

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST. MARGARET, LOTHBURY**

ANNUAL REPORT AND UNAUDITED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

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THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The members of the Parochial Church Council ("the PCC") ("the Charity"), who are also the Trustees of the Charity by virtue of their membership of the Council, are pleased to present their Annual Report together with the Financial Statements of the Charity for the year ending 31 December 2019.

The Accounts have been prepared in accordance with the accounting policies set out in note 1 to the Accounts and comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and Activities

The Parochial Church Council of St. Margaret, Lothbury have the responsibility of co-operating with the Incumbent, the Reverend Prebendary Jeremy Crossley, in promoting in the Ecclesiastical Parish the whole mission of the Church - pastoral, evangelistic, social and ecumenical, and they fulfil this task with zest, wisdom, commitment and style.

Our vision remains to be heart of our community in the City as well as serving all the networks associated with the Church and the area pointing all to Jesus Christ and his love.

One aspect of this is that the PCC has responsibility for the maintenance of the historic Parish Church of St. Margaret, maintaining its fabric while seeking to ensure that its ministry remains relevant and accessible in a rapidly changing context.

The Rector and PCC have remained committed to giving those who work in the Square Mile the opportunity to worship in the Church, become part of our growing and inevitably changing congregation, to be taught about the Christian faith and its application to daily life, to be prayed with or simply to use the building for quiet reflection or private prayer. In addition to our services there is a popular weekly Organ recital, a men's breakfast group which meets to pray and study the Bible, a weekly prayer meeting as well as daily prayers. Gratifyingly, again, the Parish Carol Service remained the highlight of the year with an attendance of just under 400, many of whom work in the Parish but would not normally worship in the Church.

We continue to be enthusiastically supportive of the City Civic both through the Livery Movement and the Ward Clubs of which the Incumbent is Chaplain. In November 2019 the Rector became Chaplain to one of the Sheriffs of London for the year ensuing.

A new Electoral Roll had to be prepared in 2019 and all members of the congregation who had been on the Roll until then had to come off and fill in a new form. The number on the 2019 Roll stood at 143 which is a 2.25% increase on the 140 reported at the 2018 APCM. The new Roll was made up of 67% from the previous Roll with 33% being new to the church. None was resident in the parish, but all attend public worship at least once a month.

Charitable Status and Public Benefit

The PCC has ever been mindful of the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion and is satisfied that the activities of St. Margaret's fall within such guidance. Having received a grant from the Heritage Lottery Fund towards works on the Tower in 2018 we have increased the opening hours of the building, continued to be hospitable to guided tours and developed our church guide. As a Parish Church we have continued to engage in any possible way with local firms and Ward Clubs

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Governance and Internal Control

Although this is the responsibility of the PCC, it has been delegated to the Standing & Finance Committee of the Council whose minutes are always circulated to the whole PCC. We have continued in our efforts to sharpen our procedures and worked to clarify further our financial reporting to the PCC. We have also continued to develop our Safeguarding reporting procedures and are working to strengthen our Safeguarding Team. In addition, we hope that we will be in a position to plan our response to the Quinquennial Report on the building in the New Year.

Achievements and performance

A faculty was granted in 2019 for Hope Church UK to use our buildings on Sundays and this has proved a good partnership for both churches. We have also maintained our regular round of weekly church life while continuing to develop our relationship with other churches around Bank Junction and the various City Institutions who use our buildings.

Future plans

We are wanting to develop our presence on social media and complete our plans for the first proper updating of our AV equipment for nearly a quarter of a century. We are also reviewing our worshipping life and seeking to strengthen the pastoral care of the congregation.

Financial review

The total funds of the PCC at the 31 December 2019 stand at £1,131,407, an increase over the previous year of just in excess of 5.5%. Net income stood at £59,958. Church Rate was down on the previous year, as anticipated in the previous report, as the PCC was mindful that some of those monies were received from businesses in the Parish to cover both 2017 and 2018. The PCC also anticipates a reduction in the Church Rate receipts in the coming year as businesses in the Square Mile tighten their belts in response to increasing pressures due to COVID-19 and continuing uncertainty over Brexit. Congregational giving was also down by around 20%. The PCC continue to look for alternative sources of income to maintain a strong reserve position.

Movements in, and change to specific funds are detailed in note 12 on pages 16 to 19 of the accounts.

A prior year adjustment details the reinstating of the historic treatment of two funds previously presented as Endowment Funds.

The Building Fabric Capital Fund and the Organ Investment Capital Fund are Restricted Funds, held for the purpose of generating an investment return to be applied to the maintenance of the building and organ respectively.

The PCC has convened regularly since the start of the COVID-19 pandemic and expects the income for 2020 to be considerably lower than that for 2019, from congregational giving and ward clubs / liveries; Hope Church; and also from Church Rate. The PCC also anticipate a drop in expenditure for the corresponding period. Given the financial prudence adopted by the PCC over the last few years, the PCC is confident that any shortfall will be able to be covered out of unrestricted funds.

The members of the PCC balance a low risk approach to investing against the requirement to generate a reasonable rate of return and take advice from qualified professionals as required and in accordance with the PCC investment policy. The current aims are to move funds away from short term bank balances and into investment funds generating better returns.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Reserves Policy

It is the policy of the PCC that those funds which have not been designated for a specific use should be maintained at a level equivalent to enable ongoing operation of the Church without the need to call on investment funds and the designated "reserve" fund has been created for this purpose. The members consider that maintaining the reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the PCC's current activities for at least twelve months while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year

Structure, Governing Documents and Management

The Parochial Church Council ("PCC") is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure. The method of appointment of PCC members is set out in the Church Representation Rules.

The Standing Committee is the only committee required by law and consists of the Rector, two Churchwardens, the Treasurer, the PCC Secretary and two other members with particular responsibilities.

New PCC members are given a high-level introduction to the running of the Church, its aims and future plans.

The major risks to which the PCC is exposed, as identified by the PCC members, have been reviewed and systems and procedures are established to manage such risks.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Legal and administrative information

PCC members who have served from 1 January 2019 until the date of this report are:

Incumbent	The Reverend Prebendary Jeremy Crossley	
Associate Vicar	The Reverend Mark Fox	
Curates	The Reverend Sophie Bannister The Reverend Greg Bannister	
Elected Churchwardens	Miss Adekemi Adebajo Mrs Bebe Coleman Mr Nick Hull	(appointed 29 April 2019) (resigned 29 April 2019)
Representatives on the Deanery Synod	Ms Cheryl Stafford Miss Jacqueline Foot	
Other elected members	Mrs Monica Buckle Mr Mike Buckley Mrs Bebe Coleman Mr Olly Gillet Mr Dennis Grante Miss Beverley Ryan Mr William Taylor Mr Mark Thomas Mr Peter Thornton	(appointed 29 April 2019) (appointed 29 April 2019) (appointed 24 September 2019)
Chairman	The Reverend Prebendary Jeremy Crossley	
Vice Chairman	Mr Nick Hull Miss Adekemi Adebajo	(resigned 29 April 2019) (appointed 29 April 2019)
Treasurer	Mr Mark Thomas	
Secretary	Mrs Bebe Coleman Mrs Monica Buckle	(resigned 29 April 2019) (appointed 29 April 2019)
Electoral Roll Officer	Mrs Bebe Coleman	
Safeguarding Officer	Miss Beverley Ryan	(appointed 24 September 2019)

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Other legal and administrative information:

Charity Number	1139504
Principal Address	St. Margaret's Church Lothbury London EC2R 7HH
Bankers	Brown Shipley Founders Court Lothbury London EC2R 7HE HSBC Bank Plc PO Box 757 Hemel Hempstead Hertfordshire HP2 4SS
Main Safeguarding Officer	Mr Cliff Radmore
Building Manager	Mr Cliff Radmore
Independent Examiner	Chris Lockhart FCA Chris Lockhart Limited Chartered Accountant Suite 2015 Letraset Building Wotton Road Ashford Kent TN23 6LN
Investment Advisors	CCLA Investment Management Ltd St. Alphage House 2 Fore Street London EC2Y 5AQ The CBF Church of England St. Alphage House 2 Fore Street London EC2Y 5AQ

Signed on behalf of the Parochial Church Council of St. Margaret, Lothbury

The Reverend Prebendary Jeremy Crossley

Dated: 21 October 2020

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

I report to the members on my examination of the accounts of the Parochial Church Council of St. Margaret, Lothbury ("the PCC") ("the Charity") for the year ended 31 December 2019, which are set out on pages 7 to 19.

Responsibilities and basis of report

As the Charity Trustees of the PCC you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the PCC's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the PCC as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a "true and fair view" which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Chris Lockhart FCA
Chris Lockhart Limited

Chartered Accountant
Suite 2015 Letraset Building
Wotton Road
Ashford
Kent
TN23 6LN

Dated: 21 October 2020

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Designated funds £	Total 2019 £	Total 2018 as restated £
<u>Income and endowments from:</u>							
Donations and legacies	2a	225,809	-	-	-	225,809	274,001
Charitable activities	2b	19,070	-	-	-	19,070	30,608
Investment income	2c	386	7,630	521	7,141	15,678	11,885
Other	2d	27,941	134,886	-	-	162,827	186,634
Total income		273,206	142,516	521	7,141	423,384	503,128
<u>Expenditure on:</u>							
Raising funds		2,590	-	-	-	2,590	2,448
Charitable activities	3	233,657	184,690	-	31,845	450,192	451,956
Total expenditure		236,247	184,690	-	31,845	452,782	454,404
Net gains/(losses) on investments	7	-	26,764	1,489	61,103	89,356	(2,819)
Net income/(expenditure)		36,959	(15,410)	2,010	36,399	59,958	45,905
Transfers between funds		(40,295)	47,152	-	(6,857)	-	-
Net movement in funds		(3,336)	31,742	2,010	29,542	59,958	45,905
Reconciliation of funds:							
Fund balances brought forward as restated	12	274,262	214,838	8,743	573,606	1,071,449	1,025,544
Fund balances carried forward	12	270,926	246,580	10,753	603,148	1,131,407	1,071,449

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 as restated £
Fixed assets					
Tangible assets	6		3,584		3,546
Investments	7		746,001		656,124
			<u>749,585</u>		<u>659,670</u>
Current assets					
Debtors	8	25,427		76,980	
Investments: cash deposits		92,487		87,797	
Cash at bank and in hand		311,803		303,520	
		<u>429,717</u>		<u>468,297</u>	
Creditors: amounts falling due within one year	9	(47,895)		(56,518)	
		<u></u>		<u></u>	
Net current assets			<u>381,822</u>		<u>411,779</u>
Net assets			<u>1,131,407</u>		<u>1,071,449</u>
Income funds					
Unrestricted funds			270,926		274,262
Restricted funds	12		246,580		214,838
Endowment funds	12		10,753		8,743
Designated funds	12		603,148		573,606
			<u>1,131,407</u>		<u>1,071,449</u>

Approved by the Parochial Church Council on 21 October 2020 and signed on its behalf by:

The Reverend Prebendary Jeremy Crossley
Chairman

Mr Mark Thomas
Treasurer

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable accounting standards.

The accounts have been prepared under the historical cost convention except for the valuation of investment assets which are shown at fair value. The financial statements include all transactions, assets and liabilities for which the PCC is responsible in law.

No material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern have been identified by the members.

1.2 Funds

General funds included in unrestricted funds represent the funds of the PCC that are not subject to any restrictions regarding their use and are available for application in the general purposes of the PCC. Funds designated for a particular purpose by the PCC are also unrestricted.

Restricted funds are subject to specific conditions by donors as to how they may be used. The funds 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 will invest separately for each fund wherever practical or required but not exclusively. The purposes and uses of restricted funds are set out in the notes to the accounts.

Endowment funds are funds for which the capital must be maintained. Only income arising from the investment of the endowment may be used for specific charitable purposes and this is dealt with through a further restricted fund.

1.3 Income and endowments

Donations and legacies

Collections are recognised when received on or on behalf of the PCC. Planned giving receivable under covenant is recognised only when received. Income tax recoverable on covenants or Gift Aid donations is recognised when the income is recognised. Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement and the amount due except for Heritage Lottery Fund grants which are accounted for when the entitlement to the grant becomes certain. Sales of books and magazines from the Church bookstall are accounted for gross.

Income from investments

Dividends and interest are accounted for when receivable. Tax recoverable on such income is recognised in the same accounting year.

Gains and losses on investments

Realised and unrealised gains and losses on investments and investment properties are included in the statement of financial activities as "Net gains/(losses) on investments".

1.4 Expenditure

All costs are recognised when the liability is incurred and can be quantified with reasonable accuracy. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates. Items of expenditure are allocated directly to grants or activities directly relating to the work of the Church. Support costs are directly allocated to activities.

Grants

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Activities directly relating to the work of the Church

The diocesan quota or parish share is accounted for when payable. Any quota unpaid at the year end is provided for in these accounts as an accrual (though not a legal liability) and is shown as a creditor in the balance sheet.

1.5 Fixed assets

Consecrated land and buildings and moveable church furnishings

Consecrated and beneficed property is excluded from the accounts in accordance with section 10(2)(a) of the Charities Act 2011.

No value is put on the movable Church furnishings held by the churchwardens in special trust for the PCC and which require a faculty for disposal since the PCC considers this to be an inalienable property. All expenditure incurred during the year on consecrated or benefice buildings and movable Church furnishings, whether maintenance or improvement, is written off as expenditure in the SOFA and separately disclosed.

Other fixtures, fittings and office equipment

Depreciation is provided on all tangible fixed assets over a purchase price of £500, so as to write off the cost of the assets over their estimated useful lives, as follows:

Soft furnishings	Straight line basis over 10 years
Fixtures, fittings and office equipment	Straight line basis over 5 years

Investments

Investments are stated at fair value at the balance sheet date. Cash balances are included as fixed asset investments if they are invested in accounts of an investment nature and are intended to be held for a period of more than 12 months from the balance sheet date.

1.6 Current assets

Amounts owing to the PCC at the year end in respect of fees, rents or other income are shown as debtors.

Current asset investments include cash held on deposit either with the CBF Church of England Funds or at the bank and are intended to be held for a period between 3 and 12 months from the balance sheet date.

1.7 Donated assets and services

In accordance with the Charities SORP (FRS 102), the value of volunteer help is not included in the Financial Statements.

Donated assets are recognised as income when the PCC has control over the item, any conditions attached to the donation have been met, the receipt of economic benefit from the use by the PCC of the item is probable and that economic benefit can be measured reliably.

On receipt, donated assets are recognised as income on the basis of the value of the gift to the PCC which is the amount the PCC would have been willing to pay to obtain an asset of equivalent economic benefit on the open market; a corresponding amount is then recognised as an asset in the period of receipt.

1.8 Financial Instruments

The charity only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as other debtors and creditors, which are measured at settlement value. Impairment losses are recognised in the Statement of Financial activities.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Income and endowments

	Unrestricted funds £	Restricted funds £	Endowment funds £	Designated funds £	Total 2019 £	Total 2018 £
a. Donations and legacies <i>Incoming resources from donors</i>						
Donations made under the						
Gift Aid scheme	78,517	-	-	-	78,517	83,652
Income tax recoverable	19,629	-	-	-	19,629	20,913
Other donations	48,139	-	-	-	48,139	68,982
Voluntary Church rate	79,524	-	-	-	79,524	100,454
	<u>225,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,809</u>	<u>274,001</u>
b. Charitable activities <i>Income from operating activities to further the council's objectives</i>						
Service fees	2,320	-	-	-	2,320	2,708
Use of church building	16,750	-	-	-	16,750	27,900
	<u>19,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,070</u>	<u>30,608</u>
c. Investment income						
Dividends and interest	386	7,630	521	7,141	15,678	11,885
d. Other income						
Grants	8,934	134,886	-	-	143,820	170,959
Salary contribution	19,007	-	-	-	19,007	15,675
	<u>27,941</u>	<u>134,886</u>	<u>-</u>	<u>-</u>	<u>162,827</u>	<u>186,634</u>

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Expenditure on Charitable Activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Designated funds £	Total 2019 £	Total 2018 £
a. Grants						
Charitable giving	1,132	-	-	-	1,132	1,128
b. Activities directly relating to the work of the Church						
Ministry						
Diocesan quota	82,800	-	-	-	82,800	82,600
Curate	-	-	-	31,845	31,845	32,072
Clergy expenses	1,245	-	-	-	1,245	1,562
Outreach	3,545	-	-	-	3,545	3,290
Other clergy & service costs	1,443	637	-	-	2,080	3,536
CPD	60	-	-	-	60	378
Building manager	38,026	-	-	-	38,026	35,488
Church running expenses	15,191	306	-	-	15,497	17,201
Church maintenance (inc. organ)	11,444	161,439	-	-	172,883	186,751
Organist's retainer	1,000	-	-	-	1,000	1,000
Housekeeper	5,671	-	-	-	5,671	5,337
Celebrate	24,445	-	-	-	24,445	21,733
St. Mary Woolnoth	23,276	-	-	-	23,276	19,062
<i>Support costs allocated to activities:</i>						
Personnel costs	16,212	-	-	-	16,212	15,150
Office costs	1,041	-	-	-	1,041	1,535
Professional fees	5,289	22,308	-	-	27,597	22,544
Bank interest and charges	32	-	-	-	32	36
Depreciation	1,805	-	-	-	1,805	1,553
	232,525	184,690	-	31,845	449,060	450,828
Total	233,657	184,690	-	31,845	450,192	451,956

Professional fees include the following amounts due to the Independent Examiner:

	2019 £	2018 £
Independent Examination fees		
Current year	1,400	1,400
Prior year	-	250
	1,400	1,650

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Personnel

Number of employees

The average monthly head count was 2 (2018: 2). The average monthly number of full-time equivalent employees during the year was 1 (2018: 1).

Employment costs

	2019 £	2018 £
Wages and salaries	56,796	47,787
Social security costs	2,474	1,591
Other pension costs	2,783	2,589
	<hr/>	<hr/>
	62,053	51,967
	<hr/>	<hr/>

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

Regular outsourced services:

	2019 £	2018 £
Bookkeeper	10,955	10,990
Housekeeper	5,671	5,337
	<hr/>	<hr/>
	16,626	16,327
	<hr/>	<hr/>

During the year the PCC outsourced bookkeeping and housekeeping services, neither of whom earned more than £60,000. The organist continued to receive his retainer of £1,000.

One curate is on the payroll of another church in the parish. The curate's salary cost is partially recharged to the PCC and came to £31,845 (2018: £32,072).

The members of the PCC and the building manager comprise the key management personnel of the charity and received aggregate remuneration totalling £43,948 (2018: £40,664). The members of the PCC received no remuneration (see note 5).

5 Transactions with Trustees

No member of the PCC (or any persons connected with them) received any remuneration during the year. Expenses totalling £1,245 were due to one member of the PCC for the year (2018: £1,562 to one member). No pension benefits are accruing to any member of the PCC.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Tangible fixed assets

	Soft furnishings £	Fixtures, fittings & equipment £	Total £
Cost			
Brought forward	12,070	23,504	35,574
Additions	-	1,843	1,843
Carried forward	12,070	25,347	37,417
Depreciation			
Brought forward	9,469	22,559	32,028
Charge for the year	1,090	715	1,805
Carried forward	10,559	23,274	33,833
Net book value At 31 December 2019	1,511	2,073	3,584
At 31 December 2018	2,601	945	3,546

Net book value at 31 December 2019 represents fixed assets used for direct charitable purposes.

7 Fixed asset investments

	Unlisted investments £	Cash or cash equivalents £	Total £
Fair value at 1 January 2019	456,124	200,000	656,124
Additions	521	-	521
Disposals	-	-	-
Change in value in the year	89,356	-	89,356
Fair value at 31 December 2019	546,001	200,000	746,001

Investments are held to provide an investment return for the PCC.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Debtors

	2019 £	2018 £
Income tax recoverable	19,629	42,507
Occasional services	2,430	2,518
Other debtors and prepayments	3,368	31,955
	<u>25,427</u>	<u>76,980</u>

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Other creditors	39,351	46,268
Accruals and deferred income	8,544	10,250
	<u>47,895</u>	<u>56,518</u>

10 Pensions and other post-retirement benefit commitments

Defined contribution scheme

The PCC operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the PCC to the fund.

	2019 £	2018 £
Contributions payable by the PCC for the year	<u>2,783</u>	<u>2,589</u>

11 Related party transactions

There were no transactions with related parties during the year other than as disclosed in note 5 (2018: £nil) and there were no balances outstanding with related parties as at 31 December 2019 (2018: £nil).

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Funds

The PCC holds endowment and restricted funds as follows:

Building repair fund

This comprises a restricted fund held for the purpose of repairing and maintaining the building and covers maintenance and repair work on the essential systems within the church and other work in the church not covered by the Building fabric fund. The income of this fund is received from an endowment fund held for the PCC by the London Diocese who is the sole trustee.

Building fabric capital fund and Building fabric fund

The Building fabric capital fund comprises a fund held for the purpose of generating an investment return to be applied for the purpose of maintaining the fabric of the building. The income generated by the fund is paid into the Building fabric fund with the same purpose of maintaining the fabric of the building. The capital fund is protected and only to be used if there is no balance remaining on the Building fabric fund.

Organ investment capital fund and Organ repair fund

The Organ investment capital fund comprises a fund held for the purpose of generating an investment return to be applied for the purpose of maintaining the organ. The income generated by the fund is paid into the Organ repair fund to pay for maintenance and repair work on the organ. The capital fund is protected and only to be used if there is no balance remaining on the Organ repair fund.

John Simmons Charity

This is an old historic charity fund held within the PCC intended to benefit the poor in the parish. Income is added to this endowment fund as there are no current beneficiaries of this charity.

Heritage Lottery Fund Grant

This comprises a grant received to assist with the repair work needed on the Church Tower and is held in a restricted fund. Grant income falls due when the repair work has been carried out.

The F E Cleary Trust

This is a restricted fund whereby grants are paid for specific projects within the building or garden.

City Churches' Grants Committee

This is a restricted fund whereby grants are paid for specific projects.

The PCC also holds:

Designated funds

These represent funds set aside by the members of the PCC to cover specific aims. The Reserve fund is to ensure sufficient reserves are held to enable the PCC to continue to operate for a period of twelve months. A separate fund was set aside for the cost of the curate in the current year and the Vicar's discretionary fund and the Rectory repair fund are to cover additional costs as described.

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Funds (continued)

Prior year adjustment

On 25 February 2020, after taking legal advice, the members of the PCC passed a resolution to reinstate the historic treatment of two funds previously presented as endowment funds in recent accounts. These two funds were previously described as the Fabric fund and the Organ investment fund. The PCC have resolved that henceforth these funds are to be known as the Fabric capital fund and the Organ investment capital fund and are to be treated as separate funds within restricted funds.

The accounts for the year ended 31 December 1993 show that these two funds were not originally described as endowment funds and that the accepted endowment fund, the Building repair fund (now held by the Diocese of London as sole trustee), was described as an endowment fund. Each fund at that time had a capital fund and an income fund in accordance with the prevailing recommended accounting practice. The members of the PCC assert that the capital funds of the Fabric fund and the Organ investment fund (previously called the Extraordinary repair fund) were in later accounts erroneously described as endowment funds when the prevailing recommended accounting practice changed. The members of the PCC have considered the available evidence and have taken legal and professional advice on this matter as well as consulting the Diocese of London. This resolution to reinstate these funds as capital funds within restricted funds is to be reflected in the accounts as a prior year adjustment as the members of the PCC assert that the presentation in recent accounts has been erroneous.

The impact of the prior year adjustment on brought forward funds is as follows:

Endowment funds

	Brought forward	Prior year adjustment	Brought forward as restated
	£	£	£
Fabric fund (CCLA CBF)	116,382	(116,382)	-
Organ investment fund	27,932	(27,932)	-
John Simmons Charity	8,743	-	8,743
	<u>153,057</u>	<u>(144,314)</u>	<u>8,743</u>

Restricted funds

	Brought forward	Prior year adjustment	Brought forward as restated
	£	£	£
Capital funds:			
Fabric capital fund	-	116,382	116,382
Organ investment capital fund	-	27,932	27,932
Arising from endowments and restricted capital funds:			
Fabric fund	17,554	-	17,554
Organ repair fund	17,129	-	17,129
Building repairs	35,465	-	35,465
Historic difference	376	-	376
	<u>70,524</u>	<u>144,314</u>	<u>214,838</u>

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Funds (continued)

Movements on each fund during the year are as follows:

Restricted funds

	Brought forward as restated £	Gain on investments £	Income £	Expenditure £	Transfers £	Carried forward £
Capital funds:						
Fabric capital fund	116,382	21,770	4,016	-	(4,016)	138,152
Organ investment capital fund	27,932	4,994	988	-	(988)	32,926
Arising from endowments and restricted capital funds:						
Fabric fund	17,554	-	390	-	4,016	21,960
Organ repair fund	17,129	-	-	(2,652)	988	15,465
Building repairs	35,465	-	2,236	-	-	37,701
Church Spire Project:			24,636	(71,788)	47,152	-
Heritage Lottery Fund Grant	-	-	100,250	(100,250)	-	-
F E Cleary Trust	-	-	-	-	-	-
City Churches' Grants Committee	-	-	10,000	(10,000)	-	-
Historic difference	376	-	-	-	-	376
	<u>214,838</u>	<u>26,764</u>	<u>142,516</u>	<u>(184,690)</u>	<u>47,152</u>	<u>246,580</u>

The overspend arising on the Church Spire Project, which was completed in the year, has been covered by a transfer from unrestricted reserves.

Endowment funds

	Brought forward as restated £	Gain on investments £	Dividends and interest £	Transfers £	Carried forward £
John Simmons Charity	8,743	1,489	521	-	10,753

A Building Repair endowment fund is held for the PCC by the Diocese of London, which acts as sole trustee and has sole managerial responsibility for the capital value of this fund. The value of this fund held at the year end is £76,906 (2018: £64,788).

THE PAROCHIAL CHURCH COUNCIL OF ST. MARGARET, LOTHBURY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Funds (continued)

Designated funds

	Brought forward £	Gain on investments £	Income £	Expenditure £	Transfers £	Carried forward £
Reserve	571,120	61,103	7,141	-	(38,702)	600,662
Curate	-	-	-	(31,845)	31,845	-
Vicar's discretionary fund	436	-	-	-	-	436
Rectory repairs	2,050	-	-	-	-	2,050
	<u>573,606</u>	<u>61,103</u>	<u>7,141</u>	<u>(31,845)</u>	<u>(6,857)</u>	<u>603,148</u>

13 Analysis of net assets by fund

	Unrestricted funds	Restricted funds	Endowment funds	Designated funds	Total 2019	Total 2018
		£	£	£	£	£
Tangible fixed assets	3,584	-	-	-	3,584	3,546
Investments	-	171,078	10,753	564,170	746,001	656,124
Current assets	278,637	112,102	-	38,978	429,717	468,297
Current liabilities	(11,295)	(36,600)	-	-	(47,895)	(56,518)
	<u>270,926</u>	<u>246,580</u>	<u>10,753</u>	<u>603,148</u>	<u>1,131,407</u>	<u>1,071,449</u>

14 Post balance sheet event

In January 2020 substantive information about the SARS-CoV-2 virus, originating in China, began to emerge and COVID-19 was eventually declared a pandemic by the World Health Organisation in March 2020. The lockdown protocols instigated by the many major economies to tackle the spread of the virus resulted in significant falls in stock markets throughout the world. However, many global markets have recovered significantly since then and it is, as yet, uncertain what the impact will be on those markets in the short to medium term.

Whilst the value of the share-based investments held at 31 December 2019 is likely to be severely affected in 2020, this is a non-adjusting post balance sheet event. The members of the PCC are unable to quantify the effect of the stock market movement at the date of signing the accounts.