

Registered Charity No: 1044068

**ERITREAN ORTHODOX CHRISTIAN
(ST. MICHAEL'S)
COMMUNITY CHURCH**

**ANNUAL REPORT
AND
UNAUDITED ACCOUNTS**

**FOR THE YEAR
ENDED 31 OCTOBER 2021**

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Members of the Board of Trustees at 31 October 2021

Abrahaley Mebrahtu (Chairman)
Dr Semere Tewelde (Company Secretary)
Solomon Russom (Treasurer)
Fitsum Khasa
Berhane Gebre-Alfa
Yacob Haile

Secretary Dr Semere Tewelde

Charity number 1044068
Registered in England and Wales

Registered office 78 Edmund Street
London SE5 7NR

Bankers HSBC Bank PLC
Harry Weston Road, Binley
Coventry CV3 2TQ

LLOYDS BANK
1 Silver Street
Enfield
Middlesex
EN1 3EE

TRUSTEES' REPORT

The Board of Trustees presents its report with the unaudited accounts of Eritrean Orthodox Christian (St Michael's) Community Church for the year ended 31 October 2021. The financial statements have been prepared in accordance with relevant accounting policies and in compliance with the charity's governing document and applicable law – the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the latest Charities Statement of Recommended Practice (SORP) Financial Reporting Standard 102, as amended as from the year starting 1 January 2019.

Name and Objects

The Eritrean Orthodox Christian (St. Michael's) Community Church is a registered charity in England and Wales, number 1044068.

The Trustees are responsible for the governance of the charity and serve as Trustees of the charity. The Trustees who were in place at year-end and all those who served during the year are set out on pages 4.

The Objects of the charity, as set out in the constitution, are:

- ❖ To advance the Christian religion and in particular the Orthodox faith by organising, providing, and developing church services and ancillary religious activities.
- ❖ To advance public education along Orthodox Christian lines, particularly in respect of the Eritrean language and culture.
- ❖ To relieve poverty and the distress arising from such poverty, sickness, bereavement, or imprisonment of a family member.

Public Benefit

In compliance with their duty under the Charities Act 2011, the Trustees have had due regard to guidance on public benefit published by the Charity Commission. In particular, the Act requires the Trustees to explain how the activities of the charity benefit the public or a section of it.

The Trustees believe that the fundamental purpose of the Eritrean orthodox Christian (St. Michael's) Community Church – to advance the Christian religion and relieve poverty and distress from family members – is, *per se*, of benefit to society at large. Faith is important, not just for its intrinsic value to the individual, but because it is so often the motivating factor in enabling people to turn their lives around; and then equipping them to make effective and relevant contributions to society. More specific benefits to the public are demonstrated, either implicitly or explicitly, under the various sections of the report of activities. It is the Trustees' aim constantly to seek ways of increasing the impact and effectiveness of the charity so that they can expand the benefits provided by the charity as widely as possible.

Appointment and induction of Trustees

Every three years the Management Committee may appoint new Trustees from amongst the membership of the charity. At the third of their term, Trustees must retire from office but may be re-elected by members of the charity. Any person who subscribes to the objects may become a member of the charity, subject to their willingness and fitness for purpose.

TRUSTEES' REPORT

The Management Committee is responsible for identifying and proposing potential new Trustees. The Committee gives relevant information to potential candidates, and induction and training as appropriate to newly elected Trustees.

The officers of the charity have the responsibility of assessing the skills offered by the Board and identifying areas which need strengthening.

Organisation

The charity is based in the United Kingdom and has its church in South London. Its congregation come from all parts of London. The Board of Trustees meets at least quarterly.

The day-to-day running of the charity's is conducted by the Management committee and reports to the trustees every month about the administration and activities of the charity.

2021 Activities and Finance

The year was a hard year to summarise. The constant uncertainty, lockdowns, restrictions, and changes of guidance have made everyday life and the worshipping life of the church complex. We've had to come to terms to the ongoing nature of the pandemic, making any plans provisional with the constant possibility of change. By complying with the legal prevention guidelines, the church has had provided normal church services every Sunday throughout the year. In addition, over twenty occasions of Special Saint's services were conducted. The Charity conducted christening and wedding services every Sunday throughout the 2020/2021 by following the lockdown guidelines. However, we appear to be emerging and with booster jabs and such more normal life is ahead.

In the positive side, some of our volunteers, priests and deacons had done a remarkable work to our community by helping the elderly and disabled by doing their shopping, supporting them via telephone and assisting the bereaved ones. God bless to those who rise to help vulnerable people for the second continuing year. The pandemic has been with us longer than most of us expected a year ago but as it happened, we can only say: Gratitude and Grace. Thanks to our management team who were able to continue our church services by quickly disseminating it to wider population using videocall technology. This knowledge has enabled us to reach to those who are unable to attend the church service even after this lockdown is over.

This year the church has reached more congregations through media live streams in the Facebook and it is an innovative year where those who are unable to come to church found a simply way to follow our church services being at home.

The church also has developed a close relationship with Oriental Orthodox Churches in the UK.

In 2021 the Charity achieved a net operating income of £166,523(2020: £144,609). The outcome of this is higher than 2020 and this is due to our congregation and church attendants made more donations than they did in the previous year. The Management Committee main working priority in the year was strengthening the governance of the charity by approaching new trustees with required skills and experience, as well as finding a larger property for our church to alleviate the shortage of space which occurs on many occasions, especially on special festive celebration days.

Plans for 2021/2022

The trustees and the Management Committee plan for 2021/22 include the following:

- Revising and working on the key strategic priorities of the church.
- Recruiting skilled trustees and Management committee members to strengthen governance.
- To find a large and suitable venue/church to accommodate the service and congregation requirements.
- To do special fund raising to purchase the said larger property/ church.
- To increase the income by 10%-15% whilst reasonably controlling the expenses.

At the time of writing this report the trustees has identified a suitable large property for our church and they are in the process of making a due diligence work and negotiations to secure the purchase of the property.

STATUTORY INFORMATION

Members of the Board of Trustees

Members of the Board of Trustees who served as directors during 2021 were:

Abrahaley Mebrahtu
Dr. Semere Tewelde
Solomon Russom
Yacob Haile
Fitsum Khasa
Berhane Gebrealfa

Statement of Financial Responsibilities

Charity Law requires the members of the Board of Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its incoming resources and application of resources for that year. It is also the Trustees' responsibility to maintain adequate accounting records, safeguard the assets of the charity and take reasonable steps in preventing and detecting fraud and other irregularities.

The Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis.

By the order of the Board of Trustees

Abrahaley Mebrahtu
Chairman of the trustees

7th April 2023

STATEMENT OF FINANCIAL ACTIVITIES							
FOR THE YEAR ENDED 31 OCTOBER 2021							
			Unrestricted	Designated	Restricted	Total	Total
			funds	funds	funds	2021	2020
	Notes		£	£	£	£	£
Income from:							
Donations	3		235,438	-	-	235,438	195,594
Other trading activities							
Sale of books & merchandises			3,400	-	-	3,400	16,682
Rental income			18,396	-	-	18,396	18,463
Other income			39	-	-	39	27
Total income			257,273	-	-	257,273	230,766
Expenditure on:							
Charitable activities							
Cost of charitable activities	4		77,869	-	-	77,869	78,198
Trading expenses			-	-	-	-	140
Governance and administration	5		12,881	-	-	12,881	7,819
Total expenditure			90,750	-	-	90,750	86,157
Net income for the year							
			166,523	-	-	166,523	144,609
Reconciliation of funds:							
Total funds brought forward- 01/11/2020			206,533	1,019,899	241,820	1,468,252	1,323,643
Total fund balances at 31 October 2021			373,056	1,019,899	241,820	1,634,775	1,468,252

STATEMENT OF FINANCIAL ACTIVITIES						
FOR THE YEAR ENDED 31 OCTOBER 2020						
<u>COMPARATIVE FIGURE</u>						
			Unrestricted	Designated	Restricted	Total
			funds	funds	funds	Total
	Notes		£	£	£	2020
						2019
						£
Income from:						
Donations	3		195,594	-	-	195,594
Other trading activities						
Sale of books & merchandises			16,682	-	-	16,682
Rental income			18,463	-	-	18,463
Other income			27	-	-	27
Total income			230,766	-	-	230,766
Expenditure on:						
Charitable activities						
Cost of charitable activities	4		78,198	-	-	78,198
Trading expenses			140	-	-	140
Governance and administration	5		7,819	-	-	7,819
Total expenditure			86,157	-	-	86,157
Net income for the year						
			144,609	-	-	144,609
Reconciliation of funds:						
Total funds brought forward- 01/11/2019			61,924	1,019,899	241,820	1,323,643
Total fund balances at 31 October 2020			206,533	1,019,899	241,820	1,468,252

BALANCE SHEET
AS AT 31 OCTOBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	15		418,162		425,765
			418,162		425,765
Current assets					
Debtors	9	20,225		55,677	
Cash at bank and in hand	16	1,200,949		986,810	
			1,221,174	1,042,487	
Creditors: amounts falling due within one year	10	(4,561)		-	
Net current assets			1,216,613	1,042,487	
Total assets less current liabilities			1,634,775 =====	1,468,252 =====	
Funds					
Unrestricted funds:	12		373,056		206,533
Designated funds	13		1,019,899		1,019,899
Restricted funds	11		241,820		241,820
			1,634,775 =====	1,468,252 =====	

For the year ending 2021 the charity has taken advantage of the audit exemption conferred by section 477 of the Company Act 2006. No member has required the charity to obtain an audit of its accounts for the year in question in accordance with section 476.

The trustees acknowledge the responsibility for: (1) Ensuring the charity keeps accounting records which comply with the requirements of the Act; and (2) preparing accounts which give a true and fair view of the state of affairs of the charity as at the of this financial year in accordance with requirements of Companies Act and related Charity Acts so far as applicable to the charity.

The accounts on page 10 to 17 were approved by the trustee on 7th April 2023 and signed on their behalf by:

Abrahaley Mebrahtu, Chairman
Date: 7th April 2023

1. Eritrean Orthodox Christian (St. Michael) Community Church

The Eritrean Orthodox Christian (St. Michael) Community Church is a registered charity with the number 1044068.

The charity qualifies for exemption from the requirement to provide a cash flow statement for the year ended on 31 October 2021.

The trustees neither received any remuneration and reimbursement nor had any related party transactions during the year.

2. Principal Accounting Policies

a) Basis of preparation

The accounts have been prepared in accordance with “Accounting and Reporting by Charities: Statement of Recommended Practice” applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in UK and Republic of Ireland as amended for accounting periods commencing from 1 January 2019. The charity is a Public Benefit Entity as defined by FRS102.

The Accounts have been prepared under the historical cost convention and accrual basis. The principal accounting policies adopted are set out below.

b) Tangible assets - Building costs

Land and building are valued at cost. Please refer note (i) and 15 for details.

c) Incoming Resources

Income is recognised in the period in which the charity is entitled to the receipt and is likely that economic benefits will flow to the charity and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before it becomes entitled to it or where the donor has specified that the income is to be expended in a future period. Deferred income is released in the period in which the expenditure is incurred or in the year depreciation is charged to the Statement of Financial Activities.

d) Donations and similar incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when received. Donations are accounted for on cash receipt basis unless deferred. A substantial proportion of the income of the charity is derived from voluntary sources which cannot be controlled fully until entered in the accounting records. The accounting procedures are intended to ensure that income received is banked promptly.

The value of services provided by volunteers has not been included as it is difficult to quantify.

e) Grant received

Grants, including grants for the purchase of fixed assets are recognised in full in the Statement of Financial Activities in the year for which they are received.

f) Interest receivable

Interest income is included when received by the charity.

g) Resources expended

All expenditures are recognised when there is a legal or constructive obligation to pay for it. All the costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

Direct charitable expenditure includes all expenditure incurred by the charity in a direct pursuit of its objectives.

The charity is not registered for VAT and hence expenditures are shown gross, VAT inclusive.

h) Governance and administration costs

These represent costs incurred by finance, human resources, legal and professional fees attributable to the management of the Church's assets and in compliance with constitutional and statutory requirements.

Governance and administration costs include expenditure that are not directly attributable to the charitable activities and cannot be allocated to direct charitable expenditure with certainty.

i) Capitalisation and depreciation of tangible fixed assets

All tangible fixed assets costing more than five thousand pounds (£5,000) are capitalised.

The charity owns outright the freehold land and building situated at 78 Edmund Street, London, SE5 7NR. The cost of other tangible fixed assets is written off/depreciated by equal instalments over the expected useful lives as follows:

Furniture, fixture, and fittings	4 years
Building	40 years

Tangible fixed assets are depreciated in straight line depreciation method over their useful life.

Except for the freehold land and building, the Charity did not own any other tangible assets on 31 October 2021.

The SORP FRS102 recommends that all buildings should be depreciated for their economic life. For this reason, the charity has depreciated the building costs based on 2.5%.

j) Pension scheme

The Charity became a member of NEST for pension automatic-enrolment effective from 1 April 2016. All eligible employees are automatically enrolled to NEST unless they specifically request to opt-out from the scheme. Employee contributions are deducted at the appropriate rate from each employee and paid to NEST monthly together with the appropriate employer contribution.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

k) Operating leases

Operating lease rentals are accounted for over the term of the lease.

3. Donations

	<u>2021</u>	<u>2020</u>
	Total	Total
	Unrestricted	Unrestricted
	<u>£</u>	<u>£</u>
Committed giving: (Membership Fees+Tithe)	78,692	51,882
Operating community church activities (Wedding, Baptism, community projects)	14,574	21,341
Donations (including collections)	142,172	122,371
	<u>235,438</u>	<u>195,594</u>

4. Expenditure on core charitable activities – community church

	<u>2021</u>	2020
	Total	Total
	Unrestricted	unrestricted
	<u>£</u>	<u>£</u>
Regular church services (Sunday services and other special events)	47,285	46,702
Reconciliatory and outreach services	12,977	12,163
Sunday school for children	5,869	6,445
Educational support	6,744	7,579
Youth services	4,994	5,309
Total	<u>77,869</u>	<u>78,198</u>

5. Governance and administration costs

	<u>2021</u>	<u>2020</u>
	Total	Total
	Unrestricted	unrestricted
	£	£
Staff costs - administration	2,764	3,041
Church property cost for administration	1,750	2,269
Legal and other professional fees	-	1,524
Other administration overheads	8,367	985
	<u>12,881</u>	<u>7,819</u>

6. Staff costs and Numbers

	<u>2021</u>	<u>2020</u>
	Total	Total
	Unrestricted	unrestricted
	£	£
Gross salaries and wages	62,875	55,371
Social Security costs	409	2,335
Pension costs	1,598	3,109
	<u>64,882</u>	<u>60,815</u>

The average number of employees during the year are:

	<u>2021</u>	<u>2020</u>
Senior Church officers	2	2
Assistant Church administrators	1.5	1.5
	<u>3.5</u>	<u>3.5</u>

7. Trustees' expenses and remuneration

During the year ended on 31 October 2021, the trustees do not receive any kind of payment from the Charity.

8. Depreciation

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Depreciation charge	<u>7,603</u>	<u>7,603</u>

9. Debtors

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Gift aid tax recoverable	17,234	16,677
Trade debtors	2,447	-
Other debtors	544	-
Due from sister church	-	39,000
Total debtors due within one year	<u>20,225</u>	<u>55,677</u>

The £17,234 debtor balance shown above is the Gift aid tax recoverable from HMRC of the years 2018, 2019 and 2020 (2020: balance was £16,677).

10. Creditors

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Trade creditors	600	-
Other creditors	1,100	-
PAYE & NIC Taxes	673	-
Pension Payable	2,188	-
Total creditors due within one year	<u>4,561</u>	<u>-</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

11. Restricted funds

There was no incoming and outgoing from restricted fund. However, the balance is capital grant received for property costs which is already expended in previous years.

	<u>2021</u> Balance	<u>2020</u> Balance
Community Fund: Capital funding	<u>£241,820</u>	<u>£241,820</u>

12. Unrestricted fund

	<u>2021</u> Total	<u>2020</u> Total
	Unrestricted <u>£</u>	Unrestricted <u>£</u>
Opening balance November 1, 2020	206,533	61,924
Add: Net surplus for the year	<u>166,523</u>	<u>144,609</u>
Closing balance before transfers and adjustment	373,056	206,533
Less: Transfer to designated fund	-	-
Less: adjustment depreciation	<u>-</u>	<u>-</u>
Closing balance as at 31 Oct 2021	<u>373,056</u>	<u>206,533</u>

The unrestricted fund in year 2021 has increased by £166,523-the net operating surplus gained (2020: increase by £144,609)

13. Designated fund

The designated fund for year 2021 is the same as 2020 and it comprises part of the building cost and cash.

	<u>Balance at</u> <u>01-Nov-20</u>	<u>Cash</u> <u>surplus</u>	<u>Additions</u>	<u>Balance at</u> <u>31-Oct-21</u>
Tangible assets	£1,019,899	-	-	£1,019,899
	<u>£1,019,899</u>	<u>-</u>		<u>£1,019,899</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

16. Cash on hand at bank

	<u>A/C</u>	<u>A/C</u>	<u>A/C</u>	<u>A/C</u>	2021	2020
	01388630	01370642	21586572	21642383	Total	Total
	£	£	£	£	£	£
Opening balance as at November 1, 2020	516,234	87,421	83,145	300,010	986,810	879,156
Incoming cash	248,512	2,149	75,892	30	326,583	575,207
Outgoing cash	(72,218)	-	(40,487)	-	(112,705)	(467,553)
Cash at hand	-	-	-	-	261	-
Closing balance as at 31 October 2021	692,528	89,570	118,550	300,040	1,200,949	986,810

17. Allocation of property and staff costs to core activities.

The property and the staff have contributed towards several activities of the charity. Hence it is important to allocate the costs to appropriate activities and the following proportion has been made. The trustees believe that to the best of their knowledge the basis shown below is the best estimate they can come up given that it was impractical and costly to track the contribution of each cost categories to the activities.

	Staff costs	Property costs
Activities:		
Core church service	60%	45%
Reconciliation and outreach	20%	-
Sunday school	5%	15%
Education support	5%	20%
Youth service	5%	10%
Governance and administration	5%	10%
	100%	100%