bank and in hand		1,497,047	3,608,729	1,467,488	2,591,001
Total current assets		2,559,987	4,217,131	2,980,431	2,746,860
Liabilities					
Creditors: amounts falling due within one year	12	(3,684,700)	(4,129,578)	(3,231,176)	(3,089,462)
Net current (liabilities) assets		(1,124,713)	87,553	(250,745)	(342,602)
Total assets less current liabilities		23,794,992	26,003,590	24,887,934	25,685,974
Provisions for liabilities and charges	8(a)	(375,974)	(715,987)	(375,974)	(715,987)
Total net assets		23,419,018	25,287,603	24,511,960	24,969,987
The funds of the charity					
Restricted income funds	13	9,254	9,254	9,254	9,254
Unrestricted income funds	13				
. Tangible fixed assets fund		3,468,418	4,506,319	3,468,418	4,506,319
. Designated funds					
. . Refurbishment reserve		6,405,011	6,537,504	6,405,011	6,537,504
. . Grant-making reserve		12,005,251	11,632,897	12,005,251	11,632,897
. General funds					
. . Free reserves		3,000,000	3,000,000	3,000,000	3,000,000
. . Pension reserve		(375,974)	(715,987)	(375,974)	(715,987)
. Non-charitable trading funds		(1,092,942)	317,616	—	—
Total charity funds	14	23,419,018	25,287,603	24,511,960	24,969,987

The financial statements which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows and the related notes on pages 22 to 43 were approved by the Council on 20 May 2021 and signed on its behalf by

CANON DR CHRISTINA BAXTER CBE

Member of Council and Chair of the Council

Christina Baxter

HYWEL REES-JONES

Member of Council and Treasurer

Hywel Rees-Jones

STEPHANIE MAUREL

Secretary

[Signature]

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	<u>(2,131,284)</u>	<u>1,269,739</u>
Cash flows from investing activities			
Income from listed investments		303,924	525,100
Interest received		5,831	16,686
Purchase of tangible fixed assets		(144,267)	(589,926)
Proceeds from the sale of tangible fixed assets		555	—
Purchase of fixed asset investments		(3,818,739)	(3,636,980)
Proceeds from the disposal of fixed asset investments		4,623,443	4,453,496
Net cash provided by investing activities		<u>970,747</u>	<u>768,376</u>
Change in cash and cash equivalents		(1,160,537)	2,038,115
Cash and cash equivalents at 1 January	B	4,351,975	2,313,860
Cash and cash equivalents at 31 December	B	<u>3,191,438</u>	<u>4,351,975</u>

Notes to the consolidated statement of cash flows for the year to 31 December 2020

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2020 £	2019 £
Net movement in funds (as per consolidated statement of financial activities)	(1,868,585)	1,955,456
Adjustments for:		
Depreciation of tangible fixed assets	1,288,603	1,502,922
Gains on investments	(1,563)	(2,561,081)
(Profit) loss on disposal of tangible fixed assets	(555)	4,415
Investment income	(309,755)	(541,786)
(Increase) decrease in debtors	(454,538)	1,234,348
(Decrease) in creditors	(444,878)	(216,522)
(Decrease) in provisions	(340,013)	(108,013)
Net cash (used in) provided by operating activities	<u>(2,131,284)</u>	<u>1,269,739</u>

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,497,047	3,608,729
Cash held by investment managers	1,694,391	743,246
Total cash and cash equivalents	<u>3,191,438</u>	<u>4,351,975</u>

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

a) Basis of accounting

These financial statements have been prepared for the year to 31 December 2020 with comparative information given for the year ended 31 December 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in Sterling (£) and are rounded to the nearest pound.

b) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- determining the recoverability of outstanding debtors;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme; and
- estimating future income and expenditure flows for the purpose of assessing going concern (see below).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Principal accounting policies (continued)

c) Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect of a period of one year from the date of approval of these financial statements.

As explained in the Report of the Council, COVID-19 has had a significant impact on the operations of Church House Conference Centre with activity levels dropping dramatically as a result of the imposed lockdown and the continuing crisis. The Corporation has agreed to support its subsidiary financially during this period and, as explained in note 16, has increased the loan facility available to the company. The Corporation itself continues to monitor the value of its investment portfolio in the wake of the pandemic and the Council is conscious that there will again be an effect on investment income in 2021 as world economies recover from the impact of the measures to react to and control the virus.

The Board of directors of Church House Conference Centre are cautiously optimistic that the Company will meet its revenue target for 2021 and that this can be grown in subsequent years. The Board has seen strong evidence of pent-up demand from which the venue is well-placed to benefit having developed its offer, particularly in terms of Audio-Visual capabilities, in order to be able to also deliver virtual and hybrid events.

Whilst The Corporation anticipates reduced investment income in 2021, as detailed in the Report of the Council, rent and service charge income has been secured in the longer-term with all incumbent tenants renewing their leases upon expiry at the end of 2020.

The Council is of the opinion that the overall finances of the Corporation and its subsidiary are robust and, despite the challenges that COVID-19 presents, the Council members are of the opinion that the group and the charity will have sufficient resources to meet their liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

d) Consolidated financial statements

The consolidated financial statements include The Corporation and its wholly owned subsidiary undertaking, Church House Conference Centre Limited (company registration number 02869220). Intra-group transactions and balances are eliminated fully on consolidation. No separate statement of financial activities has been presented for The Corporation within these financial statements. The net expenditure for the year to 31 December 2020 for The Corporation only, including the £1,752,000 (2019: £1,752,000) provision for grants payable, £206,000 of actuarial gains (2019: £18,000 of actuarial losses) in relation to the provision made for future funding payments in respect of the deficit on the Defined Benefits pension scheme as at 31 December 2019 (see note 8a), but excluding investment gains, was £459,590 (2019: net expenditure of £641,955).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Principal accounting policies (continued)

e) Income recognition

Income is recognised in the period in which the group is legally entitled to the income, where the amount can be measured reliably and it is probable that the income will be received.

Income comprises rental income, investment income, income generated by the Conference Centre activities and other income including Coronavirus Job Retention Scheme grants, dilapidation receipts and management fees.

Rental income is recognised when it becomes contractually due under the relevant lease or tenancy agreement.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on cash balances held with banks and investment managers are included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the bank or the investment manager.

Income generated by the Conference Centre activities comprises income from room hire, equipment hire and commission on catering provision. It is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Coronavirus Job Retention scheme grants are credited to income when the charity and group are entitled to the funds and when the amount receivable has become quantifiable. Other income including management fees and dilapidation receipts is measured at fair value and accounted for on an accruals basis.

f) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Cost of raising funds includes investment management fees and the operating costs of Church House Conference Centre Limited.
- Charitable expenditure represents all costs associated with furthering the charitable purposes of the Corporation. This includes the direct and indirect costs of running Church House and grant-making activities. The allocation of costs to charitable activities, including support costs, is based upon the calculation of the service charges recoverable from The Corporation's tenants.
- Other expenditure includes losses on the disposal of tangible fixed assets.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Principal accounting policies (continued)

f) Expenditure recognition (continued)

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are treated as liabilities.

g) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Tangible fixed assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic life of the assets concerned.

	%
The annual rates used for this purpose are:	
Freehold buildings	5.00 – 10.00
Furniture and fittings	6.50 – 15.00
Telephone and office equipment	10.00 – 33.33
Plant and equipment	5.00 – 20.00
Freehold land is not depreciated.	

An impairment review is carried out in respect to a particular class of asset if events, or changes in circumstances, indicate that the carrying amount of any tangible fixed asset may not be recoverable.

h) Heritage assets

Heritage assets have historic, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture.

The Corporation holds a collection of heritage assets which consist mainly of paintings. These paintings, gifted to The Corporation over many years, all represent various aspects of Church heritage and, therefore, relate to the Objects of the charity.

The Corporation commissioned a professional valuation of these paintings for insurance purposes. The wide range of potential values suggested by the valuation, highlighted the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Principal accounting policies (continued)

i) Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The group and charity do not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on listed investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

The investment in the subsidiary undertaking is stated at cost less any provision for permanent diminution in value.

j) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

k) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

l) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement is known or can be estimated reliably. Creditors and provisions are recognised at the amount the group or charity anticipates it will pay to settle the debt.

m) Fund structure

The tangible fixed assets funds represent the net book value of the charity's tangible fixed assets.

Free reserves represent those monies which are freely available for application towards achieving any charitable purpose that falls within the group and charity's charitable objects.

The refurbishment reserve was established in 2018 to ensure that the charity holds a level of net assets that would enable it to undertake future refurbishment and improvement works to support its primary charitable objective of maintaining Church House for the use of the National Church Institutions of the Church of England (NCIs).

The grant-making reserve represents the value of net assets designated and available for distribution to the NCIs in the form of grants to support the charitable objectives of the Church of England.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Principal accounting policies (continued)

m) Fund structure (continued)

The pension reserve represents the actuarial deficit on the defined pension scheme.

Non-charitable trading funds comprise of the value of cumulative accumulated losses or retained earnings by Church House Conference Centre Limited.

Restricted funds are funds with their use restricted to a specific purpose as described in note 13.

n) Leased assets

Rentals applicable to operating leases where the benefits and risks of ownership remain substantially with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

The group had no finance leases during the year ended 31 December 2020 or 31 December 2019.

o) Pension scheme arrangements

The Corporation participated in the Church of England Defined Benefit Scheme (DBS) and the Church of England Pension Builder Scheme (PBS), both part of the Church Workers Pension Fund. Both schemes are administered by the Church of England Pensions Board and are defined benefit pension schemes.

Employees appointed prior to 1 April 2009 were eligible for membership of the DBS. From this date onwards, the DBS was closed to new membership applications and all new employees have been offered membership of the PBS.

On 1 January 2020, following consultation with employees throughout 2019, The Corporation transferred pension membership for all employees appointed prior to 1 April 2009 from the DBS to the PBS. From this date all active members have accrued future pension benefits under the PBS. The transfer of pension membership does not impact the value of pension benefits accrued by employees within the DBS prior to 31 December 2019.

Payment of normal contributions in respect of the DBS ceased with the transfer of all active members to the PBS on 1 January 2020 however The Corporation continues to pay deficit recovery contributions in respect of the DBS.

The Corporation is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore, in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of any expected deficit recovery contributions is recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

Further details of pension scheme arrangements are given in note 8.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Taxation

The Corporation is registered as a charity with the Charity Commission for England and Wales (charity registration number 213252) and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

Retained profits of Church House Conference Centre Limited, if any, are subject to corporation tax calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

3 Investment income

	2020 £	2019 £
Income from listed investments	303,924	525,100
Bank interest receivable	5,831	16,686
	<u>309,755</u>	<u>541,786</u>

4 Grants payable

	2020 £	2019 £
Grants awarded in the year		
. Archbishops' Council – National Safeguarding Team	<u>1,752,000</u>	<u>1,752,000</u>

Grants awarded during 2020 were unpaid as at 31 December 2020 (note 12) and will be paid by twelve equal monthly instalments during 2021.

5 Corporation operating costs

	2020 £	2019 £
Staff costs (note 7)	886,351	899,152
House expenses and cleaning	364,768	410,759
Rates, insurance and heating	254,678	292,279
Office and administrative expenses	59,226	44,362
Repairs and maintenance	206,115	241,829
Marketing	3,558	1,530
Professional fees	88,275	16,366
Depreciation – owned assets	1,174,188	1,370,676
Auditor's remuneration – The Corporation	8,800	11,000
Donations and presentations	25	25
	<u>3,045,984</u>	<u>3,287,978</u>

No support costs have been allocated to The Corporation's secondary charitable objective of grant-making. The additional time resources and costs associated with this activity were minimal.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Net movement in funds

The net movement in funds is stated after including the following charges:

	2020 £	2019 £
Auditor's remuneration		
. Audit	22,000	22,000
. Non-audit services – taxation and advisory services	8,675	2,200
Depreciation	1,288,603	1,502,922
Hire of equipment	10,312	15,772

7 Staff costs and remuneration of key management personnel

The average number of persons employed by The Corporation and its subsidiary during the year is analysed below:

	Group		The Corporation	
	2020 Number	2019 Number	2020 Number	2019 Number
Maintenance and security	11	11	11	11
Administration	23	25	6	6
	34	36	17	17

Staff costs during the year were as follows:

	Group		The Corporation	
	2020 £	2019 £	2020 £	2019 £
Wages and salaries	1,434,940	1,442,738	753,026	717,612
Social security costs	148,136	152,676	82,492	77,525
Other pension costs	190,690	311,420	50,833	104,015
	1,773,766	1,906,834	886,351	899,152

Included in wages and salaries above is £66,226 relating to redundancy arrangements for 10 (2019: None) employees of which £13,748 related to non-contractual payments.

Employee information for the group includes employees who are on full time secondment to the Conference Centre. The cost of these employees is included within the cost of raising funds.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Staff costs and remuneration of key management personnel (continued)

The number of employees earning £60,000 pa or more (excluding employer's pension and national insurance contributions but including taxable benefits) was:

	Group		The Corporation	
	2020 Number	2019 Number	2020 Number	2019 Number
£60,000 to £69,999	1	1	—	—
£70,000 to £79,999	3	2	3	2
£80,000 to £89,999	—	1	—	—
£90,000 to £99,999	—	1	—	—
£100,000 to £109,999	—	—	—	1
£110,000 to £119,999	1	—	—	—

Retirement benefits under a defined benefit pension scheme are accruing to 5 (2019: 5) employees earning more than £60,000 per annum. Employer pension contributions totalling £122,143 (2019: £122,143) were paid in respect to these employees.

The key management personnel of the group in charge of directing and controlling, running and operating the group on a day to day basis comprise the Council and the Senior Management Team of the charity. The total remuneration (including employer's national insurance contributions, taxable benefits and employer's pension contributions) of the key management personnel for the year was £496,023 (2019: £476,285).

During the year ended 31 December 2020, expenses of £845 (2019: £1,806) were reimbursed to 5 (2019: 6) members of the Council. The expenses related to the costs of travelling to Council meetings. No member of the Council received any remuneration in respect of their services as members of the Council (2019: £Nil).

8 Pensions

The Church Workers Pension Fund (CWPF) has a section known as the Defined Benefit Scheme (DBS) and a section known as Pension Builder Scheme (PBS) (comprising both the deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014). During the year, The Corporation participated in both DBS and PBS schemes.

Employees appointed prior to 1 April 2009 were eligible for membership of the DBS. From this date onwards, the DBS was closed to new membership applications and all new employees have been offered membership of the PBS.

On 1 January 2020, following consultation with employees throughout 2019, The Corporation transferred pension membership for all employees appointed prior to 1 April 2009 from the DBS to the PBS. From this date all active members have accrued future pension benefits under the PBS. The transfer of membership does not impact the value of pension benefits accrued by employees within the DBS prior to 31 December 2019. The Corporation will continue to pay any required contributions to fund future deficits in the DBS scheme and will continue to liaise with actuaries in respect to scheme valuations.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Pensions (continued)

a) *Defined Benefit Scheme*

The DBS section of the CWPf provides benefits for lay staff based on final pensionable salaries. The Scheme is administered by the Church of England Pensions Board (CEPB), which holds the assets of the schemes separately from those of The Corporation and the other participating employers.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the CEPB on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been completed as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Pool. The overall deficit in the DBS was £11.3m.

Following completion of the previous triennial funding valuation as at 31 December 2016, The Corporation agreed to commence payment of deficit recovery contributions of £142,013 per annum for a period of seven years commencing on 1 April 2018. On the basis of the reduced deficit position (see below) reported as part of the triennial funding valuation as at 31 December 2019, the total deficit funding payable by The Corporation has decreased. At the current time, The Corporation intends to continue payment of deficit recovery contributions of £142,013 per annum and the timescale for the deficit to be fully funded will be reduced by an estimated 19 months.

During the year to 31 December 2020, The Corporation made total contributions of £Nil (2019: £193,219). No pension contributions were prepaid or outstanding at 31 December 2020.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Pensions (continued)

a) Defined Benefit Scheme (continued)

The movement in the provision in relation to the deficit payment plan is set out below:

	2020 £	2019 £
Balance sheet liability at 1 January	715,987	824,000
Deficit contribution paid	(142,013)	(142,013)
Charged (credited) to the statement of financial activities		
. Interest cost	8,000	16,000
. Change to the balance sheet liability	(206,000)	18,000
Balance sheet liability at 31 December	<u>375,974</u>	<u>715,987</u>

The change to the balance sheet liability reflects the overall improvement of the position as reported in the valuation as at 31 December 2019 and includes the positive impact resulting from the transfer of members from the DBS to the PBS on 1 January 2020 as outlined above.

The balance sheet liability represents the present value of the deficit contributions agreed in the 31 December 2019 valuation and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	31 December 2020 %	31 December 2019 %	31 December 2018 %
Discount rate	<u>1.12</u>	<u>1.30</u>	<u>2.10</u>

Other available information relating to the valuation as at 31 December 2019 is given below:

Financial assumptions:

Price inflation: RPI 3.20% pa, CPI 2.40%

Rates of investment return:

. prior to retirement 3.70% pa

. post retirement 1.85% pa reducing to 1.4%

Pension increases:

. 5% pa cap 3.10% pa

. 2.5% pa cap 2.10% pa

Future salary increases

CPI plus 0.50% pa

Market value of DBS assets £426.6m

Market value of Life Risk Pool assets £235.3m

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Pensions (continued)

a) *Defined Benefit Scheme (continued)*

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

b) *Pension Builder Scheme*

The Pension Builder Scheme of the Church Workers Pension Fund (CWPF) is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board (CEPB) from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the CEPB before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the CEPB to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs are charged to the statement of financial activities in the year contributions are payable.

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation was carried out as at 31 December 2019. This revealed, on the ongoing assumptions used, a deficit of £4.8m. There is no requirement for deficit funding payments at the current time.

Pension Builder 2014 is valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. The most recent scheme valuation was carried out as at 31 December 2019. This revealed, on the ongoing assumptions used, a surplus of £5.5m.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Pensions (continued)

b) Pension Builder Scheme (continued)

Regular employer contributions vary between 9% and 15.5% of pensionable salary for each member. The exact contribution rate is determined by the age of a member as at 1 April, the Scheme review date, each year.

Although the Scheme is non-contributory, employees can elect to make Additional Voluntary Contributions (AVCs). For each 1% AVC paid by a member, The Corporation pays an additional employer contribution of 1% up to a maximum of 3%.

During the year to 31 December 2020, The Corporation paid employer contributions of £190,690 (2019: £118,363) and this has been included in the pension costs in these financial statements. No pension contributions were prepaid or outstanding at 31 December 2020.

9 Tangible fixed assets

Group	Freehold land and buildings £	Furniture and fittings £	Telephone and office equipment £	Plant and equipment £	Total £
Cost					
At 1 January 2020	5,965,026	7,203,992	1,151,548	7,621,249	21,941,815
Additions	56,459	—	11,774	76,034	144,267
Disposals	—	—	(11,566)	—	(11,566)
At 31 December 2020	6,021,485	7,203,992	1,151,756	7,697,283	22,074,516
Depreciation					
At 1 January 2020	3,535,056	6,232,427	862,545	6,418,007	17,048,035
Disposals	—	—	(11,566)	—	(11,566)
Charge for the year	515,963	422,324	91,218	259,098	1,288,603
At 31 December 2020	4,051,019	6,654,751	942,197	6,677,105	18,325,072
Net book values					
At 31 December 2020	1,970,466	549,241	209,559	1,020,178	3,749,444
At 31 December 2019	2,429,970	971,565	289,003	1,203,242	4,893,780

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Tangible fixed assets (continued)

The Corporation	Freehold land and buildings £	Furniture and fittings £	Telephone and office equipment £	Plant and equipment £	Total £
Cost					
At 1 January 2020	5,965,023	6,739,337	426,622	7,621,249	20,752,231
Additions	56,459	—	3,794	76,034	136,287
At 31 December 2020	6,021,482	6,739,337	430,416	7,697,283	20,888,518
Depreciation					
At 1 January 2020	3,535,058	5,880,508	412,339	6,418,007	16,245,912
Charge for the year	515,963	391,398	7,729	259,098	1,174,188
At 31 December 2020	4,051,021	6,271,906	420,068	6,677,105	17,420,100
Net book values					
At 31 December 2020	1,970,461	467,431	10,348	1,020,178	3,468,418
At 31 December 2019	2,429,965	858,829	14,283	1,203,242	4,506,319

In the opinion of the Council, Church House is worth substantially more than the book value reported in these financial statements.

The Corporation holds a collection of heritage assets which consist mainly of paintings. These paintings, gifted to The Corporation over many years, all represent various aspects of Church heritage and, therefore, relate to the Objects of the charity.

The Corporation commissioned a professional valuation of these paintings for insurance purposes. The wide range of potential values suggested by the valuation, highlighted the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investments

Group	Listed investments £	Cash £	2020 Total £	2019 Total £
Cost or valuation				
At 1 January	20,279,011	743,246	21,022,257	19,461,356
Additions	3,818,739	—	3,818,739	3,636,980
Disposals at opening book value (proceeds £4,623,443; losses £405,862)	(5,029,305)	—	(5,029,305)	(4,316,976)
Net unrealised gains	407,425	—	407,425	2,424,561
Net movement in year	—	951,145	951,145	(183,664)
At 31 December	19,475,870	1,694,391	21,170,261	21,022,257

The Corporation	Investment in subsidiary undertaking £	Listed investments £	Cash £	2020 Total £	2019 Total £
Cost or valuation					
At 1 January	500,000	20,279,011	743,246	21,522,257	19,961,356
Additions	—	3,818,739	—	3,818,739	3,636,980
Disposals at opening book value (proceeds £4,623,443; losses £405,862)	—	(5,029,305)	—	(5,029,305)	(4,316,976)
Net unrealised gains	—	407,425	—	407,425	2,424,561
Net movement in year	—	—	951,145	951,145	(183,664)
At 31 December	500,000	19,475,870	1,694,391	21,670,261	21,522,257

The interest in the subsidiary undertaking represents the cost to The Corporation of wholly owning the share capital of Church House Conference Centre Limited. The principal activity of that company is the operation of a conference centre at Church House and it covenants its taxable profits to The Corporation. A summary of the trading results and balance sheet of Church House Conference Centre Limited is shown in note 17.

Listed investments held at 31 December 2020 comprised:

Group	2020 £	2019 £
UK bonds	774,827	1,080,785
International bonds	1,747,293	1,989,926
UK equities	7,780,730	9,370,821
International equities	7,073,410	6,158,487
Private equity and alternatives	2,099,610	1,678,992
Total listed investments	19,475,870	20,279,011
Cash with investment managers	1,694,391	743,246
	21,170,261	21,022,257
Historic cost of listed investments (excluding cash)	15,182,272	15,381,593

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investments (continued)

At 31 December 2020, the following individual holdings were deemed material:

	2020		2019	
	Value £	% of investment portfolio	Value £	% of investment portfolio
Findlay Park American Fund	1,047,690	5.38	1,175,206	5.80
BlackRock European Dynamic Fund	855,750	4.39	511,560	2.52
Merian UK Smaller Companies Fund	853,211	4.38	795,230	3.92
William Blair US Small Mid Cap	754,867	3.88	633,838	3.13
TM Tellworth UK Smaller Companies	625,924	3.21	—	—
Wellington Global Health Care	623,267	3.20	218,990	1.08
Egerton Capital Investment Fund	557,208	2.86	504,622	2.49
Fidelity Emerging Markets Fund	525,207	2.70	424,403	2.09
Trojan Investment Funds	500,448	2.57	467,408	2.30
Polar Capital Technology Trust Plc	495,575	2.54	379,133	1.87

All listed investments were dealt in on a recognised stock exchange.

11 Debtors

a. Amounts receivable after one year

	Group		The Corporation	
	2020 £	2019 £	2020 £	2019 £
Amounts owed by subsidiary undertaking	—	—	500,628	—

The amount of £500,628 (2019: £Nil) owed by the subsidiary undertaking, Church House Conference Centre Limited, represents the capital amount advanced from the loan facility (see note 16) at the year-end together with accrued interest receivable. Under the terms of the loan facility, this amount, together with any subsequent advances and additional interest accrued, is payable to the Charity no later than 31 December 2031, or upon the Company giving notice of its intention to exercise the break clause contained within its lease agreement.

b. Amounts receivable within one year

	Group		The Corporation	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	92,822	447,851	72,020	43,560
Rental debtors	823,447	20,137	823,447	20,137
Other debtors	15,025	22,023	15,025	18,477
Prepayments and accrued income	131,646	118,391	101,823	73,685
	1,062,940	608,402	1,012,315	155,859

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Creditors: amounts falling due within one year

	Group		The Corporation	
	2020	2019	2020	2019
	£	£	£	£
Trade and expense creditors	100,463	609,257	81,242	109,716
Taxation and social security costs	39,166	52,159	39,166	52,159
Amounts owed to subsidiary undertaking	—	—	19,825	25,606
Other creditors	3,817	16,524	3,817	16,524
Deposits held	335,288	421,321	—	—
Grants payable to the National Church Institutions of the Church of England	1,752,000	1,752,000	1,752,000	1,752,000
Accruals	455,022	258,187	406,983	191,739
VAT payable	302,043	181,029	231,242	102,617
Deferred income (see below)	696,901	839,101	696,901	839,101
	3,684,700	4,129,578	3,231,176	3,089,462

	Group		The Corporation	
	2020	2019	2020	2019
	£	£	£	£
Deferred income:				
At 1 January 2020	839,101	738,034	839,101	738,034
Released in the year	(839,101)	(738,034)	(839,101)	(738,034)
Deferred in the year	696,901	839,101	696,901	839,101
At 31 December 2020	696,901	839,101	696,901	839,101

Deferred income represents rental income and service charge received from tenants in advance of the financial year end but relating to the period commencing 1 January 2021.

The reduction in deferred income in 2020 resulted from the completion of some lease renewals being delayed until shortly before the year end. As a consequence, some tenants were unable to arrange for quarterly payments to be processed in advance of 1 January 2021.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Net funds

Group	At 1 January 2020 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2020 £
Restricted funds	9,254	—	—	—	—	9,254
Unrestricted income funds						
. Tangible fixed assets fund	4,506,319	(1,174,188)	—	—	136,287	3,468,418
. Designated funds						
.. Refurbishment reserve	6,537,504	—	—	—	(132,493)	6,405,011
.. Grant-making reserve	11,632,897	(1,752,000)	—	—	2,124,354	12,005,251
. General funds						
.. Free reserves	3,000,000	2,268,598	1,563	—	(2,270,161)	3,000,000
.. Pension reserve	(715,987)	(8,000)	—	206,000	142,013	(375,974)
.. Non-charitable trading funds	317,616	(1,410,558)	—	—	—	(1,092,942)
Total	25,287,603	(2,076,148)	1,563	206,000	—	23,419,018

The Corporation	At 1 January 2020 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2020 £
Restricted funds	9,254	—	—	—	—	9,254
Unrestricted income funds						
. Tangible fixed assets fund	4,506,319	(1,174,188)	—	—	136,287	3,468,418
. Designated funds						
.. Refurbishment reserve	6,537,504	—	—	—	(132,493)	6,405,011
.. Grant-making reserve	11,632,897	(1,752,000)	—	—	2,124,354	12,005,251
. General funds						
.. Free reserves	3,000,000	2,268,598	1,563	—	(2,270,161)	3,000,000
.. Pension reserve	(715,987)	(8,000)	—	206,000	142,013	(375,974)
Total	24,969,987	(665,590)	1,563	206,000	—	24,511,960

A proportion of the general funds is represented by endowment funds which arose from the original appeals for the construction of Church House in 1885. These funds can no longer be separately identified but the Council is of the opinion that they are immaterial.

Restricted funds totalling £9,254 (2019: £9,254) are retained for the specific purpose of maintaining the portrait of Archbishop Davidson including periodic restoration and repair works as required.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Analysis of net assets between funds

Group	Tangible fixed assets fund £	Designated funds and restricted funds £	Free reserves £	Pension reserve £	Non-charitable trading funds £	Total funds £
Fund balances at 31 December 2020 are represented by:						
Tangible fixed assets	3,468,418	—	—	—	281,026	3,749,444
Investments	—	18,410,262	2,759,999	—	—	21,170,261
Net current assets (liabilities)	—	9,254	240,001	—	(1,373,968)	(1,124,713)
Provisions for liabilities	—	—	—	(375,974)	—	(375,974)
Total net assets	3,468,418	18,419,516	3,000,000	(375,974)	(1,092,942)	23,419,018

The Corporation	Tangible fixed assets fund £	Designated funds and restricted funds £	Free reserves £	Pension reserve £	Total funds £
Fund balances at 31 December 2020 are represented by:					
Tangible fixed assets	3,468,418	—	—	—	3,468,418
Investments	—	18,410,262	3,259,999	—	21,670,261
Net current assets (liabilities)	—	9,254	(259,999)	—	(250,745)
Provisions for liabilities	—	—	—	(375,974)	(375,974)
Total net assets	3,468,418	18,419,516	3,000,000	(375,974)	24,511,960

The total unrealised gains as at 31 December 2020 constitutes movements on revaluation and are as follows:

	2020 £	2019 £
Unrealised gains included above:		
On investments	4,096,108	4,897,418
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January	4,897,418	3,273,114
Less: in respect to disposals in the year	(1,208,735)	(800,257)
	3,688,683	2,472,857
Net gains arising on revaluation	407,425	2,424,561
Total unrealised gains at 31 December	4,096,108	4,897,418

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Financial commitments

Operating leases

The Corporation and its subsidiary have financial commitments in respect of non-cancellable operating leases. The minimum rentals payable under these leases are as follows:

Equipment	2020	2019
	£	£
Within one year	8,142	8,142
Between one and two years	9,386	15,602
Between three and five years	—	1,926
	17,528	25,670

Other financial commitments

The group and The Corporation had the following financial commitments at 31 December of:

	Group		The Corporation	
	2020	2019	2020	2019
Authorised and contracted for:	£	£	£	£
Capital expenditure: Buildings	26,000	42,000	26,000	42,000
Capital expenditure: Plant and equipment	129,000	29,000	129,000	29,000
Revenue expenditure: Cyclical maintenance	500,000	8,000	500,000	—

	Group		The Corporation	
	2020	2019	2020	2019
Authorised but not contracted for:	£	£	£	£
Capital expenditure: Buildings	785,000	1,000,000	785,000	1,000,000
Capital expenditure: Plant and equipment	156,000	279,000	156,000	279,000
Capital expenditure: Office equipment	5,000	53,000	5,000	16,500
Capital expenditure: Fixtures and fittings	—	41,500	—	—
Revenue expenditure: Cyclical maintenance	64,000	577,000	64,000	577,000

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

16 Related party transactions

All related party transactions between The Corporation and its trading subsidiary, Church House Conference Centre Limited, are disclosed in note 17b.

Loan facility provided to Church House Conference Centre Limited

In response to the immediate and forecast financial impact resulting from the COVID-19 pandemic, the Board of directors of the charity's trading subsidiary, Church House Conference Centre Limited, approached the Council to request an extension of the £500,000 loan facility. This facility had first been made available in 2011 and, whilst never used, it was subsequently extended to 31 December 2021.

After careful consideration of the Company's current financial position, short-term plans for generation of revenue, measures taken by the directors to reduce costs and different operational and financial scenarios produced to the end of 2021, the Council agreed to replace the existing loan facility with a new £2,000,000 loan facility to be used to provide short-term financial support to the Company for the period to 31 December 2021.

The new loan facility was formally made available to the Company, replacing the previous loan facility, on 26 August 2020.

As at 20 May 2021, the date these financial statements were approved by the Council, consistent with financial projections provided, the company had drawn down £1,000,000 from the loan facility.

Any amounts advanced to the Company from the facility accrue interest at 0.5% above the bank base rate until repaid. The total amount advanced, together with any interest accrued, is repayable no later than 31 December 2031, or upon the Company giving notice of its intention to exercise the break clause contained within its lease agreement.

The Board of directors of Church House Conference Centre Limited, through the Chair, provide the Council with a summary of their monthly meetings where current trading conditions, future prospects and the potential requirement to draw further funds from the loan facility are reviewed.

The Council has agreed to make a further £500,000 loan facility available to the Company upon expiry of the £2,000,000 loan facility on 31 December 2021. This will provide the Company with further financial support, should it be needed, during the period to 31 December 2031.

Other related party transactions

There were no other related party transactions during the year that require disclosure (2019 – none).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2020 (continued)

17 Trading subsidiary – Church House Conference Centre Limited

	2020 £	2019 £
a) Summary of results of trading subsidiary		
Turnover	1,006,676	4,149,830
Operating costs	(2,543,748)	(4,102,886)
Operating (loss) profit	(1,537,072)	46,944
Coronavirus Job Retention Scheme grants	113,301	—
Bank interest receivable	1,346	4,940
Interest payable	(628)	—
Profit (loss) on disposal of fixed assets	555	(3,614)
(Loss) profit on ordinary activities before taxation	(1,422,498)	48,270
Taxation	11,940	(11,940)
(Loss) profit for the financial year	(1,410,558)	36,330
Payments under deed of covenant		
Provision for payment under deed of covenant	—	—
Under provision for payment under deed of covenant in prior year	—	—
Movement in (accumulated losses) retained earnings for the year	(1,410,558)	36,330
b) Inter group transactions		
Turnover	1,006,676	4,149,830
Less: sales to The Corporation	(4,424)	(8,617)
Net turnover	<u>1,002,252</u>	<u>4,141,213</u>
Operating costs	2,543,748	4,102,886
Less: sales from The Corporation	(12,586)	(21,769)
Less: rent and service charge paid to The Corporation	(974,901)	(1,031,005)
Net operating costs	<u>1,556,261</u>	<u>3,050,112</u>
c) Net assets of trading subsidiary		
Total assets	389,856	1,883,338
Total liabilities	(982,798)	(1,065,722)
Net (liabilities) assets	<u>(592,942)</u>	<u>817,616</u>