

REGISTERED CHARITY NUMBER: 1131770

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

**FOR
PAROCHIAL CHURCH COUNCIL OF
HIGHFIELD CHURCH, SOUTHAMPTON**

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

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for the Year Ended 31 December 2018**

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PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

Report of The Trustees for The Year Ended 31st December 2018

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2018. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' for FRS 102.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Number: - 1131770

**Parish: - Christ Church Portswood (Highfield Church, Southampton,)
Highfield Lane, Southampton, Hants., SO17 1RL**

Trustees

Archer	M	Chairman	From July 2013	
Bartlett	I	Deanery Synod Rep	From 23rd April 2017	
Billington	T		From 22 nd April 2018	Second term of office
Butler	D		Until 28 th April 2019	
Chapman	S		From 22 nd April 2018	
Cooper	S	Treasurer to PCC	Until 28 th April 2019	
Cox	J		From 27 th April 2017	Second term of office
Cox	P	Churchwarden	From 22 nd April 2015	
D'Silva	R		From 22 nd April 2018	
Douglas	A	Secretary to PCC	Until 28 th April 2019	Co-opted – April 2018
Fenton	K	Deanery Synod Rep	Until 28 th April 2019	
Hooper	K	Deanery Synod Rep	From 23rd April 2017	Also Diocesan Synod Rep
Jackson	B		From 22 nd April 2018	
Kenny	F	Deanery Synod Rep	Until April 2019	
Ladkin	P		Until 22 nd April 2018	
Martin	C	Deanery Synod Rep	From 23rd April 2017	
Page	M	Churchwarden	From 22 nd April 2018	
Parker	J		From 23rd April 2017	Second term of office
Taylor	R		Resigned February 2019	Staff – From January 2019
Thompson	L		Until 28 th April 2019	Co-opted – April 2018
Toward	B		From 22 nd April 2018	
Tozer	D		From 22 nd April 2018	For a second term
Wakeling	D		From 23rd April 2017	
Ward	J		Until 22 nd April 2018	
Williams	P	Deanery Synod Rep	From 23rd April 2017	

Auditor Julie M Butler FCA,
Butler & Co.,
Chartered Accountants & Registered Auditors,
Bennett House,
The Dean, Alresford,
Hants., SO24 9BH

Bankers Lloyds,
92-94 Above Bar Street,
Southampton, SO14 7DT

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

Report of The Trustees for The Year Ended 31st December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governance

The Parochial Church Council (PCC) of Highfield Church is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure and was required to register with the Charity Commission in 2009. The Registered Charity Number is 1131770. Accordingly, the Church operates as a Charity and members of the PCC are the Trustees.

New Trustees: Appointment, Induction and Training

Appointment of new Trustees (i.e. new PCC members) is governed by and set out in the Church Representation Rules. New PCC members are elected at the Annual Parochial Church Meeting in April each Year. The first PCC meeting involving new members is usually held in May. At this meeting, the Priest in Charge and Secretary explain the way the PCC works and responsibilities of PCC members as Trustees. Newly-elected members are issued with a Church of England booklet entitled "Trusteeship – An introduction for PCC Members." Annually, each PCC member completes a Trustee Eligibility Declaration and an HMRC Fit and Proper Persons Declaration.

Structure and Operation of the PCC

Highfield Church PCC is the governing body within the Church and assists the Priest-in-Charge to promote the Church mission including pastoral, evangelical, social and ecumenical matters in the Parish. It is also responsible for maintaining the Church, the Church Centre and a house at 104 Upper Shaftesbury Avenue.

Meetings

There are between 6 and 8 meetings of PCC annually. Action & Accountability (AA) groups meet 5 or 6 times each year. Devolution of business to these groups helps PCC to concentrate efficiently on significant business at meetings. AA Group minutes are circulated to Standing Committee, and then to PCC members in advance of meetings, and along with minutes of the Management Committees (below) - are part of the business agenda for PCC meetings.

Management Committees

The PCC operates through the following management committees, meeting variously between full meetings of the PCC:

Standing Committee

Standing Committee is a statutory sub-committee of the PCC. It has power to transact the business of the council (PCC) between meetings, subject to any directions given by the Council. Members of Standing Committee and the Churchwardens support the Priest in Charge in stewarding and directing the life of the Church. This Committee will discuss matters relating to policies and Church business from which it will prepare agendas for PCC meetings and for the APCM and Parishioners' Meeting. It has delegated authority from the PCC to make a single payment from PCC funds for any item of up to £3000. Larger amounts require the approval of the PCC.

Employment Group

Employment Group advises the priest-in-charge and PCC on employment and management of personnel employed by the PCC. The group aims to promote and protect good working conditions; support and encourage all staff in the stewardship of their role to ensure there is growth within the work and in their personal lives for the greater glory of God in the Parish of Highfield and under the direction of the Vicar and PCC.

Fabric Group

Fabric Group manages the external and internal fabric of the Church, the Church Centre and PCC owned property, which at present is 104 Upper Shaftesbury Avenue. It is responsible for implementing the recommendations of the architect's quinquennial report on the Church, and for preparation of any development plans for the Church, and liaising with Architects and Diocese as necessary. The group organises regular maintenance actions; including major updates to heating, lighting, sound and visual equipment, working with the PCC to prioritise the use of the Maintenance Fund for this purpose.

Finance Group

PCC delegates management of the Church's finances to the Finance Group. Responsibilities of the group include: -
Checking and confirming that appropriate procedures for financial transactions are properly executed.
Ensuring appropriate authorisation of transactions
Ensuring that division of duties is securely maintained
Consulting in matters of principle
Reviewing the Treasurer's financial statements

Making such enquiries as members of the group deem necessary

With the Treasurer, the Finance Group monitors income and expenditure, suggests ways to increase Church income and prepares the annual budget. It has responsibility for preparation of annual accounts and the audit. It advises the PCC each year on appointment and reimbursement of an auditor.

Ministry AA Groups

Ministry Action and Accountability Groups are responsible for specific elements of Highfield Church's mission and ministry. AA Groups ensure that PCC remains informed about the ministries of the Church, and are a means for accountability. AA Groups bring PCC oversight together with staff leadership so that staff are both better supported by PCC and more accountable to it. Reporting to PCC, the Groups are tasked with setting vision and making decisions within their areas of competence. Membership comprises PCC members and non-members - all having interests, expertise, gifts or passion in their areas of ministry. Much PCC business is devolved to AA groups and it is expected that matters will be discussed by respective AA groups prior to being submitted to Standing Committee and PCC. These groups comprise: -

Adult Discipleship & Prayer Together (ADAPT)

ADAPT is tasked by the PCC with oversight of adult discipleship and prayer together. It is responsible for stewarding small groups.

Families & Schools AA Group

Highfield Church encourages children and families into Church by providing opportunities for Christian and non-Christian families to mix, build relationships and share Jesus by outreach and support of schools and families in Portswood and beyond the Parish.

Families and Schools AA Group is responsible for ministries ranging from the very young to 18 year-olds. The AA Group oversees and supports expanding growth and vision of the important 0 -18 grouping, meeting for discussion, planning and prayer. It organises priorities for the year and will review significant changes in policies, initiating consequent actions as required. The AA Group acts as a forum for discussing ideas and questions brought by the "Youth" and 'Shine' teams, ensuring continuing development of the Church's vision for ministries to the young. Team members for each age-grouping meet each term to discuss and manage the business of their respective ministries.

Older People's Ministry

The Group for Older People encourages and develops ministries within the Church which provide social and spiritual support for members of the older community in Highfield Church and surrounding localities. The group's activities have widened considerably by supporting and working alongside a member of the Church's clergy whose role is City Chaplain for Older People in Southampton. The group's Co-operation with the "Anna Chaplaincy" team in the city also enables contact with the city's frail and elderly and promotes the love of Jesus in the older community enabling them to be fruitful in this season of life.

Mission in Action Group (MiA)

Mission in Action is responsible for sharing Jesus Christ outside Highfield Church. It keeps the Church in contact with Mission Partners in Southampton and overseas. The Group is responsible for allocating mission and social budgets, ten per cent of the Church's annual budget being committed in this way annually. Mission in Action also encourages prayer for our Mission Partners, actively encouraging all in Highfield Church to become involved.

University Group

'Engaging the University' is one of Highfield Church's three vocations. As such, the University of Southampton is a significant presence in the Parish with over 25,000 people working across its campuses. Working with the Christian Union, the Chaplaincy and other churches in outreach activities, the University Group is a Christian presence amongst undergraduates, postgraduates, overseas students and staff.

Worship Group

This group comprises service leaders and planners as well as members of the music ministry. It has a co-ordinating role for planning, preaching, worship and music for services in Church.

Wider Networks

PCC membership includes those elected to represent Highfield Church at the Deanery Synod. Also included are members of Diocesan Synod and General Synod who are on the Church's electoral role. The PCC is part of the Synodical structure of church governance as established by the Church of England.

Related Parties

No Trustee is paid for the role of PCC member. Trustees may be reasonably reimbursed for expenditure incurred on behalf of the charity. Related party transactions are disclosed in the financial statements.

Risk Management

Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error.

Risk assessment and action plans are reviewed annually by the PCC. Actions to help to mitigate key areas of risk have been identified, and the PCC will endeavour to include such in the routine work of key members to ensure that actions are completed.

Safeguarding

The Parochial Church Council is committed to encouraging an environment where all people, and especially those who may be vulnerable for any reason are able to worship and pursue their faith journey with encouragement and in safety. Everyone, including the young, will receive respectful pastoral ministry recognising any power imbalance within such a relationship. To pursue this aim, the Parochial Church Council follows the safeguarding policies and procedures of the Church of England as set out in guidelines provided by the Bishop's House in the following documents: -

"Protecting all God's Children - Policy for safeguarding children in the Church of England"

"Promoting a Safe Church: Policy for safeguarding adults in the Church of England"

Annually, the Parochial Church Council reviews and ratifies the Vulnerable Adults and Child Protection policies and associated guidance documents, revising these in the light of updated or new guidance issued by the Diocese.

GDPR

The Parochial Church Council oversaw measures to ensure compliance with General Data Protection Regulations of 2018. A Data Privacy Notice was drafted and a statutory Data Protection Policy was prepared and approved by PCC in July. Highfield Church is registered with the Office of the Information Commissioner.

AIMS AND PURPOSES

Highfield Church's Parochial Church Council has responsibility for co-operating with the Vicar in promoting the whole mission of the Church - pastoral, evangelistic, social and ecumenical - in the ecclesiastical Parish. The PCC also has financial and maintenance responsibilities for the Church, the Church Centre and a Staff Home.

OBJECTIVES AND ACTIVITIES

The PCC endeavours to welcome and encourage as many people as possible to worship at Highfield Church and to become part of our community. The PCC maintains an overview of worship, promoting ways in which services and activities may reach out to and include those of a varied society who dwell in the Parish. Sunday and week-day services put faith into practice through acts of worship with prayer, scripture, sacrament and music.

In planning activities over the year, the Priest in Charge and the PCC consider the Charity Commission's guidance on public benefit and the specific guidance on charities for the advancement of religion. Thus, we aim to enable people in the Parish to live out their faith through: -

Worship and prayer

Learning about the Gospel - hence developing people's knowledge of and trust in Jesus Christ

Provision of pastoral care for the people of the parish.

Beyond its Parish boundary, Highfield Church promotes missionary and outreach work to city residents through its vision of "Loving Southampton, Embracing Portswood and Engaging the University." Annually it commits to sponsoring its overseas mission partners and projects.

ACHIEVEMENTS AND PERFORMANCE

Worship and Prayer

Throughout the year, Highfield Church provides a range of services on Sundays (and at other times e.g. Wednesday a.m.) for the public worship of God which members of the community find accessible, beneficial and spiritually fulfilling. An extensive range of ministries and mission-led activities take place during the year for members and also others in the wider community. Small groups in homes are part of weekly worship and meet regularly during the year.

Highfield Church serves the community and observes normal events in life. We celebrate and give thanks to God for the gift of new life at baptisms or blessings. At marriage services, public vows are exchanged with the blessing of God; at funeral services, family and friends come together to give thanks for a life which has been completed and to commend the individual into God's keeping.

Embedded in Highfield Church's vision of Grace-filled Community, Reverent Worship, Authentic Discipleship, Christ-like Service and Empowered Witness, we endeavour to practice and live out our vocations – Engaging the University, Embracing Portswood, Loving Southampton and Growing in Grace.

Mission

Highfield Church commits to being generous with financial gifts which God has given. Around 10% of voluntary income is devoted to mission and social action projects in the UK and overseas through sponsorship of our fifteen mission partners. The intention is to devote 60% of funds allocated for mission to overseas partners and 40 % for mission support at home.

Overseas mission partners include 'Kreativity' in central Ukraine, 'Open Doors (Worldwide),' 'A Rocha Kenya,' an exciting project in India and 'PRIME,' (an international network of professional healthcare educators.)

Domestic mission partners include Southampton City Mission Schools Work and 'Basics Bank,' Christians Against Poverty, 'Safe Families for Children,' 'Communicare,' 'tastelife,' Ethos Education, "Amber Chaplains," Friends International, UCCF and Street Pastors. In the autumn, domestic mission partners expanded to include 'Caraway,' which promotes spiritual welfare of elder citizens in Southampton.

Embracing Portswood, Loving Southampton

COMMUNITY OUTREACH

"Basics Bank," one of our home Mission Partners, is a Christian Mission which responds quickly to people facing life's crises by promptly issuing free food and clothes to those in need in Southampton. Items of food and clothing donated by Members of Highfield Church committed to supporting Basics Bank are collected weekly for distribution in the city. A number of Church Members assist Basics Bank in its mission to those in hardship.

"Christians Against Poverty" is also a home Mission Partner operating in Southampton. Working alongside families, it provides carefully constructed programmes enabling elimination of debt and hence relief from poverty and associated anxiety. Highfield Church generously supports Christians Against Poverty to provide trained counsellors for its essential community ministry.

A week of mission entitled "Inside Out 2018" was held between 10th and 17th of June to share Jesus Christ in Portswood and the local community. Outreach events also included a picnic at Portswood Recreation grounds, prayer for healing, and an evening to ask questions about philosophy and theology, biology and evolution, ethics and the problem of evil in a suffering world. Coffee and cakes were freely available throughout the week.

For the week of "Inside Out 2018" a "Pop-up Café" in Church was open to all daily from Monday to Friday. Following its success, it opened again between 1st and 5th October and featured WiFi availability, drinks and cakes, with donations in aid of "Friends of Portswood School." It opened for a third time between 26th and 30th November for morning and afternoon sessions. The cafe was run experimentally to facilitate, test and evaluate the Church's outreach in the local community and was also a means of inviting visitors to other events in Church.

A First World War commemorative concert open to all in the community was held in Church on 9th November. There was an excellent programme of music played by The Chamber Ensemble of London directed by Peter Fisher. The event was well-attended by both Church members and visitors from elsewhere.

Remembrance Sunday on 11th November was an 'open' event in every sense. Marking the centenary of the 1918 armistice, the traditional pattern of morning services was suspended. All in the community around Church were invited to join in a morning of activities from 10-12; all were free to share for all or part of the morning. Coffee was available from 9am as usual, and on this occasion also provided by the manager of "The Brewhouse," who had opened early for the occasion. Between 10 and 10:40 am there was a quiet reflective time in Church to listen to music, write in the book of remembrance, light a candle or sit and have a coffee in the Church Centre. A public Act of Remembrance took place between 10.45 and 11.05 outside the Church at the war memorial; it included poems led by Highfield Scouts and the two-minute silence at 11.00hrs. An all-age service followed at 11.15 on "Becoming Peacemakers."

In the past four years, "Carols on Portswood Recreation Ground" has been an outreach event held for local communities in Portswood, St Denys and Swaythling. This year's outreach event - "Carols in the Snow," was held in the Church grounds on the afternoon of Sunday 16th December and was open to all in the surrounding community.

OLDER PEOPLE'S MINISTRY

PCC supports the ministry of the Chaplain for Older People in Southampton – both in the City and at Highfield Church. New initiatives during the year e.g. working alongside Anna Chaplains - enable this valuable and expanding ministry to devote additional time and resources to collaborative projects in the city. All projects broadly promote the spiritual welfare of elder citizens to enable them to be fruitful and resourceful in their advancing years. In addition, identifying those who struggle with loneliness and then providing support for them is an essential part of the ministry; nor is loneliness a sole prerogative of the elderly, for many in their twenties are now amongst the loneliest in modern society.

Talks and activities have been hosted in Church throughout 2018. "Vintage Adventure," is a recent enterprise for the older community as well as for those who are available throughout the day e.g. unemployed, retired, young mothers etc; it offers spiritual input in a creative and safe environment, providing relaxed mornings each month to share coffee and cake with creative exploration of a biblical theme, all followed by a light lunch. "Vintage Community Picnic," was an event for seniors and others in the community who are "young at heart" and was held in August at Bitterne Church Bowling Green. With afternoon tea and plenty opportunities to chat, it took place amidst a backdrop of information stands and crafts. "Vintage Adventure" is now established and those with and without faith - meet to explore and develop faith in a safe environment.

"Coffee Pot" meets on Mondays in the Church Centre for tea, coffee and biscuits and comprises a contingent of regulars gathering weekly, along with other visitors who join in from time to time. As part of the Ministry for Older People, it is available to anybody in the surrounding community who needs fellowship, companionship and conversation. A group from a nearby Rest Home also attends regularly with attendant carer workers.

A group from Highfield Church runs "Tea Club" which meets on Thursdays during term time at a nearby retirement complex at which afternoon tea, friendship, talks, quizzes and entertainment is available for residents and others.

Care Home ministry is an essential part of Highfield Church's mission in the locality. Spiritual needs of residents in surrounding care homes are therefore not neglected. There are nine homes, visited by volunteers including a musician, a leader and an encourager who take services and share God's love amongst residents with sung worship, bible readings and share Holy Communion. The essential message of sermons is that God's love is for them too – so trust in Him.

This year "Holiday at Home" took the form of a two-day visit to Scotland and the Islands during Thursday 21st and Friday 22nd of June. The adventure commenced with train travel to Scotland, and in the course of the two-day event, holidaymakers sampled and tasted truly wonderful food; entertainment included Scottish country dancing. Much pleasure was derived from a lovely group of school children with their teachers who mixed with and delighted participants – many of whom were elderly. It was a huge success and well over 100 people attended; many were not church members, but coming from the neighbourhood, it was a splendid way to engage with others of the Parish. A celebration service was held on Sunday 24th of June.

TRANSFORMING LIVES FOR GOOD

TLG is a Christian charity which operates by means of trained volunteers from churches who bring hope for a brighter future to dis-advantaged children. From school exclusion to poverty and holiday hunger, many children across the UK face some of the bleakest and toughest starts in life. Working with volunteers from local churches, TLG is committed to reaching out to these vulnerable children. In 2018, Highfield Church inaugurated a TLG initiative for three local schools. Volunteers from Highfield Church attended training in June, and the scheme commenced in September. More recently, a fourth school in the city has expressed its interest in participating in the TLG initiative; – a most encouraging and promising start to the Church's new supportive venture in the City of Southampton.

YOUNG PEOPLE'S MINISTRY

Children and youth are well-provided at Highfield with regular activities across several age groups. External events include outings and weekends away at local venues.

"Experience Easter" from 25th March to 4th April was an interactive and multi-sensory exploration of Holy Week held in the last two weeks of term. Local schools were invited to visit Highfield Church as part of their RE curriculum; it was a delight to be able to share the Easter story with many children who had not heard it before.

"Holiday Club" is an annual outreach event for children up to school year 6 for church children and those from the local community and schools. Held every morning during May half-term from a Tuesday to Friday, it enables children to find out more about Jesus in a fun and relevant way, gathering together for songs, games and other activities. This year's Holiday Club theme was 'Team Builders;' It was a fun-filled week this year, with lots of talk about Jesus. We do hope that all children who participated continue to think about how God calls everyone to be on His Team and that conversations stemming from 'Holiday Club' continue between families long after the event.

'Happy All Hallows,' was held again in 2018 on 31st October in Church. The event was open to all children in the community and all were invited to come dressed up with a carved pumpkin for a competition - and then have fun on a bouncy cathedral, play board games with Board in the City, bob for apples, play X Box, eat burgers and then think about how Halloween has now become and then explored its real meaning. The event enabled Church to engage with families in the community and included a broad spread of ages.

Engaging the University

Over 25,000 people work and study in the University of Southampton, much of which lies within our parish. Not just undergraduates, but post-graduates, overseas students and staff. Working with the CU and chaplaincy and other churches we aim to be a Christian presence on the campus.

Highfield Church is committed to its established and ongoing ministry to students. The Church's Student Ministry Assistants promote and maintain a Christian presence on the University Campus, working alongside staff of the University Chaplaincy, the Christian Union and other Churches.

A University Service was held on Sunday 7th October in Church at 11.15 a.m. It was an excellent opportunity for all University academic and support staff to meet together, pray for the academic year and reflect on the place of faith on the campus. The Guest speaker was Professor Jeremy Begbie Professor of Theology in Duke University, North Carolina - and Affiliated Lecturer in the Faculty of Music at the University of Cambridge. A specialist in the interface between theology and the arts, and especially interested in interplay between music and theology, he delivered a clever and fascinating address combining playing the piano with the spoken word.

International students are catered for with regular activities and many people from Highfield Church are involved in supporting this ministry. Activities include bible studies held in the Church Centre, there is an International Women's Group and IExplore Friends International) ran a very successful course, 'Discovering Jesus through Asian Eyes' on Wednesday evenings in the Church Centre. The Philip Project, a discipleship course for Christian International Students) is also hosted at the Church Centre.

Deanery Synod

The Deanery Synod is a link between the PCC and the Diocesan Synod; it is part of the system of government in the Church of England, established by the Synodical Measure of 1969. The normal life of the Deanery Synod is three years. Based on Electoral Roll numbers, six members of PCC represent Highfield Church on the Deanery Synod, the last elections having been in April 2017. A Deanery 'Mission Action Plan' drawn up in 2014 was revised and updated in November 2017 and reflects what we aim to do at Highfield within strategic priorities set by the Diocese.

Foundation Governors

The PCC is responsible for nominating to the Diocese the majority of Foundation Governors for Highfield Church of England Aided Primary School; by so doing, it sustains the Christian ethos of the school against increasing pressure of other faiths and non-believers.

Volunteers

All the activities of the Church require the support and assistance of volunteers. So many members work diligently and selflessly on one or more Church ministries and activities within and outside Church in the community of Southampton. The Clergy and PCC acknowledge with gratitude the magnificent contribution which all our volunteers make in furtherance of Highfield Church's mission.

Developments

STAFFING

Fulfilment of Highfield Church's mission would not be possible without sustained leadership of Clergy backed by a resilient staff team. A part-time Grants and Stewardships Officer was appointed earlier in 2018 to search for a range of funding opportunities and to prepare appropriate grant applications to finance e.g. repairs to Church buildings and fabric. Appointment of three new Student Ministry Assistants in the early autumn, strengthened the Church's mission presence on the University campus.

PCC continues this year to fund a Minister-in-Training through St Mellitus College in London, the trainee's specific interests being in ministry to young adults, evangelism and outreach. Due to complete training in 2019, the appointee remains an enthusiastic, popular and effective leader of Sunday worship.

BUILDINGS

In 2018, audio-visual equipment in Church was upgraded and concomitant improvements to electrical cabling were made. Wi-fi services in the Church and Church Centre were upgraded. Improvements were made to lighting, including use of LED lights where older fittings failed. With permission of the Diocese the vestry roof was repaired following theft of its lead. Much general maintenance has been undertaken during the year, including repairs to drains and gutters; repairs and other general maintenance have been carried out to heating systems in Church and the Church Centre.

A RESOURCE CHURCH

There has been much previous discussion by the PCC about Highfield Church becoming a "Resource Church" in order to expand the mission of Jesus elsewhere in Southampton and the Diocese. In 2018, at the invitation of the Bishop of Southampton, Highfield Church committed to becoming a "Resource Church" to facilitate future local church-planting. It is planned that the first such church-plant will be at St Nicolas Church North Stoneham in September 2019 – an ancient church located on the edge of a major new housing complex; this housing development promises to bring in many young families - offering promising, fertile territory for outreach and mission.

IN FURTHERANCE OF MISSION

Looking to the future, PCC approved a proposal in 2018 to commission Architects to conduct a "Feasibility Study" to consider how Highfield Church buildings may be developed to best serve the ministry it feels called to in the Parish in the longer term. The study has involved several months of collaboration with the architects, including discussions with Church members and the neighbouring community. The outcome has been a comprehensive report outlining a programme of projects to help Highfield Church achieve its vision. Decisions on the architects' proposals will be fully considered and developed further during 2019 - 2020. This significant new initiative heralds an exciting new chapter in the life and mission of Highfield Church in the local community.

FINANCIAL REVIEW

Results for the year

The financial results for the year, which show a deficit of £57,847 (2017 – surplus of £396,901), are considered a satisfactory outcome, with £313,356 of this surplus relating to the revaluation of 104 /Upper Shaftesbury Avenue. There are no other matters of significance within the information in the financial statements. The PCC holds a level of reserves, matched by liquidity, which should sustain its activities.

In 2018, the Trustees adopted the revised accounting framework as described in the Statement of Recommended Practice on Accounting and Reporting by Charities for FRS 102. The effect of this change is described in the accounting policies below.

Reserves Policy

The reserves policy is that the PCC should hold unrestricted general funds equal to between three and six months of the budgeted resources to be expended in the year, and no less than three months staff salary costs. The lower limit of three months' expenditure is approximately £150,000, and the minimum requirement of three months' salaries is £60,000.

The PCC holds unrestricted funds, which are not designated, of £135,977, which is within the target range.

The majority of PCC income is from unrestricted committed and regular personal giving, which is one of the strongest long term reserves the PCC could have.

A sustained effort is under way to maintain and increase voluntary income, and to ensure that adequate resources are available to meet planned activities. The PCC believes this will enable it to maintain the correct balance between the outward looking strategy of the charity with the desire to achieve an appropriate level of reserves.

Principal Funding Sources

The staff salaries, activities and ministries of the church are funded by the contributions received from members of the church and through the income tax recovered under the Gift Aid scheme. The Church Centre is partly funded through the letting of its rooms to outside organisations and individuals, and partly by the PCC.

Investment Policy and Objectives

The PCC approved the investment policy to invest its funds via the Diocese of Winchester. This provides a lower rate of interest than could be obtained elsewhere, but the purpose of this investment is that it enables the Diocese to provide loans at a lower rate of interest to other parishes who need to borrow money. In this way the investments help the wider church.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees are required to: -

Select suitable accounting policies and then apply them consistently

Make judgements and estimates which are reasonable and prudent

Prepare the financial statements on the "going concern" basis unless it is inappropriate to presume that the Charity will continue in operation

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the Statement of Recommended Practice – Accounting and Reporting by Charities. 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.

Approved by the Parochial Church Council on and signed on their behalf by:



M Archer Priest

Priest in Charge and Chair of Trustees

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

Summary of Financial Statements for 5 years

	2018 £k	2017 £k	2016 £k	2015 £k	2014 £k
INCOME					
Income from members including tax	476	596	490	492	584
Gift days & Retiring Collections	13	36	22	-	91
Income from parish fees and grants	24	8	5	18	10
Church Centre and other departments	68	64	54	57	53
Weekend away	-	19	-	-	-
Income from investments and interest	18	9	1	1	1
Total Income	599	732	572	568	739
Mission Giving and Donations	69	66	70	64	70
Diocesan Parish Share	135	140	153	170	170
Staff Costs	259	245	203	173	194
Roof and improvements	-	-	-	-	159
Church activities	47	42	41	31	28
Church maintenance and staff homes	27	20	21	18	28
Cost of Church Centre and departments	61	64	56	61	57
Weekend away	-	24	-	-	-
Church administration	21	16	16	18	22
Depreciation	38	32	25	25	25
Total Expenditure	657	649	585	560	753
Net Surplus/(Deficit)	(58)	83	(13)	8	(14)
Gains and losses on Investments	-	314	1	-	-
Increase / (Decrease) in Funds	(58)	397	(12)	8	(14)
Funds at start at year	885	488	500	492	506
Funds at end of year	827	885	488	500	492
FINANCIAL POSITION					
PCC NET ASSETS					
Fixed Assets	657	649	222	248	273
Investments, mainly bank deposits	102	172	178	176	102
Bank balances, debtors & creditors	68	64	88	76	117
Total Assets	827	885	488	500	492
PCC FUNDS					
Premises and fixed assets	679	577	223	214	238
Endowment and Restricted Funds	13	106	75	69	69
Church Centre & other funds	-	-	-	-	28
Cyclical Maintenance Fund	-	-	-	87	58
General Fund	135	202	190	130	99
Total Funds	827	885	488	500	492

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON**

We have audited the financial statements of Parochial Church Council of Highfield Church, Southampton for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. 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).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor in accordance with the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018, and of its incoming resources and application of resources, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Julie M Butler FCA (Senior Statutory Auditor)
Butler & Co Chartered Accountants &
Registered Auditors
Bennett House, The Dean,
Alresford, Hampshire
SO24 9BH

Date:

17 April 2019

**PAROCHIAL CHURCH COUNCIL OF HIGHFIELD
CHURCH, SOUTHAMPTON**

**STATEMENT OF FINANCIAL ACTIVITIES AND STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES**

for the Year Ended 31 December 2018

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL 2018 £	FUNDS 2017 £
INCOMING RESOURCES	Note					
Voluntary income	2(a)	494,810	13,409	-	508,219	631,237
Church activities	2(b)	73,145	-	-	73,145	91,711
Income from investments	2(c)	17,967	-	397	18,364	8,072
TOTAL INCOMING RESOURCES		585,922	13,409	397	599,728	731,020
Transfer between funds	2(d)	13,119	(12,722)	(397)	-	-
INCOMING RESOURCES AFTER TRANSFER		599,041	687	-	599,728	731,020
RESOURCES USED						
Mission and charitable giving	3(a)	60,610	-	-	60,610	60,256
Church activities	3(b)	323,194	9,532	-	332,726	340,163
Governance costs	3(c)	5,784	-	-	5,784	3,900
Staff costs	3(d)	258,275	-	-	258,275	244,147
TOTAL RESOURCES USED		647,863	9,532	-	657,395	648,466
Transfer between funds	2(d)	9,182	(9,182)	-	-	-
RESOURCES USED AFTER TRANSFER		657,045	350	-	657,395	648,466
NET INCOMING/(OUTGOING) RESOURCES		(58,004)	337	-	(57,667)	82,554
Transfers between funds		92,441	(92,441)		-	-
GAINS AND LOSSES ON INVESTMENTS						
- realised		-	-	-	-	-
- unrealised	7 & 8	-	-	(180)	(180)	314,347
NET MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR	11a	34,437	(92,104)	(180)	(57,847)	396,901
FUNDS AT START OF YEAR		778,788	94,180	11,968	884,936	488,035
FUNDS AT END OF YEAR		813,225	2,076	11,788	827,089	884,936

BALANCE SHEET
At 31 December 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £	2017 Total Funds £
FIXED ASSETS						
Tangible assets	6	237,248	-	-	237,248	228,873
Investment property	7	420,000	-	-	420,000	420,000
Investments	8	<u>90,000</u>	<u>-</u>	<u>11,788</u>	<u>101,788</u>	<u>171,754</u>
		747,248	-	11,788	759,036	820,627
CURRENT ASSETS						
Debtors: amounts falling due within one year	9	23,014	-	-	23,014	9,782
Cash at bank		<u>68,245</u>	<u>2,076</u>	<u>-</u>	<u>70,321</u>	<u>90,594</u>
		91,259	2,076	-	93,335	100,376
CREDITORS						
Amounts falling due within one year	10	(25,282)	-	-	(25,282)	(36,067)
NET CURRENT ASSETS		<u>65,977</u>	<u>2,076</u>	<u>-</u>	<u>68,053</u>	<u>64,309</u>
NET ASSETS		<u>813,225</u>	<u>2,076</u>	<u>11,788</u>	<u>827,089</u>	<u>884,936</u>
FUNDS						
Unrestricted funds						
General Funds	11			□	135,977	202,356
Designated Funds	12				<u>677,248</u>	<u>576,432</u>
					813,225	778,788
Restricted Funds	13				2,076	94,180
Endowment Funds					<u>11,788</u>	<u>11,968</u>
TOTAL FUNDS					<u>827,089</u>	<u>884,936</u>

The financial statements were approved by the Parochial Church Council on 30/3/2019 and were signed on its behalf by:

M Archer
Chair of Trustees



S H Cooper
PCC Treasurer



STATEMENT OF CASH FLOWS
At 31 December 2018

	Notes	Unrestricted Funds (£)	Restricted Funds (£)	Endowment Funds (£)	Total Funds (£)	2017 Funds (£)
Cash flows from operating activities						
Cash generated from/(used in) operations	1	(62,320)	337	(180)	(62,163)	131,938
Net cash provided by operating activities		(62,320)	337	(180)	(62,163)	131,938
Cash flows from investing activities						
Dividends/ from Investments						684
Interest from Investments		1,167	-	-	1,166	388
Rent from Investment Property		16,800	-	-	16,800	7,000
Purchase of Fixed Assets		(46,043)	-	-	(46,043)	(145,209)
Proceeds from sale of Investments						-
Net cash used in investing activities		(28,076)	-	-	(28,076)	(137,137)
Cash flows from financing activities						
Net inflows/(outflows) from borrowings		-	-	-	-	-
Net cash provided by/ (used in) financing activities		-	-	-	-	-
Increase/(Decrease) in cash and cash equivalents		(90,396)	337	(180)	(90,239)	(5,199)
Cash and cash equivalents at beginning of year	2	248,641	1,739	11,968	262,348	267,547
Cash and cash equivalents at end of year	2	158,245	2,076	11,788	172,109	262,348

NOTES TO THE STATEMENT OF CASH FLOWS

At 31 December 2018

1. RECONCILIATION OF SURPLUS/(DEFICIT) TO CASH GENERATED FROM OPERATIONS

	Unrestricted Funds (£)	Restricted Funds (£)	Endowment Funds (£)	Total Funds (£)	2017 Funds (£)
Surplus/(Deficit) from operations	(58,004)	337	(180)	(57,847)	396,901
Revaluations	-	-	-	-	(313,356)
Depreciation	37,668	-	-	37,668	32,263
Dividends from Investments	-	-	-	-	(684)
Interest from Investments	(1,167)	-	-	(1,167)	(388)
Rent from Investment Property	(16,800)	-	-	(16,800)	(7,000)
(Increase)/Decrease in Debtors	(13,232)	-	-	(13,232)	(1,847)
Increase/(Decrease) in Creditors	(10,785)	-	-	(10,785)	26,049
Net cash provided by operating activities	<u>(62,320)</u>	<u>337</u>	<u>(180)</u>	<u>(62,163)</u>	<u>131,938</u>

2. CASH AND CASH EQUIVALENTs

The amounts disclosed on the statement of Cash Flows in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	Unrestricted Funds (£)	Restricted Funds (£)	Endowment Funds (£)	Total Funds (£)
Year ended 31st December 2018				
Cash and cash equivalents	68,245	2,076	-	70,321
Bank overdrafts	-	-	-	-
Investments*	90,000	-	11,788	101,788
	<u>158,245</u>	<u>2,076</u>	<u>11,788</u>	<u>172,109</u>
Year ended 31st December 2017				
Cash and cash equivalents	88,855	1,739	-	90,594
Bank overdrafts	-	-	-	-
Investments*	159,786	-	11,968	171,754
	<u>248,641</u>	<u>1,739</u>	<u>11,968</u>	<u>262,348</u>

*Although this balance does not represent cash, it is relatively liquid and therefore in order for the trustees to assess their spending for the year under review and assess future liquid balances, this investment has been included as a cash balance in the cash flow.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 together with applicable accounting standards and the Statement of Recommended Practice (FRS 102), Accounting and Reporting by Charities and the Charities Act 2011.

The Parochial Church Council of Highfield Church, Southampton is a charity with a registered charity number 1131770 which is registered and domiciled in England with the address of Highfield Lane, Highfield, Southampton, Hampshire, SO17 1RL

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets which are shown at market value. The financial statements include all transactions, assets and liabilities for which the PCC is responsible by law. They do not include the accounts of church groups that owe their main affiliation to another body, nor those that are informal gatherings of church members. The financial statements are prepared in sterling which is the functional and presentational currency of the charity and rounded to the nearest pound.

Critical Accounting Policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no material judgements that are considered by the trustees to have an impact upon these financial statements.

Fund accounting

Endowment fund capital must be maintained permanently; only income arising from investment of the endowment may be used either as restricted or unrestricted funds depending upon the purpose for which the endowment was established.

Restricted funds represent (a) income from trusts or endowments which may be expended only on those restricted objects provided in the terms of the trust or bequest, and (b) donations or grants received for a specific object or invited by the PCC for a specific object. The funds may only be expended on the specific object for which they were given. Any balance remaining unspent at the end of each year must be carried forward as a balance on that fund. Explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are general funds which remain unrestricted but are set aside by the PCC for use in the future. These funds are for future depreciation of fixed assets and for cyclical maintenance of premises.

Incoming resources

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

Resources expended

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding or constructive obligation on the PCC. The diocesan parish share is accounted for when due. All other expenditure is generally recognised when it is incurred.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2018

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Consecrated and beneficed property is excluded from the financial statements in accordance with the Charities Act 2011.

No value is placed on moveable church furnishings held by the church wardens on special trust for the PCC and which require a faculty for disposal since the PCC considers this to be inalienable property and no reliable cost information is available. All expenditure incurred during the year on consecrated or benefice buildings, whether maintenance or improvement, is written off as expenditure in the Statement of Financial Activities and separately disclosed. Expenditure on moveable furnishings is capitalised. Equipment with a purchase price of £5,000 or less is written off when the asset is acquired.

Depreciation is at the following annual rates in order to write off each asset over its useful economic life.

Church Centre Improvements	4% Straight line
Car Park & Sound System upgrade	10% Straight line
Fixtures, Fittings and Equipment	10% and 15% Straight line

No depreciation is provided on freehold land or residential properties. It is the PCC's practice to maintain these in a continual state of sound repair and the residual value is unlikely to be below cost.

Investment property

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is recorded in the Statement of Financial Activities and transferred at the year end to the designated funds.

Pension Costs

The PCC participates in a defined contribution pension scheme. Contributions payable to the PCC pension scheme are charged as resources used in the period to which they relate.

Current assets

Amounts due to the PCC in respect of fees, rents or other income are shown as debtors less provision for amounts that may prove uncollectable.

Taxation

The charity is exempt from corporation tax on its charitable activities.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

2 INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL 2018 £	FUNDS 2017 £
2(a) Voluntary Income					
Planned giving:					
Giving under Gift Aid	329,730	-	-	329,730	338,722
Tax recoverable	84,413	-	-	84,413	88,045
Other tax efficient giving	10,953	-	-	10,953	12,882
Non gift aidable giving	36,330	-	-	36,330	37,345
Collections at services	12,813	-	-	12,813	14,381
Gift Days & Retiring collections	193	-	-	193	6,101
Sundry donations	1,340	13,409	-	14,749	36,686
Legacies	38	-	-	38	97,075
Grant income	19,000	-	-	19,000	-
	<u>494,810</u>	<u>13,409</u>	<u>-</u>	<u>508,219</u>	<u>631,237</u>
2(b) Church Activities					
Church Centre lettings etc	47,723	-	-	47,723	47,903
Restricted fund activities income	-	-	-	-	-
Self-funded activities income	20,145	-	-	20,145	35,671
Parish Fees	5,277	-	-	5,277	8,137
	<u>73,145</u>	<u>-</u>	<u>-</u>	<u>73,145</u>	<u>91,711</u>
2(c) Income from investments					
Dividends and interest	1,167	-	397	1,564	1,072
Rental Income	16,800	-	-	16,800	7,000
	<u>17,967</u>	<u>-</u>	<u>397</u>	<u>18,364</u>	<u>8,072</u>
TOTAL INCOMING RESOURCES	<u>585,922</u>	<u>13,409</u>	<u>397</u>	<u>599,728</u>	<u>731,020</u>

2(d) Transfers to General Funds

An amount of £397, being income received on the Endowment Fund investments, was transferred to General Funds.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

3 RESOURCES USED

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL 2018 £	FUNDS 2017 £
3(a) Missionary and charitable giving:					
Church overseas:					
- missionary societies	-	-	-	-	-
- other missions and individuals	28,144	-	-	28,144	26,600
Home missions and other organisations					
- organisations	24,755	-	-	24,755	23,220
Short term placements	4,144	-	-	4,144	5,380
Other donations	3,567	-	-	3,567	5,056
	<u>60,610</u>	<u>-</u>	<u>-</u>	<u>60,610</u>	<u>60,256</u>
3(b) Church Activities:					
Ministry: Diocesan Common Mission Fund	135,308	-	-	135,308	140,000
- clergy expenses	4,451	-	-	4,451	3,646
Church – services	10,864	-	-	10,864	9,815
- older people	938	-	-	938	954
- children, youth & students	13,576	-	-	13,576	12,467
- other activities	8,357	-	-	8,357	4,212
Training costs	7,021	-	-	7,021	9,792
Church running and maintenance	23,700	-	-	23,700	15,673
Toilet/Roof repairs	179	-	-	179	-
Office costs	19,834	-	-	19,834	16,407
Depreciation (property improvements and equipment)	37,668	-	-	37,668	32,263
Distribution of Parish fees	1,875	-	-	1,875	2,911
Church Centre – costs excluding staff costs	41,760	-	-	41,760	47,821
Restricted fund activities	-	9,532	-	9,532	5,531
Self-funded activities expenditure	17,663	-	-	17,663	38,671
	<u>323,194</u>	<u>9,532</u>	<u>-</u>	<u>332,726</u>	<u>340,163</u>
3(c) Governance costs					
Audit costs	5,784	-	-	5,784	3,900
3(d) Staff Costs (note 5)					
Salaries and employer costs	258,275	-	-	258,275	244,147
TOTAL RESOURCES USED	<u>647,863</u>	<u>9,532</u>	<u>-</u>	<u>657,395</u>	<u>648,466</u>

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2018

4. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2018 £	2017 £
Auditors' remuneration	5,784	3,900
Depreciation - owned assets	<u>37,668</u>	<u>32,263</u>
	43,452	36,163

5. STAFF COSTS

	2018 £	2017 £
Wages and salaries	227,293	214,076
Social Security Costs	12,362	12,330
Pension Costs	<u>18,620</u>	<u>17,741</u>
	<u>258,275</u>	<u>244,147</u>

The average number of employees in the year was 15 (2017 - 14). During the year the PCC employed a discipleship pastor, two family and children's workers, youth worker, student ministry assistant, office manager, operations manager, facilities manager, assistant facilities manager, and three administrative assistants.

No employees earned £60,000 pa or more.

See note 13 for disclosure of payments made to related parties.

Two members of clergy are paid by the Church Commissioners and not the PCC. The Common Mission Fund paid to the diocese is in part to cover these costs. Two clergy give their time as non-stipendiary clergy, for no remuneration by either the Church Commissioners or PCC.

6. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Fixtures and fittings £	Totals £
COST				
At 1 January 2017	-	438,690	271,112	709,802
Additions	-	46,044	-	46,044
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>484,734</u>	<u>271,112</u>	<u>755,846</u>
DEPRECIATION				
At 1 January 2017	-	307,865	173,064	480,929
Charge for year	<u>-</u>	<u>24,510</u>	<u>13,158</u>	<u>37,668</u>
At 31 December 2018	<u>-</u>	<u>332,375</u>	<u>186,222</u>	<u>518,597</u>
NET BOOK VALUE				
At 31 December 2017	<u>-</u>	<u>130,825</u>	<u>98,048</u>	<u>228,873</u>
At 31 December 2018	<u>-</u>	<u>152,359</u>	<u>84,890</u>	<u>237,249</u>

The freehold property was purchased in 1994 and was shown at cost. In 2017, in the prior year the use of the property changed from being used within the charity to that of rental, as such, the property is now being shown as an investment property.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued **for the Year Ended 31 December 2018**

7. INVESTMENT PROPERTY

	104 USA
	£
MARKET VALUE	
At 1 January 2018	420,000
Transfers from Freehold Property	-
Changes in market value	-
At 31 December 2018	<u>420,000</u>
NET BOOK VALUE	
At 31 December 2018	<u>106,644</u>
At 31 December 2017	<u>106,644</u>

The property known as 104 Upper Shaftesbury Avenue was transferred in the prior year from freehold property to investment property due to a shift in the use. The property was valued on an open market basis by the trustees at 31st December 2018.

8. FIXED ASSET INVESTMENTS

		Unlisted investments £
MARKET VALUE		
At 1 January 2018		171,754
Additions/(Disposals)		(69,786)
Changes in market value		<u>(180)</u>
At 31 December 2018		<u>101,788</u>
Cash Deposits via Winchester Diocese amount to	£90,000	(2017 - £159,786)
Investments in COIF funds amount to	£11,788	(2017 - £11,968)
NET BOOK VALUE		
At 31 December 2018		<u>101,788</u>
At 31 December 2017		<u>171,754</u>

There were no investment assets outside the UK.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Income tax recoverable	576	1,168
Church centre debtors	4,653	5,484
Other debtors and prepayments	3,660	3,130
VAT recoverable	<u>14,125</u>	-
	<u>23,014</u>	<u>9,782</u>

VAT is recoverable under Listed Places of Worship Government grant scheme.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	550	-
Social Security and other taxes	3,550	3,718
Other creditors	9,432	3,095
Accrued expenses	<u>11,750</u>	<u>29,254</u>
	25,282	36,067
	<u> </u>	<u> </u>

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2018

11(a). FUNDS

Endowment funds comprise the Vicar and Church Warden's Fabric Fund, from which the income is to be used for the upkeep of church fabric.

Restricted funds are in respect of:

- Donations for the specific purposes of the part purchase of the staff home and future premises projects
- Group activities run by the church which are paid for by the people involved and run at no extra cost to the PCC general fund. These include Coffee Pot, HODOS, Men's Breakfast, Tea Club and Women@8.

Designated funds are for specific expenditure on, and the financing of, property and fixed assets. Unrestricted funds are available at the discretion of the PCC and include amounts that are designated for cyclical maintenance and depreciation.

Net movement in funds and total
recognised gains and losses in the year

	2018	2017
	£	£
General Funds	(66,379)	11,903
Designated Funds	100,817	353,861
Total for the year	<u>74,438</u>	<u>365,764</u>

General Fund movements

	2018	2017
	£	£
Balance at 1 January 2018	202,356	190,453
Surplus/(deficit) for the year	(66,379)	11,903
Transfers at end of year	-	-
Balance at 31 December 2018	<u>135,977</u>	<u>202,356</u>

Designated fund movements

	Fixed Assets £	Investment Property £	2018 TOTAL £	2017 TOTAL £
Balance at 1 January 2018	191,432	385,000	576,432	187,571
Additions/(Disposals)	46,043	-	46,043	107,768
Transfers	57,441	35,000	92,441	-
Depreciation	(37,668)	-	(37,668)	(32,263)
Revaluation	-	-	-	313,356
Transfers at end of year	-	-	-	-
Balance at 31 December 2018	<u>257,248</u>	<u>420,000</u>	<u>677,248</u>	<u>576,432</u>

During the prior year, the cost of the property known as 104 Upper Shaftesbury Avenue was transferred from freehold property to investment property due to the change in the use of the property. The value of the property was then increased to its market value as determined by the trustees on an open market value basis at 31st December 2017, this value has not changed since.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

11 (b). ANALYSIS OF NET ASSETS BY FUNDS

	General Funds £ (Note 11a)	Designated Funds £ (Note 12)	Restricted Funds £ (Note 13)	Endowment Funds £	TOTAL £
Tangible fixed assets	-	237,248	-	-	237,248
Investment property	-	420,000	-	-	420,000
Investment fixed assets	70,000	20,000	-	11,788	101,788
Current assets	91,259	-	2,076	-	93,335
Current liabilities	(25,282)	-	-	-	(25,282)
Balance at 31 December 2018	135,977	677,248	2,076	11,788	827,089

12. DESIGNATED FUNDS

	2018 £	2017 £
Investment property – part cost of 104 Upper Shaftesbury Avenue	71,644	71,644
Investment property - initial purchase transferred from restricted	35,000	-
Investment property – revaluation of 104 Upper Shaftesbury Avenue	313,356	313,356
Improvements to property	152,357	130,825
Improvements to property paid with restricted funds	-	(57,441)
Fixtures and fittings – church centre	5,468	7,857
Fixtures and fittings – church	79,423	90,191
Investment Balance	20,000	20,000
	<u>677,248</u>	<u>576,432</u>

Investment Property: 104 Upper Shaftesbury Avenue. Cost of £106,644, £35,000 of which was paid for using restricted funding. This restriction has now been lifted and therefore the entire value, including the revaluation, of the property is now classed as designated funds.

The majority of the additions this year relate to the improvement to the sound system, which has all been allocated to designated funds.

Cyclical Maintenance Fund: The PCC is required to undertake an inspection of the church building every five years. Plans for cyclical maintenance are then drawn up to maintain the building. The PCC sets aside money annually to build up a fund to meet the costs of major repairs, but this does not necessarily constitute a designated fund. At present, £4,974 has been put aside.

13. RESTRICTED FUNDS

	2018 £	2017 £
<i>Restricted Fund movements</i>		
Donation for Premises Projects	-	35,677
Transfer to designated funds due to restriction being satisfied	(92,441)	-
Group activities income less expenditure	337	(5,531)
	<u>(92,104)</u>	<u>30,146</u>
<i>Restricted Funds at end of year</i>		
Staff homes – part of cost of property	-	35,000
Improvements to property paid with restricted funds	-	57,441
Group activities	2,076	1,739
	<u>2,076</u>	<u>94,180</u>

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2018

14. RELATED PARTY TRANSACTIONS

There were no trustees' expenses paid for the year ended 31 December 2018 or for the year ended 31 December 2017, other than those expenses which were reimbursed to trustees for expenditure incurred on behalf of the charity.

The following relatives of trustees received payment for their services or as employees of the PCC:

M Billington, J Ladkin, and H Thompson. The total paid in the year was £41,189

PCC members are not involved in decisions concerning those with whom they are connected.

15. PENSIONS

Highfield Parochial Church Council (PB Classic) participates in the Pension Builder Scheme section of Church Workers Pension Fund for lay staff. The PCC had 13 active members and 7 deferred members in the DCS at 31 December 2018. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The PCC contributes 9% of basic salary and the employees are required to contribute a minimum contribution of 6%. The pensions costs charged to the SoFA in the year are contributions payable, totalling £18,620 (2017 - £17,741)

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

PAROCHIAL CHURCH COUNCIL OF HIGHFIELD CHURCH, SOUTHAMPTON

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018**

15. PENSIONS (continued)

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPf valuation date, 31 December 2018.