

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF SOLIHULL

(Charity number 1131647)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report of the Parochial Church Council for 2018

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 maintenance 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 2018 (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	The Rev. H Greenham	The Rev. S Marshall
The Rector	The Rev Dr S Gibson		
Parish Churchwardens	Mrs D Moll Mr N Eaton		
Deputy Churchwardens	Mrs C Thorp	Mr P Godfrey Mrs J Carrington Mrs B Moppett	Mr K Wilson Ms M Flood Mr K Wilson
Deanery Synod Representatives 2017-2020	Mrs D Moll Mrs R Linstead Mr M Owens Mrs R Owens		
Church Centre Representatives	Mrs H Davis Mr T Drakeford	Mrs P Gates Mr S McClenaghan	Mr P Smith Mr A Williams
Lay members of Diocesan Synod Co-options	Mr M Owens Mrs D Moll Mr R Morrissey Mrs V Dobson	Mrs B Moppett	
Readers		Mrs B Moppett	
Elected Lay Reps (5)	Mrs J Ladbrooke Mr R Curtis Mr S Fennell Mrs R Marshall		Mr R Crowdy
	Others who served during 2018 Mrs P Abrams Mr A Keymer		

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2018 (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.

Parish Standing Committee

This 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 Council.

Rector's Council

The function of this Committee, which meets as and when convened by the Rector, is to advise the Rector on matters which affect policy or are of a confidential nature. It has the power to set up committees to specified briefs.

District Church Councils

As noted above, St Alphege, St Helen's and St Michael's Churches 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

There are 511 names on the electoral roll of the Parish as compared with 666 at the last APCM. Of these, 339 were on the St Alphege Section (497 last year), 93 on the St Helen's section (83) and 79 on the St Michael's section (86). Some 145 persons enrolled lived outside the Parish. The average Sunday adult attendance counted during October 2018 was 497 (October 2017: 533) but this number increased at festivals.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2018 (continued)

Review of the year ending 31st December 2018

During the year the PCC has continued with a major piece of work planning our way to where we want to be in 2022. In order to support this work the PCC commissioned a consultant to report on the financial reserves aspects of our work. Planned actions are also being progressed as a result of a consultant report on parish operations. This report was instigated by the Archdeacon. The PCC has met on seven occasions and the average attendance was some 73% of the total membership.

The Chaplaincy Team continues to be appreciated for all its work in the town centre retail sector. In the area of Youth Work, activity has continued to grow with the Youth Leader initiating many activities.

We continue to support our fellow Christians in Malawi, and for Leading Your Church into Growth. St Alphege Pre-School continues to thrive and the numbers attending "The Junction" service which is aimed mainly at younger families and held in the OBH at the same time as the 9.15 Eucharist in the main St Alphege continues to be well supported in attendance.

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 and exposure to risks have been given particular attention during the year and are now kept under regular review by an appointed member of the PCC. The council 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.

Plans for the future

The five year plan for the parish continued in 2018 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.

Financial Report of the Parochial Church Council for 2018

Overall, the parish had a surplus of £49,332 on total funds, although £28,261 of this came from legacies, so the actual operating surplus was only £21,071.

There continued to be a deficit (£ 20,476 this year) on the St Francis Parish Fund (where our expenditure on Mission and Outreach activities consistently exceeds income), although this is underpinned by increases in investment gains made over many years, so is not of major concern.

There were investment losses this year of £15,671 on total funds, so our overall funds increased by £33,661 by the end of the year.

We have been fortunate in recent years that we have made significant investment gains, but recognise that these may not continue at the same level, and although these are primarily intended to fund some major future projects, they may increasingly be needed to fund operational deficits.

During the year, a parish wide initiative was launched to try and get members to refocus on increasing their planned giving (where this is possible), and to sign up to the Planned Giving Scheme (PGS). Expenditure continues to be well controlled by all budget holders, although it is becoming more difficult to maintain balanced budgets because of the effects of rising inflation, and continuing rises in employment costs as a result of increases in the national minimum wage and pension costs.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2018 (continued)

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 a house 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 £355,755 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 and signed on its behalf by:

Rev Jane Kenchington (Rector) April 2019

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 2018 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 2018, 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:

Statement of Financial Activities (SOFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
					2018 £	2017 £
Income and endowments from:						
Donations and Legacies	2(a)	422,347	490	-	422,837	384,521
Charitable Activities	2(b)	202,908	-	-	202,908	183,161
Other Trading Activities	2(c)	97,301	-	-	97,301	92,763
Investments	2(d)	89,334	3,606	-	92,940	94,240
Total income and endowments		811,890	4,096	-	815,986	754,685
Expenditure on:						
Raising funds	3(a)	60,961	-	-	60,961	64,765
Charitable activities:	3(b)	705,528	165	-	705,693	716,513
Total expenditure		766,489	165	-	766,654	781,278
Net income / (expenditure)		45,401	3,931	-	49,332	(26,593)
Net (losses) / gains on revaluation of investments		(13,324)	(1,551)	(796)	(15,671)	171,199
Net gains on disposal of investments		-	-	-	-	4,425
Net movement in funds		32,077	2,380	(796)	33,661	149,031
Reconciliation of funds:						
Total funds brought forward as 1 January 2018		3,068,767	254,049	62,124	3,384,940	3,235,909
Total funds carried forward at 31 December 2018		£3,100,844	£256,429	£61,328	£3,418,601	£3,384,940

There were no recognised gains or losses for 2018 or 2017 other than those recognised in the Statements of Financial Activities.

The Notes on pages 11 to 20 form part of this account

Statement of Financial Activities (SOFA)

[Comparative figures for 2017]

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
					2017 £	
Income and endowments from:						
Donations and Legacies	2(a)	383,972	549	-	384,521	
Charitable Activities	2(b)	183,161	-	-	183,161	
Other Trading Activities	2(c)	92,763	-	-	92,763	
Investments	2(d)	90,784	3,456	-	94,240	
Total income and endowments		750,680	4,005	-	754,685	
Expenditure on:						
Raising funds	3(a)	64,765	-	-	64,765	
Charitable activities:	3(b)	716,444	69	-	716,513	
Total expenditure		781,209	69	-	781,278	
Net income / (expenditure)		(30,529)	3,936	-	(26,593)	
Net gains on revaluation of investments		157,744	8,892	4,563	171,199	
Net gains on disposal of investments		4,425	-	-	4,425	
Net movement in funds		131,640	12,828	4,563	149,031	
Reconciliation of funds:						
Total funds brought forward as 1 January 2017		2,937,127	241,221	57,561	3,235,909	
Total funds carried forward at 31 December 2017		£3,068,767	£254,049	£62,124	£3,384,940	

There were no recognised gains or losses for 2017 other than those recognised in the Statements of Financial Activities.

Balance Sheet

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets	10	605,551	605,551
Investment assets	11	2,247,452	2,243,123
		<u>2,853,003</u>	<u>2,848,674</u>
Current assets			
Stocks		1,920	1,908
Debtors	12	24,257	27,932
Short-term deposits		318,239	303,955
Cash at bank and in hand		349,666	300,458
		<u>694,082</u>	<u>634,253</u>
Liabilities: amounts falling due within one year			
Creditors	13	(128,484)	(97,987)
Net current assets		<u>565,598</u>	<u>536,266</u>
Total assets	14	<u>£3,418,601</u>	<u>£3,384,940</u>
Funds			
Endowment funds	15(a)	61,328	62,124
Restricted funds	15(b)	256,429	254,049
Unrestricted and designated funds	15(c)	3,100,844	3,068,767
		<u>£3,418,601</u>	<u>£3,384,940</u>

Approved by the Parochial Church Council on 27th March 2019 and signed on its behalf by:

J.E.B. Kenchington

R.A. Crowdy

Chairman

Treasurer

The Notes on pages 11 to 20 form part of this account

Statement of cash flows

	Note	2018 £	2017 £
Cash flows from operating activities			
<i>Net cash provided by (used in) operating activities</i>	17	(9,448)	(91,443)
Cash flows from investing activities			
Investment income		92,940	94,240
(Purchase) / Sale of investments		(20,000)	65,575
		<u>72,940</u>	<u>159,815</u>
<i>Change in cash and cash equivalents in the reporting period</i>		63,492	68,372
Cash and cash equivalents at the beginning of the reporting period		604,413	536,041
<i>Cash and cash equivalents at the end of the reporting period</i>	18	<u>667,905</u>	<u>604,413</u>

The Notes on pages 11 to 20 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

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 2018

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	
				2018 £	2017 £
(2) Income and endowments from:					
(a) Donations and Legacies					
Planned giving	286,562	-	-	286,562	278,789
Income tax refunds	68,705	-	-	68,705	67,221
Cash collections	19,140	490	-	19,630	16,107
General purpose donations	14,351	-	-	14,351	12,858
Grants received	-	-	-	-	2,000
Donations and appeals	5,328	-	-	5,328	6,546
Legacies	28,261	-	-	28,261	1,000
<i>Total</i>	<i>422,347</i>	<i>490</i>	<i>-</i>	<i>422,837</i>	<i>384,521</i>
(b) Charitable Activities					
Bookstall	1,295	-	-	1,295	1,307
Magazine sales	2,162	-	-	2,162	1,987
Fees (Statutory)	27,560	-	-	27,560	27,761
Fees (Other - Pre-school)	171,891	-	-	171,891	152,106
<i>Total</i>	<i>202,908</i>	<i>-</i>	<i>-</i>	<i>202,908</i>	<i>183,161</i>
(c) Other Trading Activities					
Bookstall	4,824	-	-	4,824	5,016
Magazine advertising	7,738	-	-	7,738	7,299
Church/Hall lettings	72,929	-	-	72,929	69,543
Social and similar events	11,810	-	-	11,810	10,905
<i>Total</i>	<i>97,301</i>	<i>-</i>	<i>-</i>	<i>97,301</i>	<i>92,763</i>
(d) Investments					
Dividends	80,818	3,454	-	84,272	83,826
Deposit account interest	1,016	152	-	1,168	1,037
Rent received	7,500	-	-	7,500	9,377
<i>Total</i>	<i>89,334</i>	<i>3,606</i>	<i>-</i>	<i>92,940</i>	<i>94,240</i>
<i>Total income and endowments from:</i>	<i>£811,890</i>	<i>£4,096</i>	<i>-</i>	<i>£815,986</i>	<i>£754,685</i>

Included in the 2017 total income of £754,685 was £750,680 unrestricted and £4,005 restricted fund.

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA) (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
				2018 £	2017 £
(3) Expenditure on:					
(a) Raising funds					
Bookstall	3,604	-	-	3,604	3,955
Magazine	5,056	-	-	5,056	5,714
Hall running costs	49,194	-	-	49,194	51,603
Costs of fundraising events	3,107	-	-	3,107	2,953
Property management costs	-	-	-	-	540
Total	60,961	-	-	60,961	64,765
(b) Charitable activities:					
Ministry:					
Diocesan Common Fund	250,713	-	-	250,713	252,432
Clergy working expenses	9,262	-	-	9,262	9,849
Clergy housing	9,510	-	-	9,510	12,132
Charity - running expenses	67,447	-	-	67,447	69,215
Church maintenance	10,047	-	-	10,047	11,412
Upkeep of services	6,886	-	-	6,886	5,621
Upkeep of churchyard	5,584	-	-	5,584	6,981
Cost of sales	2,162	-	-	2,162	1,987
Support costs	8,915	-	-	8,915	31,656
Salaries and wages	290,869	-	-	290,869	272,808
Administration	15,012	165	-	15,177	16,490
Missionary & charitable giving					
Church overseas	4,316	-	-	4,316	4,153
Relief & dev't agencies	710	-	-	710	600
Home missions &c	12,115	-	-	12,115	7,950
Secular charities	11,980	-	-	11,980	13,227
Total	705,528	165	-	705,693	716,513
Total expenditure on:	£766,489	£165	-	£766,654	£781,278

Included in the 2017 total expenditure of £781,278 was £781,289 unrestricted and £69 restricted fund.

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA) (continued)

	Activities directly undertaken £	Grant funding of activities £	Support Costs £	TOTAL 2018 £	
(4) 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	
	713,441	29,121	24,092	766,654	
	Activities directly undertaken £	Grant funding of activities £	Support Costs £	TOTAL 2017 £	
Analysis of expenditure including allocation of support costs (2017)					
Raising funds	64,765			64,765	
Charitable activities					
Resourcing Ministry	642,437		48,146	690,583	
Resourcing Mission		25,930		25,930	
	707,202	25,930	48,146	781,278	
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2018 £	
				2017 £	
(5) Analysis of support costs					
Resourcing Ministry	8,915			8,915	31,656
Administration costs	9,812	165	-	9,977	11,450
Audit fee	5,200			5,200	5,040
	23,927	165	-	24,092	48,146

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA) (continued)**(6) Auditors remuneration**

The auditors remuneration amounts to an audit fee of £5,200 (2017: £5,040), 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 £48,858.

(8) Staff costs

	2018 £	2017 £
Wages and salaries	274,290	258,827
Social security costs	13,372	12,409
Pension costs	3,207	1,572
	<u>£290,869</u>	<u>£272,808</u>

During the year the PCC employed an average of 3 youth and children's workers (2017 -3), 16 pre-school staff (2017-17), 10 administration and support staff (2017-10) and 1 other (2017-1), 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 £3,207 (2017: £1,572).

Balance Sheet**Fixed assets****At 31st December****(10) Tangible fixed assets**

	Freehold property £	Total 2018 £
<i>Cost</i>		
At 1 January 2018	605,551	605,551
At 31 December 2018	605,551	605,551
<i>Depreciation</i>		
At 1 January 2018	-	-
At 31 December 2018	-	-
<i>Net book value</i>		
At 31 December 2018	<u>£605,551</u>	<u>£605,551</u>
At 31 December 2017	<u>£605,551</u>	<u>£605,551</u>
Freehold property comprises:		
17, Church Hill Close, Solihull at cost		375,000
Oliver Bird Hall at cost		<u>230,551</u>
		<u>£605,551</u>

Notes to the financial statements (continued)

Balance Sheet (continued)

Investment Assets		2018
(11) Quoted investments		£
Market value		
At 1 January 2018		2,243,123
Additions		20,000
		2,263,123
Revaluation		(15,671)
At 31 December 2018		£2,247,452

Quoted investments comprise:

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

- 111,214.72 Investment Fund income shares (Cost £1,079,047)	1,791,623	1,818,772
- 316,986.92 Property Fund shares (Cost £346,000)	436,428	424,351

COIF Charities:

- 4,427.52 Ethical Investment Fund shares	9,712	-
- 2,820.23 Global Equity Fund shares	4,743	-
- 3,709.92 Fixed Interest Fund shares	4,946	-

Total quoted investments	2,247,452	2,243,123
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(12) Debtors		2018	2017
		£	£
Income tax recoverable		15,129	16,135
Prepayments		1,198	1,505
Other debtors		7,930	10,292
		£24,257	£27,932

(13) Creditors: amounts falling due within one year		2018	2017
		£	£
Accruals		12,390	14,630
Trade creditors		15,187	20,761
Other creditors		100,907	62,596
		£128,484	£97,987

(14) Analysis of net assets by type of fund	Unrestricted	Restricted	Endowment	TOTAL FUNDS	
	Funds	Funds	Funds	2018	2017
	£	£	£	£	£
Tangible fixed assets	485,551	120,000	-	605,551	605,551
Investment assets	2,092,549	102,370	52,533	2,247,452	2,243,123
Current assets	651,228	34,059	8,795	694,082	634,253
Current liabilities	(128,484)	-	-	(128,484)	(97,987)
	£3,100,844	£256,429	£61,328	£3,418,601	£3,384,940

(14) Analysis of net assets by type of fund [Comparative figures for 2017]	Unrestricted	Restricted	Endowment	TOTAL FUNDS	
	Funds	Funds	Funds	2017	
	£	£	£	£	
Tangible fixed assets	485,551	120,000	-	605,551	
Investment assets	2,085,873	103,921	53,329	2,243,123	
Current assets	595,330	30,128	8,795	634,253	
Current liabilities	(97,987)	-	-	(97,987)	
	£3,068,767	£254,049	£62,124	£3,384,940	

Notes to the financial statements (continued)

Balance Sheet (continued)

	Opening balance	Incoming	Gains and Losses	Fund transfers	Outgoing	Closing balance
	£	£	£	£		£
(15) <i>Movement in Funds</i>						
(a) Endowment funds						
St Alphege:						
PW Harrison Bequest	62,124	-	(796)	-	-	61,328
Total endowment funds	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
Total restricted funds	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** 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	1,855,129	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	176,445	(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 Bequest	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
Total unrestricted and designated	3,068,767	811,890	(13,324)	-	(766,489)	3,100,844
Total Funds	£3,384,940	£815,986	(£15,671)	-	(£766,654)	£3,418,601

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 17, 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 (continued)

(16) <i>Movement in Funds</i> (Comparative figures for 2017)	Opening balance £	Incoming £	Gains and Losses £	Fund transfers £	Outgoing	Closing balance £
(a) Endowment funds						
St Alphege:						
PW Harrison Bequest	57,561	-	4,563	-	-	62,124
	<u>57,561</u>	<u>-</u>	<u>4,563</u>	<u>-</u>	<u>-</u>	<u>62,124</u>

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	119,288	3,453	8,892	-	-	131,633
Small Restricted Funds	1,933	552	-	-	(69)	2,416
SMBC Grant Fund	120,000	-	-	-	-	120,000
	<u>241,221</u>	<u>4,005</u>	<u>8,892</u>	<u>-</u>	<u>(69)</u>	<u>254,049</u>

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**, and occasional short-term specific funds, and 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	1,747,962	73,352	139,081	-	(105,266)	1,855,129
Parish News	24,022	9,348	-	-	(8,018)	25,352
Elizabeth Newton Fund	6,679	18	-	-	(2,500)	4,197
Staff Housing Fund	587,328	12,529	15,664	-	(7,109)	608,412
St Alphege:						
St Alphege Pre-School	67,454	157,742	1,087	(12,085)	(137,409)	76,789
Oliver Bird Hall	107,535	32,023	-	12,085	(42,115)	109,528
St Alphege Bookstall	9,137	6,334	-	-	(6,498)	8,973
Organ Repair Fund	4,968	-	-	2,000	(1,312)	5,656
PW Harrison Benefit		1,761	-	-	-	1,761
General Fund(consolidated)	234,086	297,326	-	(2,000)	(317,414)	211,998
St Helen's:						
General Fund (consolidated)	62,895	101,806	-	-	(96,099)	68,602
St Michael's:						
General Fund (consolidated)	85,061	58,441	6,337	-	(57,469)	92,370
	<u>2,937,127</u>	<u>750,680</u>	<u>162,169</u>	<u>-</u>	<u>(781,209)</u>	<u>3,068,767</u>
Total funds(for 2017)	<u>£3,235,909</u>	<u>£754,685</u>	<u>£175,624</u>	<u>-</u>	<u>(£781,278)</u>	<u>£3,384,940</u>

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.

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The **General Funds** of each of the three churches are used for running their day-to-day affairs, as are the **St Alphege Pre-School**, 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)

	2018	2017
	£	£
(17) <i>Reconciliation of net income to net cash flow from operating activities</i>		
Net income for the reporting period (as per the statement of financial activities)	33,661	149,031
Adjustments for		
Losses / (Gains) on investments	15,671	(171,199)
Income from investments	(92,940)	(94,240)
(Increase) / decrease in stocks	(12)	130
Decrease / (Increase) in debtors	3,675	(1,988)
Increase in creditors	30,497	26,823
Net cash provided by (used in) operating activities	(9,448)	(91,443)
(18) <i>Analysis of cash and cash equivalents</i>		
	2018	2017
	£	£
Short term deposits	318,239	303,955
Cash at bank and in hand	349,666	300,458
Total cash and cash equivalents	667,905	604,413