

# Parochial Church Council of St John The Baptist, Broadstone

## Financial Statements

**Year Ending 31 December 2019**

### Explanatory Foreword

The financial statements of the Parochial Church Council are prepared on an income and expenditure basis. Financial statements prepared on an income and expenditure basis include debtors and creditors at the year-end and recognise the assets of the PCC.

The Statement of Financial Activities shown below summarises the income and expenditure of the PCC. The unrestricted and the restricted funds are shown separately. This is because the restricted funds can only be used in accordance with the wishes of the donor and cannot, therefore, be used to meet the running costs of the PCC. The Balance Sheet shows the net worth of the PCC at the end of 2019, again split between unrestricted and restricted funds. The accounting policies contained on pages 2 to 4 of the financial statements explain in more detail the basis upon which they are prepared and the assets are valued. The notes to the financial statements shown from page 4 provide more detail about the transactions of the PCC and the entries in the Balance Sheet.

### Statement of Financial Activities

**Year Ending 31 December 2019**

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
		£	£	£	£
<b>Income</b>					
Voluntary income	2(a)	86,869	15,651	102,520	98,085
Activities for generating funds	2(b)	21,660	5,935	27,595	22,912
Income from investments	2(c)	5,338	2,359	7,697	9,683
Church activities	2(d)	13,222	0	13,222	16,283
<b>Total Income</b>		<b>127,089</b>	<b>23,945</b>	<b>151,034</b>	<b>146,963</b>
<b>Expenditure</b>					
Charitable activities	3(a)	2,280	6,373	8,653	9,901
Church activities	3(b)	128,084	110,909	238,993	156,919
Fund-raising costs	3(c)	944	537	1,481	1,461
<b>Total Expenditure</b>		<b>131,308</b>	<b>117,819</b>	<b>249,127</b>	<b>168,281</b>
<b>Net Income/- Expenditure</b>		<b>-4,219</b>	<b>-93,874</b>	<b>-98,093</b>	<b>-21,318</b>
<b>Balance Brought Fwd at 1 Jan</b>		<b>60,693</b>	<b>941,883</b>	<b>1,002,576</b>	<b>1,023,894</b>
<b>Balance Carried Fwd at 31 Dec</b>		<b>56,474</b>	<b>848,009</b>	<b>904,483</b>	<b>1,002,576</b>

The statement of financial activities, above, shows the PCC had a deficit on its General Fund of £4,219, compared to a deficit of £7,383 in 2018.

The funds of the PCC, which are restricted for specific purposes had a deficit of £93,874. The deficit is due to £103,268 being spent on the planning and design of the Northreach project. The income for the Northreach project totalled £20,202 in the year, due to donations and social events.

## Balance Sheet at 31 December 2019

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	8(a)	3,648	17,294	20,942	28,165
Investment assets	8(b)	29,820	182,946	212,766	212,511
<b>Total Fixed Assets</b>		<b>33,468</b>	<b>200,240</b>	<b>233,708</b>	<b>240,676</b>
<b>Current Assets</b>					
Debtors and prepayments	9	15,661	8,966	24,627	24,643
Short term deposits		1,928	638,803	640,731	715,814
Cash at bank		12,125	0	12,125	35,433
Petty cash float		125	0	125	125
<b>Total Current Assets</b>		<b>29,839</b>	<b>647,769</b>	<b>677,608</b>	<b>776,015</b>
<b>Liabilities Due Within a Year</b>					
Creditors	10	6,833	0	6,833	14,115
<b>Net Current Assets</b>		<b>23,006</b>	<b>647,769</b>	<b>670,775</b>	<b>761,900</b>
<b>Total Net Assets</b>		<b>56,474</b>	<b>848,009</b>	<b>904,483</b>	<b>1,002,576</b>
<b>Parish Funds</b>					
Unrestricted funds		56,474	0	56,474	60,693
Restricted funds		0	848,009	848,009	941,883
<b>Total Parish Funds</b>		<b>56,474</b>	<b>848,009</b>	<b>904,483</b>	<b>1,002,576</b>

The balance sheet of the PCC shows that it has total assets of £904,483. This is a reduction of £98,000 since 31 December 2018, which is due to the costs incurred in the planning and design of the Northreach project, which amounted to just over £103,000.

The total assets of the PCC include its share of the Curate's House, including that attributable to the Hillborne Trust. The PCC owns a total of 51.02% of the property. The total property valuation on which the PCC's balance sheet is based is £350,000.

The restricted funds of the PCC account for £848,009 of the total value. The restricted funds can only be used in accordance with the wishes of the donors. The General Fund amounts to £56,474.

The financial statements were approved by the Parochial Church Council on 19 March 2020, having been circulated electronically with a request for e-mail approval due to restrictions on meeting, as a consequence of corona virus. They have been signed on behalf of the PCC by the Reverend Helen Bailey, as chairman of the PCC.

# **Notes to the Financial Statements**

## **Year Ended 31 December 2019**

### **1. Accounting Policies**

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006, together with applicable accounting standards and the SORP 2015 (Financial Reporting Standard for Smaller Entities).

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets and fixed assets held for sale, which are shown at market value. The financial statements include all transactions, assets and liabilities for which the PCC is responsible. They do not include the accounts of church groups affiliated to another body or those that are informal gatherings of church members.

#### **1.1 Funds**

Restricted funds represent (a) income from trusts or endowments which may be spent only on the restricted objects provided in the terms of the trust or bequest, and (b) donations or grants received for a specific object or invited by the PCC for a specific object, which may only be expended on the specific object for which they were given. Any balance remaining unspent at the end of the year must be carried forward as a balance on that fund. The PCC does not normally invest separately for each fund. Where there is no separate investment, interest is not apportioned to individual funds because it is not material to the financial statements.

Unrestricted funds are general funds that can be used for PCC ordinary purposes. Funds designated for a particular purpose by the PCC are also unrestricted.

#### **1.2 Income**

Planned giving, collections and donations are recognised when received. Tax refunds are recognised when the income to which they relate is received. Grants and legacies are accounted for when the PCC is legally entitled to the amounts due. All other income is recognised when it is receivable. All income is accounted for gross.

#### **1.3 Expenditure**

Grants and donations are accounted for when paid, or when awarded, if that award creates a binding or constructive obligation on the PCC. The diocesan parish share is accounted for when due. Amounts received specifically for mission are dealt with as restricted funds. All other expenditure is generally recognised when it is incurred and is accounted for gross.

#### **1.4 Fixed assets**

Consecrated and beneficed property is excluded from the accounts in accordance with s.96 (2)(a) of the Charities Act 1993.

Movable church furnishings held by the Vicar and Churchwardens on special trust for the PCC, and which require a faculty for disposal, are accounted for as inalienable property, listed in the church's inventory, which can be inspected at any reasonable time. For anything acquired before 2004 there is insufficient cost information available and such assets are not valued in the financial statements

Office equipment is depreciated on a straight-line basis over the expected life of the asset. Individual items of equipment with a purchase price of £2,000 or less are written off when acquired.

Investments and fixed assets held for sale are valued at market value at 31 December. The former Curate's House are valued at market value, subject to regular revaluations to reflect market changes.

## 2. Income

The table below shows the detail of the income for the financial year, split between the unrestricted and restricted funds. The total income for the previous financial year is also shown, for comparative purposes.

Note		Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
2(a)	<b>Voluntary income</b>				
	Planned giving:				
	- Donations	57,049		57,049	52,840
	- Tax recoverable	16,448		16,448	13,475
	Collections at all services	9,790	331	10,121	10,399
	Donations and appeals	3,582	15,320	18,902	21,371
	Legacies	0		0	0
		<b>86,869</b>	<b>15,651</b>	<b>102,520</b>	<b>98,085</b>
2(b)	<b>Activities for generating funds</b>				
	Church hall	16,171		16,171	15,975
	Fetes and social events	5,489	5,935	11,424	6,937
		<b>21,660</b>	<b>5,935</b>	<b>27,595</b>	<b>22,912</b>
2(c)	<b>Investment income</b>				
	Interest	4,916	255	5,171	3,622
	Rent - Curate's house	422	2,104	2,526	6,061
		<b>5,338</b>	<b>2,359</b>	<b>7,697</b>	<b>9,683</b>
2(d)	<b>Income from church activities</b>				
	Bookstall	90		90	488
	Parish magazines	116		116	154
	Miscellaneous	997		997	2,812
	Lunch Club	3,228		3,228	3,081
	Fees for weddings and funerals	8,791		8,791	9,748
		<b>13,222</b>	<b>0</b>	<b>13,222</b>	<b>16,283</b>
2(e)	<b>Other Income</b>				
	Gain on revaluation of Curate's House	0	0	0	0
	<b>Total Income</b>	<b>127,089</b>	<b>23,945</b>	<b>151,034</b>	<b>146,963</b>

The most notable changes between 2018 and 2019 have occurred for the following reasons:

- Regular planned giving has increased by over £4,000 from that in 2018, following the stewardship campaigns held in the autumns of 2018 and 2019;
- The tax recoverable through the gift aid scheme has increased as a result of the increase in giving and a change in the national scheme, which allows gift aid on an increase in the occasional giving;
- The restricted income from donations and appeals includes £12,000 in respect of the Northreach project, of which £1,500 is gift aid. In 2018, this entry included a grant of £13,000 from the All Churches Trust;
- Income from fetes and social events has increased due to an increase in the number of events to raise funds for Northreach. The General Fund income in respect of social events has reduced because most of them are for Northreach;
- The additional interest is due to the investment of the proceeds from the sale of the Waterloo Centre;
- The rent from the curate's house has reduced because it has not been rented out since the summer;

- The reduction in miscellaneous income is because there have been a reduced number of gifts for clergy and wardens during the year.

### 3. Expenditure

The table below shows the analysis of the expenditure in the year, split between the restricted and the unrestricted funds. The total expenditure for the previous financial year is also shown for comparative purposes.

Notes		Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
3(a)	<b>Charitable activities</b>				
	Donations	2,280	5,320	7,600	7,600
	Appeals		1,053	1,053	2,301
		<b>2,280</b>	<b>6,373</b>	<b>8,653</b>	<b>9,901</b>
3(b)	<b>Church activities</b>				
	Ministry:				
	- Diocesan parish share	80,018		80,018	78,890
	- Clergy expenses	1,600		1,600	3,160
	Church running costs	8,858		8,858	8,874
	Church major repairs	0		0	0
	Upkeep of services	575	2,065	2,640	3,224
	Organists	1,917		1,917	1,390
	Northreach Project	0	103,268	103,268	18,952
	Church hall running costs	14,197	5,576	19,773	19,827
	Bookshop	0		0	496
	Fees for weddings and funerals	4,421		4,421	3,774
	Miscellaneous	861		861	1,115
	Lunch Club	3,074		3,074	3,281
	Administration	11,995		11,995	13,366
	Bank charges	568		568	570
		<b>128,084</b>	<b>110,909</b>	<b>238,993</b>	<b>156,919</b>
3(c)	<b>Fund raising costs</b>				
	Social events, fetes and plant sale	944	537	1,481	1,461
	<b>Total Resources Expended</b>	<b>131,308</b>	<b>117,819</b>	<b>249,127</b>	<b>168,281</b>

The most significant changes between the two years are explained below:

- The Share increased by 1.4% in 2019 but the PCC was able to continue to take advantage of the discount of 2% available to those who paid the full Share in January 2019;
- Clergy expenses were lower in 2019 because there was an interregnum in 2018;
- The cost of organists increased in 2019 because the organist was ill in 2018;
- The costs of the Northreach Project are associated with the planning and design of the proposed extension to the church;
- The cost of administration has reduced because a replacement photocopier was purchased in 2018 at a cost of £1,884;

### 4. Grants

Each year the PCC tithes some of its income to charity. In 2018 and 2019 the donations to missionary societies, both at home and abroad, were met from the Hillborne Trust, with the donations to secular charities being met from the PCC's General Fund. The funds allocated and paid in the year are shown below:

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Overseas missionary societies	World Vision	760	0
	Leprosy Mission	760	760
	Mothers' Union Overseas	0	760
		<b>1,520</b>	<b>1,520</b>
Home missions & church societies	Church Army	0	760
	Mission to Seafarers	760	760
	Poole Missional Communities	760	760
	Bible Society	0	760
	Church Urban Fund	760	0
	Routes to Roots	760	760
	Mission Aviation Fellowship	760	0
		<b>3,800</b>	<b>3,800</b>
Secular Charities	Julia's House	760	760
	Forest Holme	760	0
	Cancer Research	0	760
	MIND	760	760
		<b>2,280</b>	<b>2,280</b>
<b>Total</b>		<b>7,600</b>	<b>7,600</b>

In addition, the following amounts were collected and paid to charities during the year:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Royal British Legion (Remembrance Sunday)	382	335
Royal British Legion (D Day)	137	0
Children's Society (Christingles)	338	307
Leprosy Mission	32	0
Christian Aid	35	798
MacMillan	0	126
Mission to Seafarers	82	0
Forest Holme	47	0
Salisbury Sudan Appeal	<u>0</u>	<u>735</u>
	<b>1,053</b>	<b>2,301</b>

## **5. Major repairs in Church**

There were no major repairs undertaken in Church in 2019 or 2018.

## **6. Employee Emoluments**

The PCC employs an administrator and a cleaner/caretaker for the hall. Both employees are part-time. The total employee emoluments in 2019 were £13,242. In 2018 they totalled £11,574.

## **7. Examiner's fee**

The financial statements of the PCC have been subject to examination by Mrs Sue Wintle (FMAAT). The Statement of Financial Activities includes fees for the examination amounting to £450. The fee for the examination of the 2018 financial statements was £442.

## 8. Related party transactions

The only related party disclosure relates to Ms Geraldine Willford who is a member of the PCC and is employed as the parish administrator.

## 8. Fixed assets for use by the PCC

### Note 8(a) – Tangible Fixed assets

		<b>Freehold Land &amp; Buildings General</b>	<b>Freehold Land &amp; Buildings Restricted</b>	<b>Equipment Restricted</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>	At 1 Jan 2019	23,031	76,925	7,793	107,749
	Additions / (Disposals)	0	0	0	0
	At 31 Dec 2019	<b>23,031</b>	<b>76,925</b>	<b>7,793</b>	<b>107,749</b>
<b>Depreciation</b>	At 1 Jan 2019	17,736	55,613	6,234	79,583
	2019 Charge	1,647	4,018	1,559	7,224
	At 31 Dec 2019	<b>19,383</b>	<b>59,631</b>	<b>7,793</b>	<b>86,807</b>
<b>Net Book Value</b>	At 1 Jan 2019	<b>5,295</b>	<b>21,312</b>	<b>1,559</b>	<b>28,166</b>
	At 31 Dec 2019	<b>3,648</b>	<b>17,294</b>	<b>0</b>	<b>20,942</b>

The freehold land and buildings comprise the church hall. The valuation is based on the historic cost of major works undertaken at the hall since 2002. These works are depreciated over the estimated useful economic life of the works. When the works have been fully depreciated, they are written out of the capital value.

The equipment is a projector and screen in the hall which are being depreciated over five years. Again, when the assets have been fully depreciated, they are written out of the capital value.

### Note 8(b) Investment assets

Investment assets comprise the PCC's share of the curate's house and the proceeds from the sale of Berwyn Court.

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Curate's House	29,820	148,750	178,570	178,570
Berwyn Court	0	34,196	34,196	33,941
<b>Total</b>	<b>29,820</b>	<b>182,946</b>	<b>212,766</b>	<b>212,511</b>

The PCC owns 8.52% of the curate's house (£29,820) and the Hillborne Trust owns 42.5% (£148,750). The Diocese owns the remaining 48.98% of the property. The PCC is the managing custodian of the Hillborne Trust.

The £25,000 gained from the sale of Berwyn Court may only be used for capital projects approved by the Diocese. The investment of the capital sum attracts interest each year, which is reinvested. The accumulated interest can be used at the discretion of the PCC but in the past it has only been used for major repairs to the church.

## 9. Debtors

An analysis of the PCC's debtors and prepayments at the end of the year is shown below:

	2019	2019	2019	2018
	Unrestricted	Restricted	Total	Total
			£	£
Income tax recoverable	8793	1539	10,332	13,238
Curate's House net rent	1434	7153	8,587	6,061
Prepayments	4012	274	4,286	4,268
Accrued income	1422	0	1,422	1,076
<b>Total</b>	<b>15661</b>	<b>8966</b>	<b>24,627</b>	<b>24,643</b>

The reasons for the changes in debtors are:

- The income tax recoverable has reduced because the Parish Giving Scheme claims the gift aid on a monthly basis, thereby improving cash flow;
- The net rent on the Curate's House is due from the Diocese but it has yet to be paid in respect of the last two years.

## 10. Creditors

An analysis of the PCC's creditors at the end of the year is shown below:

	2019	2018
	£	£
Accrued utilities	1,667	1,741
Receipts in advance - Weddings & Funerals	150	360
Other accrued expenses	5,016	12,014
<b>Total</b>	<b>6,833</b>	<b>14,115</b>

The reasons for the major changes in the creditors at the year-end are:

- Other accrued expenses have reduced because there are no accrued professional fees in respect of Northreach at the end of 2019. At the end of 2018 there were accrued professional fees of £7,092 in respect of Northreach.

## 11. Analysis of net assets by fund

The income and expenditure of each of the PCC's funds is shown in the table below. This table shows the same information as the Statement of Financial Activities but analysed by Fund rather than by the nature of the income and expenditure.



	Opening Balance	Income	Expenses	Closing Balance
	£	£	£	£
<b>Unrestricted Funds</b>				
General Fund	49,075	123,861	128,234	44,702
Hall Maintenance Fund	11,062			11,062
Sunday Lunches	556	3,228	3,074	710
<b>Total Unrestricted Funds</b>	<b>60,693</b>	<b>127,089</b>	<b>131,308</b>	<b>56,474</b>
<b>Restricted Funds</b>				
Refurbishment Fund	461			461
Berwyn Court Fund	33,941	255		34,196
Hillbourne Trust	174,837	2,435	7,385	169,887
Northreach Fund	709,517	20,202	103,805	625,914
Office & Store	20,021		3,338	16,683
Disabled Toilet	68		68	0
Hall Kitchen	1,222		611	611
Hall Projector	1,559		1,559	0
Garden and Equipment	257			257
Charitable Appeals	0	1,053	1,053	0
<b>Total Restricted Funds</b>	<b>941,883</b>	<b>23,945</b>	<b>117,819</b>	<b>848,009</b>

## 12. Analysis of Funds

The table below shows how the funds are held. This is a different way of showing the same information as that detailed in the Balance Sheet. It shows that the monies available to the PCC to fulfil its obligations total £14,178, being the cash, bank and short-term deposits held in the unrestricted funds at the end of the year. This represents an increase of £1,000 in 2019.

	Fixed Assets	Investm'ts	Debtors	Creditors	Cash & Bank	Total
	£	£	£	£	£	£
<b>Unrestricted Funds</b>						
General Fund	3,648	29,820	15,661	6,833	2,406	44,702
Hall Maintenance Fund					11,062	11,062
Sunday Lunch Club					710	710
<b>Total Unrestricted</b>	<b>3,648</b>	<b>29,820</b>	<b>15,661</b>	<b>6,833</b>	<b>14,178</b>	<b>56,474</b>
<b>Restricted Funds</b>						
Refurbishment Fund					461	461
Berwyn Court Fund		34,196				34,196
Hillbourne Trust		148,750	7,427		13,710	169,887
Northreach Fund			1,539		624,375	625,914
Office & Store	16,683					16,683
Hall Kitchen	611					611
Garden and Equipment					257	257
Appeals						0
<b>Total Restricted</b>	<b>17,294</b>	<b>182,946</b>	<b>8,966</b>	<b>0</b>	<b>638,803</b>	<b>848,009</b>
<b>Total All Funds</b>	<b>20,942</b>	<b>212,766</b>	<b>24,627</b>	<b>6,833</b>	<b>652,981</b>	<b>904,483</b>