

Charity Registration No. 1094952

Company Registration No. 4419680 (England and Wales)

**THE PROCLAMATION TRUST**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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COMPANIES HOUSE

# THE PROCLAMATION TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Rev V E Roberts Rev D J Jackman Mr S J Medcroft Mr S D Pillar Rev J L Samuel Mr B Stone Rev W T Taylor Rev R A Weekes Mrs K D Soole Mr J Prime	(Appointed 22 January 2020) (Appointed 30 January 2019)
<b>Secretary</b>	Mr M J Clarkson	
<b>Charity number</b>	1094952	
<b>Company number</b>	4419680	
<b>Registered office</b>	Willcox House 140-148 Borough High Street Southwark London SE1 1LB	
<b>Auditor</b>	Norman Cox & Ashby Grosvenor Lodge 72 Grosvenor Road Tunbridge Wells Kent TN1 2AZ	
<b>Bankers</b>	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4TA	
<b>Investment advisor</b>	Mr A C Green Global Asset Management 12 St James's Place London SW1A 1NX	

# THE PROCLAMATION TRUST

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# THE PROCLAMATION TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

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The trustees present their report and accounts for the year ended 31 December 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

### Objectives and activities

The charitable company's objects are the advancement of the Christian Gospel and in particular to preach and teach the Gospel of Jesus Christ as set forth in Scripture.

The policies adopted in furtherance of these objects are conferences at which increased numbers are attending and the Cornhill Training Centre from which more people are being placed in full time Christian work and there has been no change in these during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

The trust offers a small number of grants to overseas students to attend the Cornhill Training Course. These grants are offered at the discretion of Cornhill Training and the trustees. During 2019

### Achievements and performance

#### CONFERENCE PROGRAMME 2019

The Evangelical Ministry Assembly was once again the largest conference of the year and held at a new venue, Westminster Chapel. In addition, there were ministers' conferences and ministers' wives conferences held during the year together with various preaching days, practical preaching seminars and a summer school.

### Financial review

The total income derived from gifts under gift aid, including income tax refunds and general donations amounted to £209,614, (2018: £292,288). Income from deposits and bank interest totalled £7,996 (2018: £3,331). Conference fees at £234,676, (2018: £259,969) reflected the level of activity during the year. Rent and service charges received from Willcox House was £112,128, (2018: £146,572). The total income from the Cornhill Training Course was £352,487 (2018: £318,258). Total income from all sources (excluding the disposal of investments) amounted to £930,964 (2018: £1,031,268) and total expenditure was £1,013,317 (2018: £998,724). Discussions remain ongoing concerning the future of the charitable company at its current headquarters.

Just over 41% of Willcox House is held as an investment fixed asset and the trustees have included this proportion at market value. At the year end the unrealised gain over cost was £3,006,396. The remainder of Willcox House is used for the purposes of the company's charitable activities and is shown in tangible fixed assets at cost less accumulated depreciation to 31 December 2013.

The trustees of the company acknowledge with gratitude the employees and those providing funds to the trust, without whose support the present strength of the company would not have been achieved.

The trustees believe that the charitable company is successfully achieving its objectives and future plans involve building on the success of the past.

It is the policy of the charitable company that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charitable company's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

## THE PROCLAMATION TRUST

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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A significant proportion of the unrestricted fund reserves represent the gift of the freehold property and unrealised gains on investments. The charity retains the balance of reserves to fund future bursaries to Cornhill students and to meet the company's running costs, in total covering the period of six months expenditure, approximately £450,000. The free reserves at 31 December 2019 were £1,072,992 (2018: £1,159,702). Restricted funds are retained according to the instructions of donors of the funds.

#### **Investment powers**

The trustees have the power to invest funds as set out in the Trustees Investment Act 1961, as modified by the Trustees Act 2001. The investment manager is Mr A C Green, a trustee. The decision was taken in 2016 to dispose of the entire holding of quoted investments to provide income and some capital growth. The trustees consider the return of both income and value to be satisfactory. Investment property, when let, is at current commercial rent.

#### **Risk management**

The trustees have assessed the major risks to which the trust is exposed and are satisfied that systems are in place to mitigate exposure to the these risks.

The trustees have considered the impact of COVID-19 on the charitable company and have performed a going concern assessment under multiple scenarios, including reviews of likely outcomes for 2020 from income from all sources and associated expenditures. Although the trustees believe that there will be a negative impact on cash flow in 2020, there is no impact on going concern considerations.

#### **Structure, governance and management**

The charitable company is a company limited by guarantee, incorporated on 8 April 2002 and registered by the Charity Commission on 6 December 2002. It commenced to operate on 1 January 2003. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the trustees are elected at the Annual General Meeting to serve a period of three years, subject to ratification at each AGM. The trustees meet on a regular basis and appoint new trustees following consultation amongst themselves. The previous trust was an unincorporated charity, registered number 293976, which transferred all its assets and liabilities to the company on 1 January 2003 at their balance sheet value.

The Articles of Association state that there must not be more than ten trustees. New trustees receive internal training as to their responsibilities.

The trustees have authorised five senior executives, none of whom are trustees, to supervise the day to day running of the company. They report to the trustees at their meetings. Decisions are made by the trustees at regular meetings by a simple majority. The key management personnel comprise the Director of Cornhill Training, the Director of Ministry, the Director of Women's Ministry, the International Director and the Company Secretary whose employee benefits totalled £153,317 (2018: £140,166).

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

Mr A C Green (Resigned 25 September 2019)  
Rev D J Jackman  
Rev V E Roberts (Chairman)  
Rev J L Samuel  
Rev W T Taylor  
Rev R A Weekes  
Rev S J Medcroft  
Mr B Stone  
Mr S D Pillar  
Mr J Prime (Appointed 30 January 2019)

# THE PROCLAMATION TRUST

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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The Articles of Association state that there must be not more than ten trustees. New trustees receive internal training as to their responsibilities.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

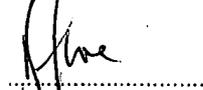
### Auditor

In accordance with the company's articles, a resolution proposing that Norman Cox & Ashby be reappointed as auditor of the company will be put at a General Meeting.

### Disclosure of information to the auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



Mr B Stone

Trustee

Dated: 27/11/2020

## **THE PROCLAMATION TRUST**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The trustees, who are also the directors of The Proclamation Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation.

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

# THE PROCLAMATION TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF THE PROCLAMATION TRUST

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#### Opinion

We have audited the financial statements of the Proclamation Trust (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities (including the summary income and expenditure account), the balance sheet, the statement of cash flows and the notes to the financial statements. 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on our work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

# THE PROCLAMATION TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE PROCLAMATION TRUST

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

#### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 4, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

  
Nicholas Gower-Smith FCA (Senior Statutory Auditor)

for and on behalf of

**Norman Cox & Ashby**

Chartered Accountants and Statutory Auditor

Grosvenor Lodge, 72 Grosvenor Road

Tunbridge Wells, Kent TN1 2AZ

*3 December 2020*

# THE PROCLAMATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Income from:</b>					
Donations and legacies	2	202,889	6,725	209,614	292,288
Charitable activities					
Conferences and Training		234,676	-	234,676	259,969
Cornhill Training Course		352,487	-	352,487	318,258
Other trading activities	3	14,063	-	14,063	10,850
Investments	4	120,124	-	120,124	149,903
<b>Total income</b>		<b>924,239</b>	<b>6,725</b>	<b>930,964</b>	<b>1,031,268</b>
<b>Expenditure on:</b>					
<b>Charitable activities</b>					
Grants payable		18,900	14,868	33,768	23,008
Conferences and Training		321,805	-	321,805	397,847
Cornhill Training Course		240,725	-	240,725	179,376
PT Media		500	-	500	7,421
International Director		26,250	-	26,250	26,250
Financial governing costs		13,619	-	13,619	16,852
Other expenses		397,650	-	397,650	328,970
<b>Total charitable expenditure</b>		<b>1,019,449</b>	<b>14,868</b>	<b>1,034,317</b>	<b>979,724</b>
Movement in pension liability		(21,000)	-	(21,000)	19,000
<b>Total resources expended</b>		<b>998,449</b>	<b>14,868</b>	<b>1,013,317</b>	<b>998,724</b>
Net (losses)/gains on investments	10	-	-	-	(565,048)
<b>Net movement in funds</b>		<b>(74,210)</b>	<b>(8,143)</b>	<b>(82,353)</b>	<b>(532,504)</b>
<b>Reconciliation of funds:</b>					
Fund balances at 1 January 2019		6,924,390	45,037	6,969,427	7,501,931
<b>Fund balances at 31 December 2019</b>		<b>6,850,180</b>	<b>36,894</b>	<b>6,887,074</b>	<b>6,969,427</b>

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

All income and expenditure derive from continuing activities.

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

# THE PROCLAMATION TRUST

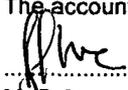
## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		1,922,188		1,922,188
Investment properties	12		3,842,500		3,842,500
			<u>5,764,688</u>		<u>5,764,688</u>
<b>Current assets</b>					
Debtors	15	85,064		119,253	
Cash at bank and in hand		1,153,326		1,214,063	
		<u>1,238,390</u>		<u>1,333,316</u>	
<b>Creditors: amounts falling due within one year</b>	16	(116,004)		(128,577)	
<b>Net current assets</b>			<u>1,122,386</u>		<u>1,204,739</u>
<b>Total assets less current liabilities</b>			<u>6,887,074</u>		<u>6,969,427</u>
<b>Income funds</b>					
Restricted funds	17		36,894		45,037
Unrestricted funds			6,850,180		6,924,390
			<u>6,887,074</u>		<u>6,969,427</u>

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

The accounts were approved by the Trustees on 27/11/2020

  
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Mr B Stone  
Trustee

Company Registration No. 4419680

# THE PROCLAMATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	23		(180,861)		(140,219)
<b>Investing activities</b>					
Proceeds on disposal of investment property		-		608,878	
Investment income		120,124		149,903	
<b>Net cash generated from investing activities</b>			120,124		758,781
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(60,737)		618,562
Cash and cash equivalents at beginning of year			1,214,063		595,501
<b>Cash and cash equivalents at end of year</b>			<u>1,153,326</u>		<u>1,214,063</u>

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

#### Charity information

The Proclamation Trust is a private company limited by guarantee incorporated in England and Wales. The registered office and the principal place of charitable activities is Willcox House, 140-148 Borough High Street, Southwark, London, SE1 1LB.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charitable company's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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

#### 1.4 Income

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

Income received in advance of a course or conference for a future year is deferred in the balance sheet and will be included as an incoming resource in the year to which it relates.

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Income from the letting of investment properties is accounted for when due. Dividends and interest are accounted for when receivable.

Course fees and conference fees are accounted for on an accruals basis, and recognised in the income and expenditure account at the start of the course or conference.

#### 1.5 Expenditure

##### Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the company to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Grants and donations payable are payments made to third parties in the furtherance of the charitable objects of the company. In the case of an unconditional grant offer, this is accrued once approved. Grant awards are subject to the recipient fulfilling performance conditions and are only accrued for when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the Trust.

##### Allocation of Support and Governance Costs

Support costs have been differentiated from governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with good practice. These costs include the cost relating to statutory audit Trustee expenses.

Property costs and depreciation are allocated on a pro-rata basis. All the other support costs including salaries, staff costs and office expenses are allocated according to the function contributing towards the provision of the charity's services and facilities.

##### Raising of funds

Costs of raising funds comprises support costs of management and administration costs associated with the running of the charity and its income generating activities.

##### Charitable Activities

Charitable expenditure represents the costs incurred in achieving the charitable objectives of the charity, including grants payable which are recognised in the year to which they relate and their associated support costs. Grants are made to students to attend training courses in order for the charity to meet its objectives. Grants are made at the discretion of the trustees and Cornhill Training.

##### Other Costs

Other costs represent those support costs not falling into any other category.

#### 1.6 Tangible fixed assets

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

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

Freehold land and buildings	No depreciation charged
Fixtures and fittings	No depreciation charged

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies (Continued)

Depreciation has not been provided on freehold and leasehold land and buildings as the residual value is higher than the carrying value.

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

#### 1.8 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

*Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.*

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Taxation

The company is registered with the Charity Commissioners as a charity and is exempt from taxation in accordance with current legislation.

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# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2019 £	2019 £	2019 £	2018 £
Donations and gifts	202,889	-	202,889	286,433
Other	-	6,725	6,725	5,855
	<u>202,889</u>	<u>6,725</u>	<u>209,614</u>	<u>292,288</u>

### 3 Other trading activities

	Unrestricted funds	Unrestricted funds
	2019 £	2018 £
PT Media sales and other income	14,063	10,850
	<u>14,063</u>	<u>10,850</u>

### 4 Investments

	2019 £	2018 £
Income from Investment Properties	112,128	146,572
Interest on Cash Investments	7,996	3,331
	<u>120,124</u>	<u>149,903</u>

### 5 Governance and support costs

Governance costs of £13,619 (2018: £16,852) comprise Trustees expenses of £599 (2018: £1,010) and Audit Fee of £7,500 (2018: £8,500) and accountancy and taxation fees of £5,520 (2018: £7,342). These are included in Charitable Activities on the Statement of Financial Activities.

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Grants payable

	2019	2018
	£	£
Grants to institutions:		
Other	10,000	10,008
Grants to individuals	23,768	13,000
	<u>33,768</u>	<u>23,008</u>

#### Commitments

Future financial commitment to specific students, for Spring term 2020 and Summer term 2020, is £6,540 per term, a total of £13,080.

### 7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

During the year four trustees (2018: four) were reimbursed £599 (2018: £1,010) for travelling expenses incurred in connection with the business of the charity.

### 8 Key personnel

The key management personnel received employee benefits totalling £153,317, (2018: £140,166).

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Conferences	6	5
Training Courses	7	6
Support	5	5
	<u>18</u>	<u>16</u>
Wages and salaries	344,895	327,334
Social security costs	31,265	28,199
Other pension costs	48,433	39,788
	<u>424,593</u>	<u>395,321</u>

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

### 10 Net gains/(losses) on investments

	Unrestricted funds	Total
	2019 £	2018 £
Revaluation of investment properties	-	(697,500)
Net Gain on sale of investment properties	-	132,452
	<u>-</u>	<u>(565,048)</u>

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(Continued)

### 11 Pension fund

Pension scheme contributions are paid monthly. The total contributions in the year amounted to £48,433 (2018: £39,788). The company also pays pension to a retired staff member of another charity which amounted to £13,061 (2018: £18,321). The estimated future costs to the charity based upon current year expenditure with a 4% annual inflation allowance and a full year guarantee period using life expectancy tables, amounted to £25,733 (2018: £38,795). The charity received a donation of £250,000 during 2012 from the charity concerned to meet the anticipated future expenditure. The Trustees consider the donation was for the General Fund as the gift was given on the basis that any surplus is expendable for the charity's general charitable purposes. Proclamation Trust participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £19,135, 2018: £12,484), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £13,135, (2018: £8,484).

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption:

- (1) An average discount rate of 3.2% p.a.;
- (2) RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- (3) Increase in pensionable stipends of 3.4% p.a.;
- (4) Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below:

% of pensionable stipends:	January 2018 - December 2020	January 2021 - December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and 2019 is set out in the table below.

	2019	2018
Balance sheet liability at 1 January	39,000	24,000
Deficit contribution paid	-6,000	-4,000
Interest cost (recognised in SoFA)	1,000	0
Remaining change to the balance sheet liability*	21,000	19,000
Balance sheet liability at 31 December	13,000	39,000

(\*Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends).

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, Proclamation Trust could become responsible for paying a share of that Responsible Body's pension liabilities.

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Investment property

	<b>2019</b>
	<b>£</b>
<b>Fair value</b>	
At 1 January 2019 and 31 December 2019	<u><u>3,842,500</u></u>

Investment property comprises just over 40% of the property of Willcox House. The fair value of the investment property has been arrived at on the basis of a valuation carried out in March 2019 by hb Surveyors and Valuers, who are not connected with the charitable company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The original cost of the investment property was £836,104.

### 13 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2019	<u>2,140,559</u>	<u>136,096</u>	<u>2,276,655</u>
At 31 December 2019	<u>2,140,559</u>	<u>136,096</u>	<u>2,276,655</u>
<b>Depreciation and impairment</b>			
At 1 January 2019	<u>218,371</u>	<u>136,096</u>	<u>354,467</u>
At 31 December 2019	<u>218,371</u>	<u>136,096</u>	<u>354,467</u>
<b>Carrying amount</b>			
At 31 December 2019	<u><u>1,922,188</u></u>	<u><u>-</u></u>	<u><u>1,922,188</u></u>
At 31 December 2018	<u><u>1,922,188</u></u>	<u><u>-</u></u>	<u><u>1,922,188</u></u>

### 14 Financial instruments

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>74,899</u>	<u>105,802</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>116,004</u>	<u>128,577</u>

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 Debtors

	2019	2018
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	74,899	105,802
Prepayments and accrued income	10,165	13,451
	<u>85,064</u>	<u>119,253</u>

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

	2019	2018
	£	£
Other creditors	<u>116,004</u>	<u>128,577</u>

### 17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of The Cornhill Training Bursary Fund to grant bursaries to students from home and overseas. In addition, donations have been made which are for the specific purpose of funding the costs of production of the videos, 'Equipped to Preach'.

	Movement in funds			Movement in funds			Balance at 31 December 2019
	Balance at 1 January 2018	Incoming resources	Resources expended	Balance at 1 January 2019	Incoming resources	Resources expended	
	£	£	£	£	£	£	£
Cornhill Training Course - Bursary	52,744	5,855	(13,000)	45,599	6,725	(14,868)	37,456
Equipped to Preach	-	24,867	(25,429)	(562)	-	-	(562)
	<u>52,744</u>	<u>30,722</u>	<u>(38,429)</u>	<u>45,037</u>	<u>6,725</u>	<u>(14,868)</u>	<u>36,894</u>

### 18 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 December 2019 are represented by:			
Tangible assets	1,922,188	-	1,922,188
Investment properties	3,842,500	-	3,842,500
Current assets/(liabilities)	1,122,386	-	1,122,386
	<u>6,887,074</u>	<u>-</u>	<u>6,887,074</u>

# THE PROCLAMATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 19 Operating lease commitments

At the reporting end date the charitable company had contracted with tenants under non-cancellable operating leases over the remaining life of those leases for £45,289 (2018: £135,867).

### 20 Events after the reporting date

Subsequent to the year end, the COVID -19 pandemic arose. The potential impact on the charity's ability to continue as a going concern has been considered in the Trustees' Report.

### 21 Related party transactions

Mr A C Green, a trustee until 25 September 2019, jointly with his wife gave unrestricted donations of £36,000 during the year via The Charis Trust.

An unrestricted donation of £10,000 was received from Mr S Pillar through Pillar Investments.

Mr B Stone, a trustee, gave an unrestricted donation of £25,000 during the year via Stewardship.

### 22 Preparation of the financial statements

In common with many other entities of similar size and nature the charitable company has used the auditor's to assist with the preparation of the financial statements.

23. Cash generated from operations	2019 £	2018 £
Deficit for the year	(82,353)	(532,504)
Adjustments for:		
Investment income recognised in statement of financial activities	(120,124)	(149,903)
Gain on disposal of investment property	-	(132,452)
Fair value gains and losses on investment properties	-	697,500
Movements in working capital:		
Decrease in debtors	34,189	7,956
(Decrease) in creditors	(12,573)	(30,816)
<b>Cash absorbed by operations</b>	<b>(180,861)</b>	<b>(140,219)</b>

### 24 Analysis of changes in net funds

The charitable company had no debt during the year.