

St Luke's
Parochial
Trust

Annual Report and Accounts

For the year ended 31 December 2003

BUZZACOTT

Charity Registration Number
207497

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Legal and administrative information

Trustees

Ex-Officio Trustee

The Revd K Rumens (Rector of St Giles, Cripplegate with St Luke's Old Street)

Nominative Trustees

One by the Corporation of London

Mr J A Barker * (Deputy)

Five by the Council of the London Borough of Islington

Mrs E Griffiths ** (*to March 2003*)
Cllr Mr K Sharp
Mrs E Stephenson
Mr F Wooding (*to March 2003*)
Three vacancies

Two by the Parochial Church Council of St Giles, Cripplegate with St Luke's Old Street

Mr J D Freeman BSc * # § (Chairman)
One vacancy

One by the City Parochial Foundation in the City of London

Mr E W Dear * # § (*to March 2003*) (*Vice Chairman*)
One vacancy (*from March 2003*)

One by Islington Age Concern in the London Borough of Islington

Mrs J Luff

Seven Co-optative Trustees

Mr R Daily-Hunt CC * # § (*to February 2004*)
Mrs J Dolphin ** §
Mr N Fletcher MA * # § (Vice Chairman)
Mrs J Herbert **
Mr D Hyams (*to February 2004*)
Mr J Sheehan** §
Cllr Mr J Trotter**

* Member of Finance Committee

** Member of Pensions Panel

Member of Audit and Compliance Committee

§ Member of the Merger Implementation Group with Cripplegate Foundation

Legal and administrative information

Principal officers

Clerk to the Trustees David Green

Finance Director Martyn Craddock

Community Centre Manager Keren Wiltshire

Grants and Pensions Manager Kristina Glenn

Principal office 90 Central Street
London
EC1V 8AQ

Telephone (020) 7549 8181

Facsimile (020) 7549 8182

Charity registration number 207497

Auditors Buzzacott
12 New Fetter Lane
London
EC4A 1AG

Investment managers CCLA Investment Management Limited
St Alphage House
2 Fore Street
London
EC2Y 5AQ

Bankers HSBC plc
Clerkenwell Branch
74 Goswell Road
London
EC1V 7DA

Solicitors Wedlake Bell
16 Bedford Street
London
WC2E 9HF

The Trustees present the statutory report with the accounts of St Luke's Parochial Trust for the year ended 31 December 2003. The Accounts have been prepared in accordance with the accounting policies set out on pages 16 to 18 of the attached accounts and comply with the charity's Trust Deed, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in October 2000.

Background

Until 1732, the area known as St Luke's parish was part of the parish of St Giles Cripplegate. At that time, the parish of St Giles was divided into two and St Luke's parish was established in its own right. Charitable gifts of property and money made in the 16th Century to the original parish were also divided between the two new parishes. The charitable funds deriving from those gifts are now administered by St Luke's Parochial Trust (St Luke's) and Cripplegate Foundation.

General organisation, aims and activities

The old parish of St Luke's Old Street, as it was established in 1732, defines the Area of Benefit in which St Luke's carries out its principal activities of providing pensions and operating a Centre for older people who live in that area. Since the 1993 local government boundary changes, the whole of the Golden Lane Estate part of the Parish now lies within the City of London. St Luke's receives a grant from the Corporation of London towards the cost of the meals service and funding from the London Borough of Islington comes as part of a service agreement for the provision, by St Luke's, of day care places for a number of early dementia sufferers.

St Luke's Parochial Trust is governed by several schemes issued by the Charity Commissioners. The following sections show how the Trustees have discharged their responsibilities under these schemes over the past year.

Merger with Cripplegate Foundation

The Trust has been jointly administered with Cripplegate Foundation since June 2002. It was reported in last year's Annual Report & Accounts that the Trustees had decided in December 2002 that a full merger of the two charities would be in the best interests of the Area of Benefit, and that the Governors of Cripplegate Foundation were of the same view. As explained in the brief history above, the parish of St. Luke's was carved out of the old parish of St. Giles as London expanded in the eighteenth century. The gifts made to that date were divided between the two vestries. It was hoped that the proposed merger of the two charities would bring these funds back together again, and result in a much stronger organisation for the benefit of local people.

Merger with Cripplegate Foundation (continued)

A Merger Implementation Group was formed with nine members – three Governors from Cripplegate, three Trustees from St. Luke's, and three who were Trustees of both the charities. This group met seven times during the year. Trust staff have also been involved in drawing up options about the future role of the trust to take account of the demographic changes in the area. The trends are clear. There is a declining white older population in south Islington and a significant increase in black and minority ethnic communities. These changes will certainly impact on the type of services which will be needed in Islington over the next 20 years and will inform the Foundation's future grant giving. Cordis Bright were commissioned to undertake a consultation with local people and organisations on the services that the new charity should offer. The report was received from Cordis Bright in September and that report and other research by staff informed discussions in the latter part of 2003. The two charities also approached the Charity Commission about the merger, but before they would agree a Scheme to bring the merger about, they required a new cy-près scheme for St. Luke's to enlarge its Area of Benefit to be the same as that of Cripplegate, and that required further research to meet the Commission's tests for such a scheme.

However, during the discussions in late 2003 and early 2004, it has become apparent that there is no agreement between the trustees of the two charities as to the need for a Centre building in the future. This is fundamental to the work of the combined charity. As a consequence, and with considerable sadness, the Trustees have now decided not to proceed with the merger. The joint administration arrangements between the two charities will be reviewed in 2004.

Risk management

Through its Audit and Compliance Committee, the Trustees review the major risks which the charity faces and believe that the levels of reserves detailed below will provide sufficient resources to meet the Trust's objectives in the event of adverse conditions. Trustees have also examined the controls over key financial systems and other operational and business risks which the Trust faces and confirm that systems have been established to mitigate the significant risks. These systems are kept under review by the Audit and Compliance Committee.

Investment policy

The Trust's investments that are not in property are entirely invested in Common Investment Funds as set out in Note 12. After three year's of decline in value, the Trust has experienced some positive growth in the value of the investment portfolio. All of this growth derived from the equity holdings and, although the Trustees keep investment policy under review with the Trust's advisers, this has justified the continued belief that their broad target of keeping 75% of the portfolio (excluding property) in equities is the correct strategy.

Investment policy (continued)

The continued decline in total returns from the fixed interest holdings has not shown any sign of slowing down. Despite the high interest yields providing much needed operating income it has become apparent that a significant portion of the income received is being paid from the underlying capital value. This trend has been forecast to continue in 2004. At the date of the report the Trustees have sold their entire holding of fixed interest stocks upon the advice of their investment managers and have subsequently re-invested the proceeds in money market deposits.

Property

The Centre at 90 Central Street EC1 is used as a community centre for the benefit of the pensioners of the Trust and members living in its neighbourhood. In particular, it is used for the provision of weekday lunches, meetings, lectures and classes and other forms of recreation and leisure activities for anyone living in the St Luke's area of membership who is 55 or over and becomes a member of St Luke's on payment of a lifetime membership fee of £5. The Trust's investment property at Queen Mary College in the Mile End Road London is kept under review with our Advisers.

Application of income

Under the Charity Commission Schemes, the Trustees are authorised to make payments of pensions and/or relief in need to qualifying applicants, to pay the cost of insurance, current and future repair of the Trust's properties, the management costs of the Centre and the administration costs of the Trust. Once demands for pensions and relief in need are met, any remaining funds may be applied in the interests of education, social welfare facilities for meals, recreation and other leisure activities, with the object of improving the conditions of life for the inhabitants of the area.

The Trust pays a pension of £281 per year per household to elderly people in the area whose income falls below a minimum level and who have little or no savings or other resources. The number in receipt of this pension is steadily declining, as the take up of state benefits improves and occupational pensions become more common. The Trust does not currently accept any new applications for these pensions. Nonetheless, these payments remain a significant part of the Trust's expenditure and are an important part of the fulfilment of its charitable objects. Other benefits, which are continuing, are the payment of the TV Licence for St Luke's pensioners who are under the age of 75 and not covered by the Government's scheme.

From time to time, the Trust reviews the changing needs of the area. At present, the Centre, with its meals service and associated activities, still provides a much needed benefit for many of the senior members of the community (particularly the disabled brought to the Centre on the Trust's own minibus) and constitutes the largest part of the operations of the Trust. Without the income from the Trust's Continuity of Care Fund and Endowment Fund investments, nearly all the above services would have to be withdrawn.

Work of the Centre during the year

Activities and Classes

This year saw another full programme of activities and classes enjoyed by hundreds of members throughout the year. The weekly classes included Tai Chi, singing, painting, water aerobics, exercise, ballroom dancing, sewing and line dancing. In 2003 the Trust created a computer training room with twice weekly training sessions provided by a voluntary group called Umbrella proving very popular.

The Trust has continued to work successfully in partnership with other agencies in order to provide members with a variety of specialist services including welfare benefits advice sessions from the South Islington Advice Project, weekly visits by opticians from City & Islington College and alcohol advice support from CASA. This year also saw the introduction of fortnightly carer support advice and information sessions held at the Centre by Islington Carers Forum.

The provision of accessible information remains a priority for St Luke's and this year members have received presentations and information on fire safety in the home, falls prevention, distraction burglary and the Pension Credit. Members also benefited from a series of health workshops covering topics such as diet, looking after your heart and healthy bones. Having obtained a grant from the Health Action Zone, St Luke's is now working in a consortium to produce an accessible transport guide for older people and this will be available to members in April 2004.

A successful "Massage in May" day which offered members sessions of Reflexology and Indian Head Massage was followed up with a short series of complementary therapy clinics provided by therapists from the Stress Project. It is hoped that the provision of complementary therapies will become a regular activity in St Luke's 2004 programme.

A highlight of the social calendar this year was a "Cockney Pride" event held in July and funded by EC1 New Deal's 2003 Summer Festival. Over 100 members enjoyed a traditional pie, mash and liquor lunch followed by an afternoon of music, singing and dancing from a "Pearly King and Queen" and then, of course, we finished with cockles and eels!

Other special occasions have included a Valentine's Day Pub Night, a St George's Day Party and "Songs from the Shows" concerts. The St Luke's singing group has continued to flourish and performed two excellent concerts during the year. The Christmas Concert was attended by the Mayor of Islington, Councillor Doreen Scott, who was most impressed by the professional performance

The members, Trustees and staff were also delighted when The Mayor of Islington officially opened St Luke's Art and Photo Exhibition. The art exhibition displayed excellent paintings produced by members of the art class – some of which were also incorporated into the St Luke's 2004 calendar. The photo exhibition entitled "A day at St Luke's" gave an opportunity to illustrate the wide range of activities offered at St Luke's and is now a permanent feature of the ground floor lounge.

Work of the Centre during the year (continued)

Activities and Classes

In partnership with the Islington Primary Care Trust the Trust organised a very successful Warm and Well Day which was attended by over 200 people. This event gave older people the opportunity to obtain information and advice about keeping well and safe during the winter months. Also offered was a range of activities for people to try out including a local history walk, exercise groups and a healthy eating session.

Outings continued to be a popular feature of the social calendar and members enjoyed trips to Ely Market Town, Calais, Southend, Bournemouth and Hastings. Finally, in July 100 people enjoyed a holiday to Seaton, Devon – an event which was generously subsidised by Cripplegate Foundation.

Care services for people with health problems

The day care and transport service gives up to 30 people per day the opportunity to socialise with friends, enjoy a hot lunch, participate in activities and obtain advice, information and advocacy. Funding from Islington Council has also been extended for a further three years to support the needs of older people diagnosed with early dementia.

The large spaces and facilities available at St Luke's have enabled the Trust to offer integrated services to all our members. Where necessary, however, the Trust has also provided specialist activities such as a weekly seated exercise class, escorted outings and a supported holiday in September to a fully equipped hotel in Southend.

Identified during the year was the need for more befriending and home-hospital visiting services to support our most vulnerable and isolated members. Work is now underway to look at ways of addressing these needs and it is hoped that 2004 will see the introduction of a wider range of care services.

Catering services

The daily lunch provided at St Luke's has remained an important service which is much valued by members. This was clearly demonstrated this year when a members' survey showed that 74% thought meals were either excellent or good. The results of this feedback will influence the forthcoming catering review which is being undertaken in early 2004. St Luke's was again very grateful for the donation from the Corporation of London towards our lunch service. At the date of this report the Trustees had finished their review and had decided to outsource the catering service to a contract caterer. This would not only result in considerable cost savings, but improve the quality of service too.

User participation

The management and development of St Luke's Centre has continued to be supported during 2003 by its active and committed User Committee which consists of ten members who meet with the Centre Manager on a monthly basis. The Fivovus fundraising group has also had another very successful year raising over £1,200 from the organisation of bingo sessions, raffles and jumble sales. Finally, the Trust is very grateful to all the volunteers who have given up their time during the year to help make the events and activities so enjoyable and successful.

Dulwich Almshouse Charity

St Luke's Trustees have the right to appoint one Trustee (currently Mr N J Fletcher) to the Board of the Almshouse Charity and also to appoint one-quarter of the residents of the Almshouses which are located close to Dulwich College. Because of reluctance by potential beneficiaries to leave the St Luke's area and move to Dulwich, however, we continue to find it difficult to identify beneficiaries who could take up vacancies when they occur. The Almshouse Charity also extend their help to include payments of relief in need to people in St Luke's area of benefit and this is a welcome addition to the resources available to the area.

Services provided to other charities

St Luke's provided services to the following charities in the year:

Finsbury Educational Foundation

The majority of the Foundation's Trustees are appointed by St Luke's Parochial Trust from among its own Trustees. St Luke's was reimbursed by FEF for carrying out all its administration and accountancy and for the duties of Clerk. The grant management was carried out under the joint administration arrangements with Cripplegate Foundation.

Anne Lyte's Pension Charity

The charity is controlled by St Luke's own trustees. St Luke's carried out all administration, accountancy, pension payments and the duties of Clerk, and was reimbursed.

United Charities of St George the Martyr

This charity, which is based in Southwark, has its own Board of Trustees none of whom is a St Luke's Trustee. St Luke's provided a pensions payment service for this charity for which it was reimbursed. This service terminated on 31 December 2003.

Financial report for the year

Funds available to the Trustees, which are considered adequate to meet the objectives of the Trust as defined in the schemes, are set out on pages 26 to 28 and in the balance sheet on page 15, and are as follows:

	31 December 2002 £	Movements In 2003 £	31 December 2003 £
Capital fund			
Endowment fund	6,389,507	759,120	7,148,627
Income funds			
Restricted funds	267,238	(13,075)	254,163
Designated funds	5,121,778	(447,446)	4,674,332
Operational fund – working capital	404,600	86,993	491,593
	<u>12,183,123</u>	<u>385,592</u>	<u>12,568,715</u>

The Trust's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

Reserves policy

The Trust's balance sheet shows funds employed totalling £12.6 million and of these £7.1 million is unexpendable endowment capital. This leaves reserves of £5.5 million and of these, £2.5 million are represented by freehold properties and other fixed assets. These assets are used in the day-to-day work of the Trust and are essential to the continuing provision of services to the local community. Their value, therefore, should not be regarded as realisable should monies be required to meet contingencies or future commitments. Consequently, a designated fund has been set up equal to the value of the fixed assets not represented by restricted funds.

The Trustees have also established a Continuity of Care Fund. To this end, they have set aside £2.0 million of funds (2002 - £2.4 million), to provide a regular source of funds to the Trust which is designed to meet operating costs in the future. In line with the agreed investment policy, Trustees have invested a greater proportion of the Trust's investments in equities, particularly in the Endowment Fund.

In 2001, we carried out a review of major and cyclical maintenance requirements over the next ten years and the level of the maintenance reserve is calculated to cater for the repairs and maintenance thought to be required during that time. The level of repairs and maintenance reflects the age, size and condition of the properties occupied at 90 Central Street, EC1. Accordingly, £420,000 is earmarked for future major and cyclical maintenance expenditure.

The resulting balance of the Operational Fund of some £500,000 represents the day-to-day working capital. These are the Trust's free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees aim to maintain the Operational Fund of the charity in excess of £300,000, and preferably nearer to £600,000. The Trustees transferred £400,000 from the Continuity of Care Fund in 2003 as a consequence of rising costs and a decline in income from the now closed Cinema Complex. Steps have been taken in 2004 to protect the Trust's capital base by changing investments and the Trustees believe that investment returns in the future will replenish the fund.

Employment policy

St Luke's Parochial Trust is an equal opportunities employer and the Trustees have adopted a detailed equal opportunities policy for use in all its activities.

Staff

Trustees greatly appreciate the hard work of staff over the past year which has contributed so much to the life and work of St Luke's and has provided its members with such an interesting and varied programme of classes, activities and events.

Volunteers

The Trustees are grateful for the enormous contribution of those who give their time voluntarily to assist with the activities of the Trust thereby enabling pensioners and members to benefit from the facilities on offer. The Trustees are also very appreciative of all those who give their time to raise funds for St Luke's and so help ensure the continuing high standards of service in the Centre.

Trustees

As reported on page 1, the Board of trustees includes Ex-Officio, Nominative and Co-optative Trustees. Nominative and Co-optative Trustees are appointed for four and five year terms respectively, although they may be re-appointed for further terms of office. The Ex-Officio Trustee is the Rector for the time being of St Giles Cripplegate with St Luke's, Old Street.

In March 2003, three Trustees decided to retire from the Trust. Mrs. Edna Griffiths, who was a Councillor and nominated by London Borough of Islington, gave many years of service to St. Luke's particularly on the Pensions Panel and will be much missed. Mr. Eric Dear, who was nominated by City Parochial Foundation, was Vice Chairman of the Trust and Chairman of the Audit & Compliance Committee and the Trust benefited enormously from his wise advice and knowledge of Islington. Mr. Fred Wooding, who was also nominated by London Borough of Islington, was only a Trustee for three years, but the Trust benefited from his local knowledge.

After the year end in February 2004 Mr. Roger Daily-Hunt and Mr. David Hyams also decided to retire as Co-optative Trustees.

Trustees' responsibilities statement

Law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the charity's financial position at the end of the year and of its financial activities during the year. In preparing accounts giving a true and fair view the Trustees should follow best practice and:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the accounts comply with the Charities Act 1993 and the charity's Trust Deed.

They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Buzzacott, have been re-appointed.

Signed on behalf of the Trustees:

J D Freeman

Chairman

Approved by the Trustees

N Fletcher

Vice-Chairman

Independent Auditors' report to the Trustees of St Luke's Parochial Trust

We have audited the accounts on pages 14 to 31 which have been prepared under the accounting policies set out on pages 16 to 18.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 10, you are responsible as trustees for the preparation of the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with the regulations under Section 44 of that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information in the trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Independent auditors' report 31 December 2003

Opinion

In our opinion the accounts give a true and fair view of the charity's state of affairs as at 31 December 2003 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

Statement of financial activities Year to 31 December 2003

	Notes	Endowment fund £	Restricted funds £	Unrestricted funds		Total 2003 funds £	Total 2002 funds £
				Designated funds £	Operational fund £		
Incoming resources							
Investment income	1	—	—	—	442,613	442,613	482,894
Donations, legacies and similar incoming resources	2	—	—	—	9,911	9,911	2,593
Incoming resources from:							
. Activities in furtherance of the charity's objectives	(3a)	—	61,725	—	70,947	132,672	131,954
. Activities for generating funds	(3b)	—	—	—	22,826	22,826	225,566
Total incoming resources		—	61,725	—	546,297	608,022	843,007
Charitable expenditure							
Pensions and Grants paid	4	—	—	—	61,341	61,341	81,236
Cost of activities in furtherance of the charity's objectives	5	—	64,978	—	738,929	803,907	957,481
Management and administration	6	—	—	—	39,129	39,129	22,234
Total resources expended		—	64,978	—	839,399	904,377	1,060,951
Net (outgoing) resources before transfers							
	7	—	(3,253)	—	(293,102)	(296,355)	(217,944)
Gross transfers between funds							
		—	(9,822)	(381,359)	391,181	—	—
Net (outgoing) incoming resources for the year							
		—	(13,075)	(381,359)	98,079	(296,355)	(217,944)
Gains/(Losses) on the revaluation and disposal of investments							
	12	759,120	—	(66,087)	(11,086)	681,947	(1,723,188)
Net movement in funds							
		759,120	(13,075)	(447,446)	86,993	385,592	(1,941,132)
Balances brought forward at 1 January 2003							
		6,389,507	267,238	5,121,778	404,600	12,183,123	14,124,255
Balances carried forward At 31 December 2003							
		7,148,627	254,163	4,674,332	491,593	12,568,715	12,183,123

Balance sheet 31 December 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible fixed assets	11		2,497,348		2,556,694
Investments	12		10,005,491		9,473,544
			<u>12,502,839</u>		<u>12,030,238</u>
Current assets					
Stocks		1,458		1,911	
Debtors	13	119,807		173,486	
Short term deposits		—		96,233	
Cash at bank and in hand		88,401		2,576	
		<u>209,666</u>		<u>274,206</u>	
Creditors: amounts falling due					
Within one year	14	143,790		121,321	
Net current assets			<u>65,876</u>		<u>152,885</u>
Total net assets			<u>12,568,715</u>		<u>12,183,123</u>
Represented by:					
Funds and reserves					
Capital funds:					
. Endowment fund			7,148,627		6,389,507
Income funds:					
. Restricted funds	15		254,163		267,238
. Designated funds	16		4,674,332		5,121,778
. Operational fund – working capital	17		491,593		404,600
			<u>12,568,715</u>		<u>12,183,123</u>

Approved by the Trustees
and signed on their behalf by:

J D Freeman

N Fletcher

Chairman

Vice Chairman

Approved on:

Principal accounting policies Year to 31 December 2003

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the inclusion of investment property at a valuation and the inclusion of investments at market value, and in accordance with the requirements of the Charities Act 1993.

Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) have been followed in these accounts.

Incoming resources

Donations and gifts are credited to the statement of financial activities in the year in which they are received.

Grants are credited to the statement of financial activities on an accruals basis.

Distributions from unit trusts are credited to income on the dates on which the holdings are first quoted ex dividend.

All other income is accounted for on an accruals basis.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Pensions are paid annually and are included in the statement of financial activities when paid to the intended recipient.
- b. The costs of activities in furtherance of the charity's objects comprise expenditure on the charity's primary charitable purposes as described in the trustees' report.

The majority of costs are directly attributable to specific activities. Certain indirect shared costs necessary to provide support are apportioned to activities in furtherance of the objects of the charity.

- c. Management and administration comprises those costs which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Principal accounting policies Year to 31 December 2003

Tangible fixed assets

All assets costing more than £250 and with an expected useful life exceeding one year are capitalised.

Depreciation has been calculated on a straight-line basis on cost at the following annual rates in order to write off each asset over its estimated useful life:

- ◆ Functional freehold buildings:
 - Leisure Centre 2% per annum
 - Conference Centre 5% per annum
- ◆ Furniture and equipment 10% per annum
- ◆ Computers 20% per annum
- ◆ Telephone and security systems 14% per annum
- ◆ Minibuses 18% per annum for 5 years to leave a remaining 10% representing its current residual value

Freehold land is not depreciated.

The carrying values of the buildings are being depreciated over their estimated useful economic lives. The Leisure Centre is being depreciated over 50 years and the Conference Centre is being depreciated over 20 years.

Fixed asset investments

Fixed asset investments, including investment properties, are included on the balance sheet at their market value at the end of the financial period. Unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Fund accounting

Endowment fund

This fund is the permanent endowment of the Trust and represents the endowments made to the fund since its inception. Its income is used to fund all charitable objectives.

Restricted funds

Restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

Designated funds

Designated funds are those set aside from the Operational Fund and designated for specific purposes by the Trustees.

Operational fund

This fund is unrestricted and represents the working capital required for the efficient running of the Trust's activities.

Principal accounting policies Year to 31 December 2003

Cash flow

The accounts do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 “Cash flow statements”.

Staff pension costs

Contributions in respect of the Trust’s participation in a defined benefit scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees’ working lives.

Notes to the accounts 31 December 2003

1 Investment income

	2003 £	2002 £
Investment Portfolio		
Fixed Interest Unit Trusts	176,885	193,612
Equity based Unit Trusts	262,795	284,416
	<u>439,680</u>	<u>478,028</u>
Rent		
Queen Mary & Westfield College	2,933	2,925
Money Market interest		
	—	1,941
	<u>442,613</u>	<u>482,894</u>

2 Donations, legacies and similar incoming resources

	Endowment fund £	Restricted funds £	Operational fund £	Total 2003 £	Total 2002 £
Donations	—	—	2,216	2,216	2,593
Legacies	—	—	7,695	7,695	—
	<u>—</u>	<u>—</u>	<u>9,911</u>	<u>9,911</u>	<u>2,593</u>

3(a) Incoming resources from activities in furtherance of the charity's objectives

	Endowment fund £	Restricted funds £	Operational fund £	Total 2003 £	Total 2002 £
Leisure centre services					
. Meals	—	—	32,243	32,243	42,379
. Bar	—	—	8,304	8,304	9,884
Holiday income and other revenue receipts	—	—	30,400	30,400	33,552
Grants and contracts					
. London Borough of Islington Dementia Care Contract	—	26,220	—	26,220	25,764
. Corporation of London (Meals Service)	—	20,875	—	20,875	20,375
. Slipper Project	—	10,030	—	10,030	—
. HAZ Project	—	4,600	—	4,600	—
	<u>—</u>	<u>61,725</u>	<u>70,947</u>	<u>132,672</u>	<u>131,954</u>

3(b) Incoming resources from activities for generating funds

The Trust supplies the following services as a means of raising income to help meet its operational costs.

	2003 £	2002 £
Administration services for 3 (2002 - 5) local charities	8,020	49,640
Lettings of cinema complex for conferences	—	155,346
Letting office accommodation		
· Cripplegate Foundation	5,000	5,000
· Other	6,065	3,103
Occasional lettings of leisure centre	1,910	11,700
Car parking charges	799	777
Profit on disposal of fixed assets	1,777	—
Reversal of bad debt provision	(745)	—
	22,826	225,566

4 Pensions, Grants and Gifts

	2003 £	2002 £
Pensions paid to 213 individuals (2002 – 217)	59,689	75,600
Pensions written back from prior years	(3,844)	—
Pensions recovered from Anne Lyte's Pension Charity (7) (2002 – 7)	(1,897)	(1,897)
Television Licence Grants	4,013	4,263
Christmas Gift (Annual Calendar)	3,380	3,270
	61,341	81,236

5a Cost of activities in furtherance of the charity's objectives (by main activity)

	Leisure centre & cinema £	Meals service £	Support cost £	Total 2003 £	Total 2002 £
Salaries	207,776	71,363	187,240	466,379	545,615
Depreciation	86,106	1,562	9,837	97,505	97,793
Holidays for pensioners and members	31,243	—	—	31,243	32,593
Food and bar costs	6,153	44,347	—	50,500	55,243
Recreational help to users (classes etc)	12,323	—	—	12,323	18,475
VAT disallowed	—	—	8,121	8,121	6,898
Other costs (note 5c)	68,286	31,280	38,270	137,836	200,864
	411,887	148,552	243,468	803,907	957,481

5b Cost of activities in furtherance of the charity's objectives (by fund)

	Restricted funds £	Operational fund £	Total 2003 £	Total 2002 £
Salaries	3,484	462,895	466,379	545,615
Depreciation	11,899	85,606	97,505	97,793
Holidays for pensioners and members	—	31,243	31,243	32,593
Food and bar costs	20,875	29,625	50,500	55,243
Recreational help to users (classes etc)	2,500	9,823	12,323	18,475
VAT disallowed	—	8,121	8,121	6,898
Other costs (note 5c)	26,220	111,616	137,836	200,864
	64,978	738,929	803,907	957,481

5c Other costs

	Total 2003 £	Total 2002 £
Catering	1,050	19,809
Cleaning	18,654	22,697
Repairs and maintenance	43,938	64,045
Light, heat and water	13,688	12,752
Insurance	19,146	20,296
Running expenses	5,479	4,150
Security services	3,396	3,567
Office costs	12,383	9,547
Recruitment, training and travel	12,235	21,092
Sundry	7,867	22,909
	137,836	200,864

6 Management and administration

	Total 2003 £	Total 2002 £
Legal and professional fees	24,229	11,884
Auditors' fees		
. For audit	9,000	9,000
. General advice	5,900	1,350
	39,129	22,234

7 Net incoming resources before transfers

This is stated after charging:

	Total 2003 £	Total 2002 £
Staff costs (see note 8)	432,276	545,615
Auditors' remuneration:		
. for audit	9,000	9,000
. for other services	5,900	1,350
Depreciation	97,505	97,793

8 Staff costs and Trustees' remuneration

	2003 £	2002 £
Staff costs during the year were as follows:		
Wages and salaries	330,947	398,214
Social security costs	25,973	25,133
Other pension costs	59,856	52,268
	<u>416,776</u>	<u>475,615</u>
Redundancy costs	15,500	70,000
Agency staff costs	34,103	12,000
	<u>466,379</u>	<u>557,615</u>

Several members of staff are jointly employed by St Luke's and Cripplegate Foundation, and St Luke's share of their salary is included above.

One employee, jointly employed by St Luke's Parochial Trust and Cripplegate Foundation, earned remuneration of between £60,000 and £70,000 per annum (including benefits) during the year (2002 – nil). Employer contributions are made to a defined benefit scheme in respect of this employee.

The average number of full and part-time staff during the year was 18 (2002 - 22).

The average number of employees, calculated on a full time equivalent basis, analysed by function was:

	2003	2002
Direct charitable	11	18
Management and administration of the Trust	4	4
	<u>15</u>	<u>22</u>

No Trustee received any remuneration in respect of their services during the year (2002 - £nil).

Expenses reimbursed to the Trustees during the year were as follows:

	2003 £	2002 £
Travel expenses	100	192

9 Indemnity insurance

Indemnity insurance was taken out to protect the Trust from loss arising from wrongful acts of its employees or agents. The cost in 2003 was £1,002 (2002 - £1,270). This cover was extended, at no extra cost to the charity, to its Trustees and to indemnify against consequences of any neglect or default on their part.

10 Taxation

St Luke's Parochial Trust is a registered charity and therefore is not liable to income tax or capital gains tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The Trust is unable to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT suffered during the year amounted to £8,121 (2002 - £6,898)

11 Tangible fixed assets

	Freehold property and leisure centre & cinema complex £	Furniture, equipment and minibus £	Total £
Cost			
At 1 January 2003	2,703,085	506,443	3,209,528
Additions	23,714	14,445	38,159
At 31 December 2003	<u>2,726,799</u>	<u>520,888</u>	<u>3,247,687</u>
Depreciation			
At 1 January 2003	226,371	426,463	652,834
Charge for year	75,931	21,574	97,505
At 31 December 2003	<u>302,302</u>	<u>448,037</u>	<u>750,339</u>
Net book values			
At 31 December 2003	<u>2,424,497</u>	<u>72,851</u>	<u>2,497,348</u>
At 31 December 2002	<u>2,476,714</u>	<u>79,980</u>	<u>2,556,694</u>

12 Investments

At 31 December 2003 the investments were held in registered charity unit trusts.

	Endowment fund £	Designated funds £	Operational fund £	Total 2003 £	Total 2002 £
Market value					
Investments in unit trusts					
1 January 2003	6,389,507	2,678,511	356,526	9,424,544	11,272,732
Disposals – proceeds	—	(150,000)	—	(150,000)	(125,000)
Realised gain	—	1,013	—	1,013	2,388
Unrealised gains (losses)	759,120	(67,100)	(11,086)	680,934	(1,725,576)
31 December 2003	7,148,627	2,462,424	345,440	9,956,491	9,424,544
Investment property	—	—	49,000	49,000	49,000
	7,148,627	2,462,424	394,440	10,005,491	9,473,544

Listed investments held at 31 December 2003 comprised the following:

	Percentage of total market value %	Endowment fund £	Designated funds £	Operational fund £	Total 2003 £	Total 2002 £
Income shares						
COIF charities fixed interest fund	23	—	2,298,708	27,746	2,326,454	2,559,908
CAF charities income fund	3	—	—	314,276	314,276	324,819
CAF charities balanced growth fund	15	1,496,679	—	—	1,496,679	1,302,387
COIF charities investment fund	59	5,651,948	163,716	—	5,815,664	5,234,477
Accumulation shares						
COIF charities investment fund	—	—	—	3,418	3,418	2,953
	100	7,148,627	2,462,424	345,440	9,956,491	9,424,544
Historical cost at 31 December 2003		7,710,681	2,553,169	354,292	10,618,142	10,765,552

Investment property

	Operational Fund	
	Total 2003 £	Total 2002 £
Market value		
1 January 2003 and 31 December 2003	49,000	49,000
Historical cost at 31 December 2003	26,198	26,198

12 Investments (continued)

Investment property (continued)

The freehold interest in the investment properties forming part of Queen Mary and Westfield College campus in Mile End Road, London E1, was valued by external valuers as at 31 December 1996. Messrs Humberts, Chartered Surveyors valued the property on the basis of open market value in accordance with the Appraisal and Valuation Manual 1995 as amended of the Royal Institution of Chartered Surveyors.

The sources of information and assumptions made in producing the valuation are laid out in the Valuation Report.

In the Trustees' opinion the value of the property at 31 December 2003 has not changed significantly.

13 Debtors

	2003 £	2002 £
Amounts receivable within one year		
Investment income receivable	100,212	113,866
Prepayments and accrued income	7,571	5,728
Other debtors	10,461	52,467
Due from connected charities	1,563	1,425
	119,807	173,486

14 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	—	16,225
Suppliers	12,406	14,353
PAYE and social security	8,114	6,578
Other creditors and accruals	44,614	68,748
Due to connected charities	60,678	1,153
Deferred income	17,978	14,264
	143,790	121,321

Included in other creditors is an amount of £6,088 (2002 - £4,507) of pension contributions (see note 19).

15 Restricted funds

The income funds of the Trust include restricted funds comprising the following grants and donations applied for specific purposes.

	At 1 January 2003 £	Movements in funds		At 31 December 2003 £
		Incoming resources £	Expenditure, gains, losses and transfers £	
Cripplegate Foundation	82,312	—	(1,751)	80,561
Peabody Trust	44,096	—	(938)	43,158
Whitbread Trusts	8,330	—	(177)	8,153
	134,738	—	(2,866)	131,872
National Lottery Charities Board	94,000	—	(2,000)	92,000
London Borough of Islington				
. contract payment	—	26,220	(26,220)	—
Corporation of London meals service grant	—	20,875	(20,875)	—
HAZ (Accessible Transport) Grant	—	4,600	—	4,600
Slippery Slippers Project Grant	—	10,030	(3,484)	6,546
Bridge House minibus fund	36,000	—	(16,855)	19,145
HDG Literacy Fund	2,500	—	(2,500)	—
	267,238	61,725	(74,800)	254,163

Grants from Cripplegate Foundation, Peabody Trust and Whitbread Trust were for the extension of the dining room and refurbishment of offices at 92 Central Street. The award from the National Lottery Charities Board was for refurbishments to the freehold property and are being amortised at the same rate as the Fixed Assets are being depreciated over their useful lives.

The London Borough of Islington payment was received to fund the care of those suffering from early dementia.

The Corporation of London grant was received towards the cost of providing the meals service.

The HAZ (Accessible Transport) grant payment was received to fund a printed guide to accessible transport for older people in Islington.

The Slippery Slippers Project payment was received to fund the prevention of falls within the home.

The Bridge House Estates Trust Fund grant was donated towards the cost of a new minibus. The asset is being depreciated.

16 Designated funds

The income funds of the Trust include the following designated funds which have been set aside out of operational funds by the Trustees.

	At 1 January 2003 £	(Losses) on investments £	Utilised/ released £	At 31 December 2003 £
Major repairs fund	310,000	(4,000)	4,000	310,000
Cyclical maintenance fund	110,000	(1,419)	1,419	110,000
Fixed assets fund	2,301,778	—	(47,446)	2,254,332
Continuity of care fund	2,400,000	(60,668)	(339,332)	2,000,000
	<u>5,121,778</u>	<u>(66,087)</u>	<u>(381,359)</u>	<u>4,674,332</u>

Major repairs fund

This is an unrestricted fund, expendable at the discretion of the Trustees, which has been designated to meet the future costs of extraordinary repairs, improvements or rebuilding.

The fund is built up out of income to levels which are deemed prudent in relation to requirements and can be made readily available in cash. The policy of the Trustees is to restore the fund after each tranche of major expenditure, to a level of at least £310,000 as soon as practicable. The policy is subject to monitoring in the light of surveyors' periodical reports.

Cyclical maintenance fund

This is an unrestricted fund, expendable at the discretion of the Trustees, which has been designated to meet the future costs of ordinary maintenance and repairs which recur at infrequent intervals.

Fixed assets fund

The fixed assets fund comprises the net book value of the Trust's tangible fixed assets not represented by restricted funds. A decision was made by the Trustees to separate this fund from the operational fund in recognition of the fact that the tangible fixed assets are used in the day to day work of the charity and hence the fund value would not be easily realisable if needed to meet future contingencies.

Continuity of care fund

The continuity of care fund comprises monies set aside by the Trustees to provide a regular source of funds to the Trust which will be used to meet operating costs in the future. During the year the fund was reduced to £2 million in order to meet the liabilities on the Operating Fund.

Notes to the accounts 31 December 2003

17 Operational fund

	£	Total £
At 1 January 2003		404,600
Net outgoing resources before transfers		(293,102)
Transfers (to)/from:		
. Major repairs fund	(4,000)	
. Cyclical maintenance fund	(1,419)	
. Fixed assets fund	47,446	
. Bridge House minibus fund	9,822	
. Continuity of care fund	339,332	
		391,181
Unrealised losses on investments		(11,086)
At 31 December 2003		491,593

18 Analysis of net assets between funds

	Endowment fund £	Restricted funds £	Designated funds £	Operational fund £	Total 2003 £
Fund balances at 31 December 2003 are represented by:					
Investments:					
Property held for Investment purposes	—	—	—	49,000	49,000
Investments	7,148,627	—	2,462,424	345,440	9,956,491
	7,148,627	—	2,462,424	394,440	10,005,491
Tangible fixed assets	—	243,016	2,254,332	—	2,497,348
	7,148,627	243,016	4,716,756	394,440	12,502,839
Net current assets	—	11,147	(42,424)	97,153	65,876
Total net assets	7,148,627	254,163	4,674,332	491,593	12,568,715
Total unrealised (losses) gains included above:					
On investment property	—	—	—	22,802	22,802
On investment in unit trusts	(562,054)	—	(90,745)	(8,852)	(661,651)
	(562,054)	—	(90,745)	13,950	(638,849)

18 Analysis of net assets between funds (continued)

	Endowment fund £	Restricted funds £	Designated funds £	Operational fund £	Total 2003 £
Reconciliation of movements in unrealised (losses) gains on investment assets					
Unrealised (losses) gains at 1 January 2003	(1,321,174)	—	(22,069)	25,036	(1,318,207)
Deduct in respect of disposals in year	—	—	(1,576)	—	(1,576)
	(1,321,174)	—	(23,645)	25,036	(1,319,783)
Add: net gains (losses) arising on revaluations in year	759,120	—	(67,100)	(11,086)	680,934
Unrealised (losses) gains at 31 December 2003	(562,054)	—	(90,745)	13,950	(638,849)

19 Staff pension commitments

The Trust operates within a defined benefit pension scheme, Cripplegate Foundation Pension & Assurance Scheme. There are two other employers in the scheme, namely the Cripplegate Foundation, the principal employer of the scheme, and Cripplegate Schools Foundation. The scheme is funded and is contracted out of the state scheme. Trustees are appointed by the employers and by scheme members. The assets of the scheme are held separately from those of the Trust in consensus funds managed by Legal & General Assurance Society Ltd. The Trustees of the Scheme have appointed Robert Fleming Benefit Consultants Ltd to administer the Scheme. The scheme provides life assurance and pension benefits based on years of service and final pensionable salary.

The Trust paid contributions at the rate of 16.8% during January and February 2003, 18.6% during March 2003, and 27.3% for the remainder of the accounting period. The reasons are set out below. Member contributions were 5% throughout. The last formal Minimum Funding Requirement (MFR) valuation of the scheme was performed at 6 April 2002 by a professionally qualified actuary. The valuation used the current unit method with an eight year control period.

The valuation indicated that the assets of the fund covered 97.8% of its liabilities. To ensure that funding achieved 100% within the period prescribed in the Pensions Act 1995, the actuary recommended that the employers' contribution increase to 18.6% with effect from 1 March 2003.

19 Staff pension commitments (continued)

Having completed the MFR valuation, at the request of the trustees, the actuary went on to value the fund on an ongoing basis. This indicated that to fund the benefits and reduce the possibility of any deficit, the employer contribution would need to increase to 27.3% from 1 April 2003. Employers agreed to fund the scheme to this level from that date but judged that it was not affordable in the longer term. Accordingly a full scale review of the scheme was implemented with the aim of identifying options for maintaining the scheme on a final salary basis but reducing the cost to the employers.

The review was completed in June 2003 and it was agreed to change the basis of benefit from 1/60th of final salary to 1/80th, to limit pension increases to the lesser of RPI or 5% and to increase the employee contribution from 5% to 7.5% over a period of two years from 1 April 2004. Members have been consulted on the changes and individual advice on future pension benefits has been made available to them.

The accounts charge for the period represents the employer contribution payable, which was £57,107 (2002 - £52,268). At 31 December 2003 unpaid contributions amounted to £6,088 (2002 - £4,507).

FRS17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the Cripplegate Foundation Pension & Assurance Scheme is a multi-employer pension scheme. Under this scheme, the contribution rate required of the Trust is set on a grouped basis, combining the experience of all three scheme employers. Within this group, assets and liabilities are not separately identified between the various employers as part of the triennial actuarial valuations. As a result, the Trust has been unable to obtain information identifying its share of the underlying assets and liabilities of the scheme. These accounts have been drawn up in accordance with FRS 17 on the basis that the pension cost is accounted for as a defined contribution pension scheme.

Financial assumptions

At 6 April 2002, the scheme was 97.8 funded under the Minimum Funding Requirement rules. The actuary conducted his valuation on an on-going basis, using a market-led valuation approach. The financial assumptions underlying the valuation were as follows:

Investment returns before retirement	8.25 % pa
Investment returns after retirement	5.50 % pa
Price inflation	2.75 % pa
Salary increases	3.75 % pa
Pension increase	2.75% pa for 5% LPI increases

The scheme's assets are invested in three Index Funds, in proportions which were advised by the Scheme Actuary after the 1999 valuation:

Global Equity Index Fund	50.50 % pa
Over 15 year GILT Index Fund	24.75 % pa
AAA Fixed Interest over 15 year Index Fund	24.75 % pa

19 Staff pension commitments (continued)

Financial assumptions (continued)

Because of changes in the market, the assets currently have a greater weighting in fixed interest stocks than planned. The position is being reviewed by the Trustees of the Scheme. At the date of the last valuation, the market value of the Scheme's assets was £2,653,098. On an ongoing basis the past service liabilities exceeded the market value of the assets by £412,000.

20 Connected charities and related party transactions

The Trust is jointly administered with Cripplegate Foundation. Where joint costs arise these are allocated by agreement between the two charities, some of whose trustees are the same.

The Trust has leased part of its property at 90 Central Street, London, EC1V 8AQ, to the Governors of Cripplegate Foundation, for the purpose of constructing offices for the use of the Foundation. The term of the lease is 125 years from 13 October 1995 at an initial rent of £5,000 per year, with a review every tenth anniversary.

St Luke's Parochial Trust carried out all administration, accounting and the duties of the Clerk, for Finsbury Educational Foundation and Anne Lyte's Pension Charity. During the year, St Luke's Parochial Trust received administration income of £5,370 (2002 - £5,220) from Finsbury Educational Foundation and £250 (2002 - £nil) from Anne Lyte's Pension Charity. At 31 December 2003, St Luke's Parochial Trust was owed £1,563 (2002 - £1,305) by Finsbury Educational Foundation, owed £567 (£nil) to Anne Lyte's Pension Charity and owed £60,112 (2002 - £nil) to Cripplegate Foundation.

The address of each of these charities is 90 Central Street, London, EC1V 8AQ

The majority of Trustees for Finsbury Educational Foundation are appointed by St Luke's Parochial Trust from amongst its own Trustees.

For Anne Lyte's Pension Charity, St Luke's Parochial Trust provides all the Trustees, and holds and invests cash accruing to this Charity.