

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL
PARISH OF SOLIHULL**

(Charity number 1131647)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report of the Parochial Church Council for 2019

Reference and Administrative Information

Charity Registration:

The Parochial Church Council of the Ecclesiastical Parish of Solihull (the PCC) is registered with the Charity Commission under registered charity number 1131647

Team Rector and PCC Chairwoman:

The Rev Jane Kenchington, Rector of Solihull

Operational Address:

Parish Office, Church Hill Road, Solihull. B91 3RQ

Bankers:

Lloyds Bank, 9/14 Poplar Road, Solihull B91 3AN

Auditors:

Prime Accountants Group, Corner Oak, 1 Homer Road, Solihull, B91 3QG

Investment Advisors

CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET

Structure, governance and management

Governance

The parish of St Alphege, Solihull, comprises three churches which were formed into a Team Ministry by Pastoral Order in 1979. The Parish is part of the Diocese of Birmingham.

St Alphege, St Helen's and St Michael's Churches are governed by District Church Councils (DCC's) to which the PCC has delegated many of its functions. The PCC retains responsibility for certain reserved matters including those of a parish wide nature. The rules for the proceedings of the PCC are set out in the Church Representation Rules and the same rules apply, as far as may be, to the DCC's

Objectives and Activities

Object of the Church

The Parochial Church Council of the Ecclesiastical Parish of Solihull, ('the PCC') has the responsibility of co-operating with the Team Rector in promoting in the ecclesiastical parish the whole mission of the Church, pastoral, evangelistic, social and ecumenical. Other duties include ultimate responsibility for a wide range of matters affecting the Parish, including compliance with health and safety, disability discrimination legislation, data protection and safeguarding, and arranging appropriate training for members and staff. It also has certain responsibilities for each of the churches within the parish, and other major fund holders, such as the Oliver Bird Hall and St Alphege Pre-school, although many of these responsibilities are delegated to the DCC's of each church and the committees of other fund holders.

Public Benefit

The PCC has referred to the guidance contained in the Charity Commission's general guidance on Public benefit when reviewing the aim and objectives of the PCC and in planning its future activities.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2019 (continued)

Trustees and Management Committee

The members of the PCC (who are trustees for the purposes of Charity Law) who served during the year until the date this report was approved were:

| | <u>St Alphege</u> | <u>St Helen</u> | <u>St Michael</u> |
|--|---|--|---------------------------------|
| Clergy | The Rev. J Kenchington [Rector] The Rev. S Chandler | The Rev. H Greenham | The Rev. S Marshall |
| Parish Churchwardens | Mrs R Marshall Mr A Williams | | |
| Deputy Churchwardens | Mrs S Gomm Mrs S Sayers | Mr P Godfrey Mrs J Carrington | Mr K Wilson Mrs M Flood |
| Deanery Synod Representatives 2017-2020 | Mrs D Moll Mrs R Linstead Mr M Owens Mrs R Owens | Mrs B Moppett | Mr K Wilson |
| Church Centre Representatives | Mr T Drakeford | Mrs P Gates <i>? Mrs Carrington</i> | Mrs S Marshall Mr A Williams |
| Lay members of Diocesan Synod | Mr M Owens Mrs D Moll | Mrs B Moppett | |
| Co-options | Mrs V Dobson | | Mr R Crowdy |
| Readers | | Mrs B Moppett Mr C Carrington | |
| Elected Lay Reps (5) | Mr R Curtis Mrs J Ladbrooke Mrs R Marshall Mrs P Price Others who served during 2019 Mrs H Davis Mr N Eaton Mr S Fennell The Rev Dr S Gibson Mr P Greenham Mr S McClenaghan Mr R Morrissey Mr P Smith Mrs C Thorp | | |

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2019 (continued)

Statement of responsibilities of the members of the PCC (the trustees)

The trustees of the PCC are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees of the PCC to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period.

In preparing the financial statements the trustees of the PCC are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS 102);
- make judgments 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 financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The trustees of the PCC are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of Trustees

Members of the PCC, the trustees, are ex officio, or elected by the Annual Parochial Church Meeting ('the APCM') in accordance with the Church Representation Rules.

Committees

The PCC operates through a number of committees which meet between full meetings of the Council. These include the **Parish Standing Committee**, which is the only Committee required by law. It has the power to transact the business of the PCC between its meetings subject to any directions given by the PCC. Other committees include the **Implementation Group**, which is looking at various governance and structural issues arising from the Morgan report; the **Staffing Group**; the **Finance Group**; the **Communications Group**; and St Alphege, St Helen's and St Michael's which are governed by **District Church Councils (DCCs)**, to which the PCC has delegated many of its functions.

Risk Management

The major risks to which the PCC are exposed, which include financial risk, reputational risk, statutory risk and legal requirements and operational risk have been identified by PCC, are regularly reviewed, and systems and procedures have been established to manage those risks. Similar risk assessments and management of risks are regularly reviewed by DCCs and other fund holding committees.

Achievements and Performance

Church Attendance

As required, a new electoral roll was produced for the Parish during 2019. As of the Annual Parochial Church Meeting held on 7 December 2020, there were 509 names on the new electoral roll comprising:

- St Alphege Section: 334 (2018: 497)
- St Helen's Section: 94 (2018: 83)
- St Michael's Section: 81 (2018: 86)

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2019 (continued)

Review of the year ending 31st December 2019

During the year the PCC has continued with the implementation of certain recommendations contained in the 2017 Leadership and Governance report commissioned by the PCC in 2017. The major items implemented during 2019 were the appointment of a Pioneer Minister to reach out to some of the wider areas of the parish and of a Director of Operations to take on some of the increasingly complex employment and other compliance related tasks currently undertaken on a voluntary basis.

During the year, the PCC also set up a working group to look at ways to commemorate the 800-year anniversary of Christianity in Solihull in 2020. An imaginative and varied program of events and initiatives were developed, sadly some of which have been affected by the impact of the Coronavirus pandemic.

The work of the Chaplaincy Team, Youth leaders, and Pre-School has continued during the year and support for fellow Christians in Malawi has also continued.

The PCC continued to make regular grants to other charitable bodies, particularly missionary activity supported by the Diocese. It has also facilitated collections for other specific appeals.

The energies of the Team Clergy, the wardens and many lay people continued to be vital to the life of the community.

The PCC received reports throughout the year from the clergy and wardens on activities taking place in the various churches. The Parish Treasurer has reported regularly on the financial affairs of the Parish. The Parish Safeguarding Policy has been given updated during the year and reflects the latest guidance from the House of Bishops and the Diocese. The PCC has complied with its duty under section 5 of the Safeguarding and Clergy Discipline Measure 2016 to have due regard to House of Bishops' guidance on safeguarding children and vulnerable adults.

Since the year end, like almost all other charities, the Parish has been affected by the effects of the world wide pandemic "COVID-19", resulting in the closure of all three churches, the Oliver Bird Hall and St Alphege Pre-school, as well as a loss of income for 2020, which will probably also continue into 2021. The PCC is already studying the likely implications of this, and how it might re-act to this, but is fortunate to have adequate reserves and resources to continue supporting its mission and aims. It is already clear that today's church is different from what it was at the end of 2019, and is having to adapt to embrace new technology, including online media, to deliver services, music and support to the community and members.

Plans for the future

The five-year plan for the parish continued in 2019 as the consultant's report is enacted with support from the Diocese. This is a time of much leadership, thinking, consultation, action and praying. Other topic areas will include the continued focus on Governance and structures; Safeguarding, Staff employment and management and Data Protection.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2019 (continued)

Financial Report of the Parochial Church Council for 2019

Overall, the parish had a surplus of £119,618 on total funds, although £141,964 of this came from one extremely generous legacy, so there was an actual operating deficit of £ (22,346).

During the year there were investment gains of £316,197 on total funds (which therefore increased the amount of the parish's overall funds by £435,815) - £313,144 of which was used to purchase a property for our new Pioneer Minister -but increasingly the parish needs to actually realise investment gains each year (following the "total income" concept of funding ongoing operating costs) in order to fund growing deficits, notably on the St Francis Parish Fund and the St Alphege General Fund; or, in the short term, be prepared to use existing liquid resources held within the parish, if investments are not realised; or greatly reduce our expenditure in certain areas of our ministry and outreach initiatives.

There continued to be an operating deficit, £ (78,331) this year, £ (20,476) in 2018, on the St Francis Parish Fund, where our expenditure on Mission and Outreach activities in recent years has consistently exceeded income – a situation which will be greatly exacerbated by the further ongoing costs arising from the appointments of a Pioneer Minister and a Director of Operations.

During the year, throughout the parish, we continued to try and attract new members and families, as well as getting existing members to refocus on increasing their planned giving (where this is possible). Expenditure continues to be well controlled by all budget holders, although it is becoming more difficult for all fund holders to maintain balanced budgets because of the effects of falling income, rising inflation, and continuing rises in employment costs – caused, in part, by the fact that, in order to ensure that we comply with an ever increasing amount of legislation, we are having to employ more suitably qualified individuals, where previously we were able to rely on volunteers.

Investment Policy

The PCC holds the vast majority of its investments with the CCLA and considers that its investment policy in all material respects meets the Charity Commission's recommendations. The PCC's general policy is, whenever possible, to invest in collective investment funds with an acceptable social, environmental and ethical policy, producing a regular income together with an element of capital growth. Other investments with similar characteristics may be considered.

Reserves Policy

The general reserves of the PCC are mainly represented by equity investments, property, including houses for clergy and the parish hall (Oliver Bird Hall) and cash balances. The 'free reserves' (excluding designate funds) are represented by General Fund net current assets, which at the end of the year amounted to £354,425 which equates to the sum required to meet about 5 months regular on-going costs. Whilst this is higher than the Charity Commissions recommended amount of 3 to 4 months, in view of the age of St Alphege church and the parish hall –both of which could incur substantial expenditure at relatively short notice- and the need for the St Francis fund to hold sufficient monies at the end of the financial year to fund its projected budget deficit for the following year - the PCC considers that its free reserves are reasonable under all the circumstances.

Auditors

Prime Accountants and Business Advisors Limited have expressed their willingness to continue in office and will be proposed for re-appointment at the Annual Parish Church Meeting.

Approved by the PCC on 18th November 2020 and signed on its behalf by:



A. K. Wilson (Chairman)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF SOLIHULL

Opinion

We have audited the financial statements of The Parochial Church Council of the Ecclesiastical Parish of Solihull ('the PCC') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the PCC's affairs as at 31st December 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the PCC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF SOLIHULL (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the PCC and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the PCC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the PCC or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors

Use of our report

This report is made solely to the PCC, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the PCC's trustees 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 PCC and the charity's trustees as a body, or for the opinions we have formed.

Prime
Chartered Accountants
Statutory Auditor
Corner Oak
1 Homer Road
Solihull
B91 3QG

Date 14/12/2020

Statement of Financial Activities (SOFA)

| | Note | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | TOTAL FUNDS 2019 £ | 2018 £ |
|--|------|-------------------------|-----------------------|----------------------|--------------------------|-------------------|
| Income and endowments from: | | | | | | |
| Donations and Legacies | 2(a) | 566,685 | 379 | - | 567,064 | 422,837 |
| Charitable Activities | 2(b) | 214,218 | - | - | 214,218 | 202,908 |
| Other Trading Activities | 2(c) | 100,349 | - | - | 100,349 | 97,301 |
| Investments | 2(d) | 91,624 | 3,796 | - | 95,420 | 92,940 |
| Total income and endowments | | 972,876 | 4,175 | - | 977,051 | 815,986 |
| Expenditure on: | | | | | | |
| Raising funds | 3(a) | 71,053 | - | - | 71,053 | 60,961 |
| Charitable activities: | 3(b) | 786,115 | 265 | - | 786,380 | 705,693 |
| Total expenditure | | 857,168 | 265 | - | 857,433 | 766,654 |
| Net income | | 115,708 | 3,910 | - | 119,618 | 49,332 |
| Net gains / (losses) on revaluation of investments | | 225,371 | 19,168 | 9,837 | 254,376 | (15,671) |
| Net gains on disposal of investments | | 61,821 | - | - | 61,821 | - |
| Net movement in funds | | 402,900 | 23,078 | 9,837 | 435,815 | 33,661 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward as 1 January 2019 | | 3,100,844 | 256,429 | 61,328 | 3,418,601 | 3,384,940 |
| Total funds carried forward at 31 December 2019 | | £3,503,744 | £279,507 | £71,165 | £3,854,416 | £3,418,601 |

There were no recognised gains or losses for 2019 or 2018 other than those recognised in the Statements of Financial Activities.

The Notes on pages 10 to 16 form part of this account

Statement of Financial Activities (SOFA)

[Comparative figures for 2018]

| | Note | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | TOTAL FUNDS 2018 £ |
|--|------|-------------------------|-----------------------|----------------------|--------------------------|
| Income and endowments from: | | | | | |
| Donations and Legacies | 2(a) | 422,347 | 490 | - | 422,837 |
| Charitable Activities | 2(b) | 202,908 | - | - | 202,908 |
| Other Trading Activities | 2(c) | 97,301 | - | - | 97,301 |
| Investments | 2(d) | 89,334 | 3,606 | - | 92,940 |
| Total income and endowments | | 811,890 | 4,096 | - | 815,986 |
| Expenditure on: | | | | | |
| Raising funds | 3(a) | 60,961 | - | - | 60,961 |
| Charitable activities: | 3(b) | 705,528 | 165 | - | 705,693 |
| Total expenditure | | 766,489 | 165 | - | 766,654 |
| Net income | | 45,401 | 3,931 | - | 49,332 |
| Net (losses) on revaluation of investments | | (13,324) | (1,551) | (796) | (15,671) |
| Net movement in funds | | 32,077 | 2,380 | (796) | 33,661 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward as 1 January 2018 | | 3,068,767 | 254,049 | 62,124 | 3,384,940 |
| Total funds carried forward at 31 December 2018 | | £3,100,844 | £256,429 | £61,328 | £3,418,601 |

There were no recognised gains or losses for 2018 other than those recognised in the Statements of Financial Activities.

The Notes on pages 10 to 16 form part of this account

Balance Sheet

| | Note | 2019 £ | 2018 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible fixed assets | 10 | 918,695 | 605,551 |
| Investment assets | 11 | <u>2,113,649</u> | <u>2,247,452</u> |
| | | <u>3,032,344</u> | <u>2,853,003</u> |
| Current assets | | | |
| Stocks | | 1,550 | 1,920 |
| Debtors | 12 | 24,481 | 24,257 |
| Short-term deposits | | 442,034 | 318,239 |
| Cash at bank and in hand | | <u>464,471</u> | <u>349,666</u> |
| | | <u>932,536</u> | <u>694,082</u> |
| Liabilities: amounts falling due within one year | | | |
| Creditors | 13 | <u>(110,464)</u> | <u>(128,484)</u> |
| Net current assets | | <u>822,072</u> | <u>565,598</u> |
| Total assets | 14 | <u>£3,854,416</u> | <u>£3,418,601</u> |
| Funds | | | |
| Endowment funds | 15(a) | 71,165 | 61,328 |
| Restricted funds | 15(b) | 279,507 | 256,429 |
| Unrestricted and designated funds | 15(c) | <u>3,503,744</u> | <u>3,100,844</u> |
| | | <u>£3,854,416</u> | <u>£3,418,601</u> |

Approved by the Parochial Church Council on 18th November 2020 and signed on its behalf by:

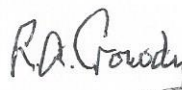
A. K. Wilson

Chairman



R.A. Crowdy

Treasurer



The Notes on pages 10 to 16 form part of this account

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2019

Statement of cash flows

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|----------------|
| Cash flows from operating activities | | | |
| <i>Net cash provided by (used in) operating activities</i> | 17 | <u>6,324</u> | <u>(9,448)</u> |
| Cash flows from investing activities | | | |
| Investment income | | 95,420 | 92,940 |
| Sale / (Purchase) of investments | | 450,000 | (20,000) |
| (Purchase) of Tangible Fixed Assets | | <u>(313,144)</u> | <u>-</u> |
| | | <u>232,276</u> | <u>72,940</u> |
| <i>Change in cash and cash equivalents in the reporting period</i> | | 238,600 | 63,492 |
| Cash and cash equivalents at the beginning of the reporting period | | 667,905 | 604,413 |
| <i>Cash and cash equivalents at the end of the reporting period</i> | 18 | <u>906,505</u> | <u>667,905</u> |

The Notes on pages 10 to 16 form part of this account

Notes to the financial statements

(1) Accounting policies**a) Basis of preparation**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "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) (effective 1 January 2015)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£)

b) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

c) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Income recognition

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Collections and planned giving is only recognised when received, although any income tax recoverable on Gift Aid donations is accrued for the period ended 31st December.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity where it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Rental income from the letting of church premises is recognised when the rental is due.

Income from investments includes dividends and interest, and is accounted for when receivable.

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation at 31st December each year.

e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably.

The Diocesan Common Fund is accounted for when paid and other expenditure is generally recognised when it is incurred and is accounted for gross.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance, then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Notes to the financial statements (continued)

f) Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management costs. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

g) Tangible fixed assets**Consecrated land and buildings and movable church furnishings**

Consecrated and beneficed property (of St Alphege and St Helen's) is excluded from the financial statements by s.10(2)(a) of the Charities Act 2011. No value is placed on movable church furnishings held by the churchwardens on special trust for the PCC and which requires a faculty for disposal since the PCC considers this to be an inalienable property. All expenditure incurred during the year on consecrated or beneficed buildings and movable church furnishings, whether maintenance or improvement, is written off as expenditure in the Statement of Financial Activities and separately disclosed.

Freehold land and buildings

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

No depreciation is provided on freehold properties on the grounds that, in the opinion of the PCC, given the high residual value of properties, the depreciation charge and accumulated depreciation would be immaterial to these accounts. The PCC has taken advice on the carrying value of the properties and a provision is not considered necessary.

Equipment

Equipment used within church buildings is written off when the asset is acquired.

h) Investments

Investments are valued at market value at 31st December 2019

i) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Amounts owing to the PCC at 31 December in respect of fees, rents or other income are shown as debtors, less provision for amounts that may prove uncollectible.

j) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes

k) Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for slow moving items.

l) Cash and cash equivalent

Cash for the purpose of the cash flow statement comprises cash in hand and deposits which may be accessed within 24 hours or without notice and penalty.

Liquid resources comprise term deposits of less than one year, other than cash and balances held by investment portfolio managers for reinvestment.

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA)

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | TOTAL FUNDS 2019 £ | 2018 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------------|-----------------|
| (2) Income and endowments from: | | | | | |
| (a) Donations and Legacies | | | | | |
| Planned giving | 280,371 | - | - | 280,371 | 286,562 |
| Income tax refunds | 68,349 | - | - | 68,349 | 68,705 |
| Cash collections | 18,399 | 379 | - | 18,778 | 19,630 |
| General purpose donations | 30,772 | - | - | 30,772 | 14,351 |
| Grants received | 22,325 | - | - | 22,325 | - |
| Donations and appeals | 4,505 | - | - | 4,505 | 5,328 |
| Legacies | 141,964 | - | - | 141,964 | 28,261 |
| Total | 566,685 | 379 | - | 567,064 | 422,837 |
| (b) Charitable Activities | | | | | |
| Bookstall | 496 | - | - | 496 | 1,295 |
| Magazine sales | 1,850 | - | - | 1,850 | 2,162 |
| Fees (Statutory) | 24,592 | - | - | 24,592 | 27,560 |
| Fees (Other - Pre-school) | 187,280 | - | - | 187,280 | 171,891 |
| Total | 214,218 | - | - | 214,218 | 202,908 |
| (c) Other Trading Activities | | | | | |
| Bookstall | 4,729 | - | - | 4,729 | 4,824 |
| Magazine advertising | 7,091 | - | - | 7,091 | 7,738 |
| Church/Hall lettings | 77,392 | - | - | 77,392 | 72,929 |
| Social and similar events | 11,137 | - | - | 11,137 | 11,810 |
| Total | 100,349 | - | - | 100,349 | 97,301 |
| (d) Investments | | | | | |
| Dividends | 82,681 | 3,541 | - | 86,222 | 84,272 |
| Deposit account interest | 1,443 | 255 | - | 1,698 | 1,168 |
| Rent received | 7,500 | - | - | 7,500 | 7,500 |
| Total | 91,624 | 3,796 | - | 95,420 | 92,940 |
| Total income and endowments from: | £972,876 | £4,175 | - | £977,051 | £815,986 |

Included in the 2018 total income of £815,986 was £811,890 unrestricted and £4,096 restricted fund.

Statement of Financial Activities (SOFA) (continued)

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | TOTAL FUNDS 2019 £ | 2018 £ |
|--------------------------------|----------------------------|--------------------------|-------------------------|--------------------------|-----------------|
| (3) Expenditure on: | | | | | |
| (a) Raising funds | | | | | |
| Bookstall | 3,819 | - | - | 3,819 | 3,604 |
| Magazine | 5,292 | - | - | 5,292 | 5,056 |
| Hall running costs | 57,219 | - | - | 57,219 | 49,194 |
| Costs of fundraising events | 4,723 | - | - | 4,723 | 3,107 |
| Total | 71,053 | - | - | 71,053 | 60,961 |
| (b) Charitable activities: | | | | | |
| Ministry: | | | | | |
| Diocesan Common Fund | 255,276 | - | - | 255,276 | 250,713 |
| Clergy working expenses | 7,307 | - | - | 7,307 | 9,262 |
| Clergy housing | 23,878 | - | - | 23,878 | 9,510 |
| Charity - running expenses | 69,363 | - | - | 69,363 | 67,447 |
| Church maintenance | 35,221 | - | - | 35,221 | 10,047 |
| Upkeep of services | 7,287 | - | - | 7,287 | 6,886 |
| Upkeep of churchyard | 4,895 | - | - | 4,895 | 5,584 |
| Cost of sales | 1,850 | - | - | 1,850 | 2,162 |
| Support costs | 14,946 | - | - | 14,946 | 8,915 |
| Salaries and wages | 320,778 | - | - | 320,778 | 290,869 |
| Administration | 21,178 | 265 | - | 21,443 | 15,177 |
| Missionary & charitable giving | | | | | |
| Church overseas | 6,277 | - | - | 6,277 | 4,316 |
| Relief & dev't agencies | 1,150 | - | - | 1,150 | 710 |
| Home missions &c | 8,290 | - | - | 8,290 | 12,115 |
| Secular charities | 8,419 | - | - | 8,419 | 11,980 |
| Total | 786,115 | 265 | - | 786,380 | 705,693 |
| Total expenditure on: | £857,168 | £265 | # | £857,433 | £766,654 |

Included in the 2018 total expenditure of £766,654 was £766,489 unrestricted and £165 restricted fund.

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA) (continued)

| Statement of Financial Activities (SFA) (continued) | | | | | |
|---|--|-------------------------------------|-------------------------|--------------------|---------------|
| | Activities directly undertaken £ | Grant funding of activities £ | Support Costs £ | TOTAL 2019 £ | |
| (4) Analysis of expenditure including allocation of support costs (2019) | | | | | |
| Raising funds | 71,053 | | | 71,053 | |
| Charitable activities | | | | | |
| Resourcing Ministry | 725,855 | | 36,389 | 762,244 | |
| Resourcing Mission | | 24,136 | | 24,136 | |
| | <u>796,908</u> | <u>24,136</u> | <u>36,389</u> | <u>857,433</u> | |
| | Activities directly undertaken £ | Grant funding of activities £ | Support Costs £ | TOTAL 2018 £ | |
| Analysis of expenditure including allocation of support costs (2018) | | | | | |
| Raising funds | 60,961 | | | 60,961 | |
| Charitable activities | | | | | |
| Resourcing Ministry | 652,480 | | 24,092 | 676,572 | |
| Resourcing Mission | | 29,121 | | 29,121 | |
| | <u>713,441</u> | <u>29,121</u> | <u>24,092</u> | <u>766,654</u> | |
| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | TOTAL FUNDS | |
| | | | | 2019 £ | 2018 £ |
| (5) Analysis of support costs | | | | | |
| Resourcing Ministry | 14,946 | | | 14,946 | 8,915 |
| Administration costs | 15,898 | 265 | - | 16,163 | 9,977 |
| Audit fee | 5,280 | | | 5,280 | 5,200 |
| | <u>36,124</u> | <u>265</u> | <u>-</u> | <u>36,389</u> | <u>24,092</u> |

(6) Auditors remuneration

The auditors remuneration amounts to an audit fee of £5,280 (2017: £5,200), which is included in administration costs.

(7) Trustees, key management personnel and related parties

Although there are a number of different funds, there is no one body or committee, other than the PCC itself, which has significant control or influence, financial or otherwise, over the running of the charity. There are, therefore, no key personnel, other than the trustees as a body.

Aggregate contributions to the charity's funds from all trustees amounted to £48,425 (2018: £48,858)

(8) Staff costs

| | £ | £ |
|-----------------------|-----------------|-----------------|
| Wages and salaries | 299,414 | 274,290 |
| Social security costs | 15,589 | 13,372 |
| Pension costs | 5,775 | 3,207 |
| | <u>£320,778</u> | <u>£290,869</u> |

During the year the PCC employed an average of 3 youth and children's workers (2018 -3), 15 pre-school staff (2018-16), 10 administration and support staff (2018-10) and 1 other (2018-1), the majority of whom worked part-time.

No Employee received remuneration in excess of £60,000.

(9) Pension

The PCC operates defined contribution pension schemes for eligible employees, making payments into the National Employment Savings Trust (NEST). The amount recognised as an expense in the period was £5,775 (2018: £3,207).

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2019

Balance Sheet

Fixed assets

(10) Tangible fixed assets

Cost

At 1 January 2019

Additions

At 31 December 2019

Depreciation

At 1 January 2019

At 31 December 2019

Net book value

At 31 December 2019

At 31 December 2018

Freehold property comprises:

Oliver Bird Hall, Solihull at cost

Church Hill Close, Solihull at cost

Middlewood Drive, Solihull at cost

Investment Assets

(11) Quoted investments

Market value

At 1 January 2019

Disposals

Gains on realisations and revaluations

At 31 December 2019

Quoted investments comprise:

Central Board of Finance of the Church of England (CBF):

- 87,118.59 Investment Fund income shares (Cost £837,970)

- 316,986.92 Property Fund shares (Cost £346,000)

COIF Charities:

- 4,427.52 Ethical Investment Fund shares (Cost £10,000)

- 2,820.23 Global Equity Fund shares ((Cost £5,000)

- 3,709.92 Fixed Interest Fund shares (Cost £5,000)

Total quoted investments

(12) Debtors

Income tax recoverable

Prepayments

Other debtors

(13) Creditors: amounts falling due within one year

Accruals

Trade creditors

Other creditors

(14) Analysis of net assets by type of fund

Tangible fixed assets

Investment assets

Current assets

Current liabilities

**(14) Analysis of net assets by type of fund
[Comparative figures for 2018]**

Tangible fixed assets

Investment assets

Current assets

Current liabilities

At 31st December 2019

Freehold
property
£

Total
2019
£

605,551

605,551

313,144

313,144

918,695

918,695

-

-

-

-

£918,695

£918,695

£605,551

£605,551

230,551

375,000

313,144

£ 918,695

2019

£

2,247,452

(450,000)

1,797,452

316,197

£2,113,649

2019

£

2018

£

1,666,230

1,791,623

424,984

436,428

11,489

9,712

5,844

4,743

5,102

4,946

2,113,649

2,247,452

2019

£

2018

£

13,770

15,129

1,512

1,198

9,199

7,930

£24,481

£24,257

2019

£

2018

£

14,418

12,390

9,348

15,187

86,698

100,907

£110,464

£128,484

Unrestricted
Funds
£

Restricted
Funds
£

Endowment
Funds
£

TOTAL FUNDS

2019

£

2018

£

798,695

120,000

-

918,695

605,551

1,929,741

121,538

62,370

2,113,649

2,247,452

885,772

37,969

8,795

932,536

694,082

(110,464)

-

-

(110,464)

(128,484)

£3,503,744

£279,507

£71,165

£3,854,416

£3,418,601

Unrestricted
Funds
£

Restricted
Funds
£

Endowment
Funds
£

TOTAL FUNDS

2018

£

485,551

120,000

-

605,551

2,092,549

102,370

52,533

2,247,452

651,228

34,059

8,795

694,082

(128,484)

-

-

(128,484)

£3,100,844

£256,429

£61,328

£3,418,601

Notes to the financial statements (continued)

Balance Sheet

| (15) Movement in Funds | Opening balance £ | Incoming £ | Gains and Losses £ | Fund transfers £ | Outgoing | Closing balance £ |
|------------------------|-------------------------|---------------|--------------------------|------------------------|----------|-------------------------|
| (a) Endowment funds | | | | | | |
| St Alphege: | | | | | | |
| PW Harrison Bequest | 61,328 | - | 9,837 | - | - | 71,165 |
| Total endowment funds | 61,328 | - | 9,837 | - | - | 71,165 |

Two Percy Harrison capital **endowment funds** arose from his 1967 legacies for non-routine maintenance of the churchyard. They were merged into a single fund in 1998.

| | | | | | | |
|------------------------|---------|-------|--------|---|-------|---------|
| (b) Restricted funds | | | | | | |
| St Alphege: | | | | | | |
| Fabric Fund | 133,683 | 3,788 | 19,168 | - | - | 156,639 |
| Small Restricted Funds | 2,746 | 387 | - | - | (265) | 2,868 |
| SMBC Grant Fund | 120,000 | - | - | - | - | 120,000 |
| Total restricted funds | 256,429 | 4,175 | 19,168 | - | (265) | 279,507 |

Restricted funds have been set up to meet a specific purpose. The **Fabric Fund** exists for the repair and maintenance of the fabric of the Parish Church. The **Small Restricted Funds** consolidate the **New Door** and the long-established **Holbeche Memorial Fund**. The **SMBC Grant Fund** represents a grant received from Solihull Metropolitan Borough Council towards the cost of the Oliver Bird Hall extension.

| | | | | | | |
|---------------------------------------|-------------------|-----------------|-----------------|----------|-------------------|-------------------|
| (c) Unrestricted and designated funds | | | | | | |
| Parish: | | | | | | |
| St Francis Parish Fund | 1,823,606 | 68,751 | 241,545 | - | (147,082) | 1,986,820 |
| Parish News | 24,242 | 9,101 | - | - | (8,451) | 24,892 |
| Elizabeth Newton Fund | 4,217 | 32 | - | - | - | 4,249 |
| Staff Housing Fund | 620,381 | 16,670 | 26,611 | - | (17,715) | 645,947 |
| St Alphege Pre-School | 94,581 | 191,334 | 2,344 | (12,709) | (144,733) | 130,817 |
| St Alphege: | | | | | | |
| Oliver Bird Hall | 118,492 | 38,788 | - | 12,709 | (40,351) | 129,638 |
| St Alphege Bookstall | 7,479 | 5,246 | - | - | (6,856) | 5,869 |
| Organ Repair Fund | 7,657 | - | - | 6,539 | - | 14,196 |
| PW Harrison Bequest | 3,590 | 1,916 | - | - | - | 5,506 |
| General Fund (consolidated) | 211,735 | 473,715 | - | (6,539) | (328,879) | 350,032 |
| St Helen's: | | | | | | |
| General Fund (consolidated) | 88,939 | 102,659 | 3,034 | - | (101,397) | 93,235 |
| St Michael's: | | | | | | |
| General Fund (consolidated) | 95,925 | 64,664 | 13,658 | - | (61,704) | 112,543 |
| Total unrestricted and designat | 3,100,844 | 972,876 | 287,192 | - | (857,168) | 3,503,744 |
| Total Funds | £3,418,601 | £977,051 | £316,197 | - | (£857,433) | £3,854,416 |

Unrestricted funds can be used for any of the PCC's general purposes.

The **St Francis Parish Fund** represents the original net proceeds arising from the sale of the St Francis site and their subsequent investment. It is primarily to be used for parish mission purposes, including youth and childrens work.

The **Parish News** represents the operating fund of the Parish News, the monthly parish magazine.

The **Elizabeth Newton Fund** results from a legacy which has been used to support work with children, families, and young people from the parish.

The **Staff Housing Fund** generates income which is used to contribute towards the cost of running and maintaining clergy housing. Its assets are represented by various investments and the cost of Church Hill Close, Solihull.

The **St Alphege Pre-School Fund** represents the operating fund of the St Alphege Pre-School group.

The **General Funds** of each of the three churches are used for running their day-to-day affairs, as are the **Oliver Bird Hall** and the **St Alphege Bookstall** funds.

The **Organ Repair Fund** is designated for specific purposes.

Notes to the financial statements (continued)

Balance Sheet

| (16) Movement in Funds (Comparative figures for 2018) | Opening balance £ | Incoming £ | Gains and Losses £ | Fund transfers £ | Outgoing | Closing balance £ |
|--|-------------------------|---------------|--------------------------|------------------------|----------|-------------------------|
| (a) Endowment funds | | | | | | |
| St Alphege: | | | | | | |
| PW Harrison Bequest | 62,124 | - | (796) | - | - | 61,328 |
| | 62,124 | - | (796) | - | - | 61,328 |
| Two Percy Harrison capital endowment funds arose from his 1967 legacies for non-routine maintenance of the churchyard. They were merged into a single fund in 1998. | | | | | | |
| (b) Restricted funds | | | | | | |
| St Alphege: | | | | | | |
| Fabric Fund | 131,633 | 3,601 | (1,551) | - | - | 133,683 |
| Small Restricted Funds | 2,416 | 495 | - | - | (165) | 2,746 |
| SMBC Grant Fund | 120,000 | - | - | - | - | 120,000 |
| | 254,049 | 4,096 | (1,551) | - | (165) | 256,429 |

Restricted funds have been set up to meet a specific purpose. The **Fabric Fund** exists for the repair and maintenance of the fabric of the Parish Church. The **Small Restricted Funds** consolidate the **New Door**, the long-established **Holbeche Memorial Fund**. The **SMBC Grant Fund** represents a grant received from Solihull Metropolitan Borough Council towards the cost of the Oliver Bird Hall extension.

(c) Unrestricted and designated funds

| | | | | | | |
|-------------------------------|-------------------|-----------------|------------------|----------|-------------------|-------------------|
| Parish: | | | | | | |
| St Francis Parish Fund | 1,855,129 | 67,250 | (11,047) | - | (87,726) | 1,823,606 |
| Parish News | 25,352 | 10,008 | - | - | (11,118) | 24,242 |
| Elizabeth Newton Fund | 4,197 | 20 | - | - | - | 4,217 |
| Staff Housing Fund | 608,412 | 16,439 | (382) | - | (4,088) | 620,381 |
| St Alphege Pre-School | 76,789 | 176,446 | (190) | (13,184) | (145,279) | 94,581 |
| St Alphege: | | | | | | |
| Oliver Bird Hall | 109,528 | 35,705 | - | 13,184 | (39,925) | 118,492 |
| St Alphege Bookstall | 8,973 | 6,137 | - | - | (7,631) | 7,479 |
| Organ Repair Fund | 5,656 | 1 | - | 2,000 | - | 7,657 |
| PW Harrison Benefit | 1,761 | 1,829 | - | - | - | 3,590 |
| General Fund (consolidated) | 211,998 | 309,967 | - | (2,000) | (308,230) | 211,735 |
| St Helen's: | | | | | | |
| General Fund (consolidated) | 68,602 | 120,054 | (599) | - | (99,118) | 88,939 |
| St Michael's: | | | | | | |
| General Fund (consolidated) | 92,370 | 68,035 | (1,106) | - | (63,374) | 95,925 |
| | 3,068,767 | 811,891 | (13,324) | - | (766,489) | 3,100,844 |
| Total funds (for 2018) | £3,384,940 | £815,987 | (£15,671) | - | (£766,654) | £3,418,601 |

Unrestricted funds can be used for any of the PCC's purposes.

The **St Francis Parish Fund** represents the original net proceeds arising from the sale of the St Francis site and their subsequent investment. It is primarily to be used for parish mission purposes, including youth and childrens work.

The **Parish News** represents the operating fund of the Parish News, the monthly parish magazine.

The **Elizabeth Newton Fund** results from a legacy which has been used to work with children, families, and young people from the parish.

The **Staff Housing Fund** generates income which is used to contribute towards the cost of running and maintaining clergy housing. Its assets are represented by various investments and the cost of Church Hill Close, Solihull.

The **St Alphege Pre-School Fund** represents the operating fund of the St Alphege Pre-School group.

The **General Funds** of each of the three churches are used for running their day-to-day affairs, as are the **Oliver Bird Hall** and the **St Alphege Bookstall** funds.

The **Organ Repair Fund** is designated for specific purposes.

(17) Reconciliation of net income to net cash flow from operating activities

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Net income for the reporting period (as per the statement of financial activities) | 435,815 | 33,661 |
| Adjustments for | | |
| (Gains) / Losses on investments | (316,197) | 15,671 |
| Income from investments | (95,420) | (92,940) |
| Decrease / (Increase) in stocks | 370 | (12) |
| (Increase) / Decrease in debtors | (224) | 3,675 |
| (Decrease) / Increase in creditors | (18,020) | 30,497 |
| Net cash provided by (used in) operating activities | 6,324 | (9,448) |
| | 2019 £ | 2018 £ |
| (18) Analysis of cash and cash equivalents | | |
| Short term deposits | 442,034 | 318,239 |
| Cash at bank and in hand | 464,471 | 349,666 |
| Total cash and cash equivalents | 906,505 | 667,905 |