

Financial Review 2019

The financial statements and notes to the financial statements are given at the end of the Annual Report. This report provides an overview for parishioners who are not financial specialists. The references in brackets give the relevant heading or note section of the financial statements.

After four years in succession that income has exceeded expenditure after several years of losses, we have once again recorded a small loss. The marginal deficit for 2019 was £552 compared to a surplus of £15043 the previous year and £64,604 the year before that (which had a couple of large exceptional items). The 2019 deficit is disappointing and reflects a reduction in both planned giving and income from our Pre-school. As such we were unable to pay off any further contribution to reducing our debt with the Diocese which remains at £26,135 in respect of unpaid Parish Share from previous years. The plan is to reduce this debt further during 2020.

For one reason or another there were a series of modest scale works on the church to maintain the quality of the fabric. These included:

- Repairs to the Altar steps (£3426)
- Altar frontal in the Vestry (£2750)
- Renovation and redecoration of the Lefroy Room (£4988)
- Improvements to church security (£812)
- Further improvements to the Church office computing systems and software (£3000)
- Lincat water heating system in Lefroy area (£847)
- Further repairs to the organ (£600)
- Further modest repairs to the sound technology (£872) in the body of the Church

The authorised spend on repairs and renovations has been limited and targeted at being effective for the congregation, whilst ensuring the fabric of the Church is well maintained. However, it is somewhat higher than in earlier 'normal' years.

A notable element of income and expenditure in these accounts is the operation of the Pre-School. This continues to be a very successful service to the community which is in high demand from families in the village. In 2019, the Pre-School was as busy as ever throughout the first two terms. However, in the summer almost 2/3rds of the children advanced to their Infants school and so the September term was lighter than normal which had an effect in the annualised income which reduced a little to about £103,346 The Pre-school has direct costs [Note 3b] of £82,886 which mostly goes on staff salaries. In addition, of course, there are a range of overhead costs which this does not include (e.g. administrative support, cleaning, use of the Vestry Hall, clergy vestry, the dedicated storage area, etc.). To be clear, following on from the Government legislation regarding the auto enrolment for workplace pensions the PCC approved the Church Workers Pension Fund as the appropriate vehicle for its workforce and this was enacted from the 1st June 2016.

Total donations to charities [Note 3a] included:

Churches Together in Fleet & Church Crookham (£1450), Royal British Legion (£325), Phyllis Tuckwell Hospice (£282), Naomi House (£1087), Missions to Sea farers (£86), Crookham Infants School (£2084)

Principal sources of income were:

- Pre-School income from Hampshire County Council, employer vouchers and parents are the largest single source of income for the PCC at £103346[Note 2c].
- The majority of the congregation donate by planned giving, much of which can have income tax reclaimed. There are others who give in other ways, some of which is also income-tax reclaimable. The total of these [Note 2a] is £79,460, a decrease from the £89,583 given in 2017. Our planned giving and related income this past year is markedly less than in earlier years and a campaign to increase this is planned for the first quarter of 2020.

Financial Administration

Our finances continue to be administrated by the following team which was initially put in place at the 2017 APCM and re-affirmed at the 2018 and 2019 APCM:

- Treasurer (Professor Mark Cross)
- Planned Giving Officer (Nigel Hare)
- Pensions Officer (Laura Roberts)
- Independent Examiner (David Sprot)

Additionally, we are grateful to Mrs Linda Ayrton, for her assistance to the Treasurer in a variety of ways including each week putting together the weekly income and banking it, and in preparation for the Financial Review process.

Reserves Policy

It is the policy of the PCC to maintain sufficient unrestricted funds to meet running costs of the Church's ministry, maintenance of the buildings and emergency situations. Although this had not been possible in the last few years (2010-2014) whilst the new annex and upgrades to existing facilities were underway, all these costs are now paid and the Reserves are sufficient to sustain the church operation under normal circumstances for about 8 months should all income cease.

Funds held as custodian trustees on behalf of others

There are no funds in this category.

Financial Risk Management

The PCC income is less than £500,000 per annum so there is no requirement for a formal financial risk policy. However, it is sensible to consider the main areas of risk. These are considered to be:

- Costs arising from unplanned repair or maintenance work that is not covered by our insurance policies. The policies are believed to be adequate and are with Ecclesiastical Insurance, the recognised insurers for churches and PCCs.
- A Quinquennial Review inspection is planned for the summer of 2020, and there are bound to be some costs arising from the findings of our Inspecting Architect although the hope is they should not be too extensive, since we have attempted to keep the buildings in good order since the last inspection in 2015. All of the urgent minor work from that inspection has been completed. It is anticipated that the costs can be contained within current income and special appeals if necessary.

- A significant amount of necessary tree maintenance work has recently been carried out in 2017 and 2018 and any remaining is well within current income levels.
- The Pre-School income base is the subject of variation because of Government changes to the funding of pre-school education, however, with careful management of pupil numbers the income base has been protected during this past year though, of course, there is still some uncertainty about how the income base will change as of 2020 and beyond.
- There is always a risk of accidents in the church premises and churchyard with claims against the PCC. No specific financial contingency can be made. The risk can be reduced by ensuring adherence to Health & Safety regulations.
- The church is generally in good repair and the PCC has been diligent in ensuring the QI conclusions have been actioned. However, it is clear that some large ticket items such as the church window frames and the roof will need serious renovation in the next decade. The PCC will need to consider how best to raise a fund to support such renovations as this must surely be an intergenerational project – delivered by one for those who follow!

Financial Summary

The church has continued in surplus over the last few years, even after paying back a further £10,000 of the debt to the Diocese during the year, except for this year where a small deficit has been recorded and no further debt payments to the Diocese have been managed. As mentioned above a campaign to raise awareness for increased giving is planned for the first quarter of 2020. Anticipated expenditure during 2020 should be met from current levels of income and we have plans to further reduce the Diocesan debt during the first half of the year. Long term it will be important to put together a fund to enable the restoration and repair of the church window frames and the roof.

INDEPENDENT EXAMINERS REPORT
TO THE PAROCHIAL CHURCH COUNCIL OF THE PARISH OF CROOKHAM
FOR THE YEAR ENDED 31 DECEMBER 2019

This report on the financial statements of the Parochial Church Council (PCC) for the year ended 31 December 2019, as set out on pages 6 to 18, is in respect of an examination carried out in accordance with the Church Accounting Regulations 2006 (the Regulations) and section 144 of the Charities Act 2011 (the Act).

Respective responsibilities of the PCC and examiner

As members of the PCC you are responsible for the preparation of the financial statements; you consider that the audit requirement of the Regulations and section 144(2) of the Act do not apply, and that an independent examination is needed. It is my responsibility to issue this report on those financial statements in accordance with the terms of the Regulations.

Basis of this report

My examination was carried out in accordance with the General Directions given by the Charity Commission under section 145 of the Act and to be found in the Church guidance, 2013 edition. That examination includes a review of the accounting records kept by the PCC and a comparison of the accounts with those records. It also includes considering any unusual items or disclosures in the financial statements and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respects the requirements
 - to keep accounting records in accordance with section 130 of the Act; and
 - to prepare financial statements which accord with the accounting records and comply with the requirements of the Act and the Regulations have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached

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THE PAROCHIAL CHURCH COUNCIL OF THE PARISH OF CROOKHAM
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

		Unrest- ricted	Desig- nated	Restrict- ed	<u>Total</u>	
	<u>Notes</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>2019</u>	<u>2018</u>
INCOMING RESOURCES						
Incoming resources from donors	2a	77,653	0	1,807	79,460	89,583
Other voluntary incoming resources	2b	6,945	0	1,833	8,778	3,478
Income from charity & ancillary trading	2c	124,605	0	0	124,605	128,468
Income from investments	2d	12,960	0	6,531	19,491	20,492
TOTAL INCOMING RESOURCES		222,163	0	10,171	232,334	242,021
RESOURCES USED						
Grants & donations	3a	2,122	0	1,807	3,929	3,786
Activities directly relating to work of the church	3b	185,338	10,219	1,048	196,605	195,115
Fund-raising and publicity	3c	2,978	0	0	2,978	150
Church management and administration	3d	29,374	0	0	29,374	27,927
TOTAL RESOURCES USED		219,812	10,219	2,855	232,886	226,978
NET INCOMING RESOURCES/RESOURCES USED		2,351	-10,219	7,316	-552	15,043
BALANCES BROUGHT FORWARD		57,495	275,554	50,939	383,989	368,946
BALANCES CARRIED FORWARD		59,846	265,335	58,225	383,436	383,989
<u>FIXED ASSETS</u>						
Tangible fixed assets	5				250,000	250,000
<u>CURRENT ASSETS</u>						
Debtors	6				13,752	14,646
Short Term Deposits					60,530	60,778
Cash at Bank and in hand					98,071	87,319
					172,353	162,743
Liabilities Falling Due within 1 year	7				-38,917	-28,754
Net Current Assets					133,436	133,989
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>					383,436	368,989
<u>LIABILITIES FALLING DUE AFTER ONE YEAR</u>					0	0
					383,436	383,989
<u>REPRESENTED BY FUNDS</u>						
Unrestricted					59,846	57,496
Designated	10				265,335	275,554
Restricted	9				58,255	50,939
Endowment					0	0
Total					383,436	368,989

The financial statements on pages 6 to 18 were approved by the Parochial Church Council on 2nd April 2020 and signed on its behalf by:

Rev Steve Franklin, Vicar, Chairman

Professor Mark Cross, Treasurer

THE PAROCHIAL CHURCH COUNCIL OF THE PARISH OF CROOKHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 together with applicable accounting standards and the Statement of Recommended Practice: Accounting and Reporting by Charities as revised 2005.

The financial statements have been prepared under the historical cost convention.

Funds

General funds represent the funds of the Parochial Church Council (PCC) that are not subject to any restrictions regarding their use and are available for application on the general purposes of the PCC. Funds designated for a particular purpose by the PCC are also unrestricted.

Restricted funds represent donations or grants received for a specific object or invited by the PCC for a specific object and can only be expended on the purpose for which they were given. Any balance remaining unused at the end of each year must be carried forward as a balance on that fund. The PCC does not usually invest separately for each fund. Where there is no separate investment, interest is apportioned to individual funds on an average balance basis.

Designated funds are part of the unrestricted funds set aside by the PCC for a particular purpose. Unrestricted funds are general funds, which can be used for PCC ordinary purposes.

The financial statements include all transactions, assets and liabilities for which the PCC is responsible in 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.

Incoming Resources

Planned giving, collections, donations and fees 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. Rental income from the letting of church premises is recognised when due. Interest is accrued. All other income is recognised when it is receivable. All incoming resources are accounted for gross.

Resources used

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC. The diocesan parish share is an operational (though not a legal) liability and is accounted for when due. All other expenditure is recognised when a liability is incurred and is accounted for gross.

Church Workers Pension Fund (CWPF) - FRS102 Statement

Crookham PCC (PB2014) participates in the Pension Builder Scheme section of CWPF for lay staff. 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 is because 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 pensions costs charged to the SoFA in the year are contributions payable (**2019: £5240, 2018: £5488**).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, **Crookham PCC (PB2014)** could become responsible for paying a share of that employer's pension liabilities.

Fixed assets

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

Movable church furnishings held by the churchwardens on special trust for the PCC and which require a faculty for disposal are inalienable property unless consecrated, and are not included in these financial statements. All expenditure incurred during the year on consecrated or benefice property and inalienable church furnishings, whether maintenance or improvement, is written off as expenditure in the Statement of Financial Activities in the year in which it is incurred.

Other buildings held on behalf of the PCC for its own purposes are valued at cost. No depreciation is charged against such properties, but any expenditure on maintenance or improvement is written off as incurred.

Other fittings and equipment used within the church premises, including assets acquired under a finance lease, are depreciated on a straight line basis over 5 years. Individual items of equipment with a purchase price of £1,000 or less are written off when the asset is acquired.

Current assets

Amounts owed to the PCC at the year end less provision for amounts that may prove uncollectable are shown as debtors.

Short-term deposits are cash held on deposit either with the CBF Church of England Funds or at the bank.

THE PAROCHIAL CHURCH COUNCIL OF THE PARISH OF CROOKHAM
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Unrestricted</u> <u>Funds</u>	<u>Designated</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
2 INCOMING RESOURCES					
a Incoming resources from donors					
Planned giving	57,042			57,042	60,446
Collections at all services	4,870			4,870	4,831
Sundry donations	1,217		1,807	3,024	9,380
Income tax recoverable	14,524			14,524	14,926
	77,653		1,807	79,460	89,583
b Other voluntary incoming resources					
Grants & donations	0		1,833	1,833	1,677
Fetes, Bazaars and other fund raising events	6,945		0	6,945	1,801
	6,945		1,833	8,778	3,478
c Income from charitable & ancillary trading					
Magazine	3,726			3,726	3,415
Vestry contributions	8,686			8,686	6,370
Pre-School	103,346			103,346	110,487
Fees	8,847			8,847	8,196
	124,605			124,605	128,468
d Income from investments					
Interest receivable	452			452	464
Funds of School House Trust	0		6,531	6,531	6,228
Rent on Jubilee Drive	12,508			13,800	13,800
	12,960		6,531	19,491	20,492
TOTAL INCOMING RESOURCES	222,163		10,171	232,334	242,021
3 RESOURCES USED					
a Grants & donations					
Missionary & charitable giving UK	2,122		1,807	3,929	3,786
b Activities directly related to the work of the church					
Ministry:					
Parish share	79,066			79,066	77,292
Clergy expenses	2,578			2,578	0
Vicarage expenses	216			216	339
Visiting Clergy	0			0	6,839
Church - running expenses	15,256	10,219	937	26,412	16,000

Repairs and renewals	0		0	3,018
Professional fees	550		550	728
Upkeep of services	3,247	111	3,358	3,414
Expenditure on magazine & library	1,254		1,254	3,445
Upkeep of churchyard	285		285	4,744
Pre-school Salaries & Pensions	76,819		76,819	76,868
Other Pre-School expenses	6,067		6,067	5,446
	185,338	10,219	1,048	196,605
				195,115

c Fund raising & publicity

Costs of fetes & other fund raising events

2,978	0	0	2,978	150
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d Church management & administration

Administration:

Postage, printing & stationary	0		0	98
Telephone & internet	1,492		1,492	1,427
Computers & Photocopiers	2,349		2,349	2,491
Other administration expenses	1,262		1,262	1,122
Staff pay	20,405		20,405	19,799
Investment property expenses	3,437		3,437	2,566
Bank charges	429		429	424
	29,374		29,374	27,927

TOTAL RESOURCES USED

219,812	10,219	2,855	232,886	226,978
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4 STAFF COSTS

Remuneration			91,984	91,179
Social security costs			0	0
Pension costs			5,240	5,488
			97,224	96,667

5 FIXED ASSETS FOR USE BY THE PCC

Tangible fixed assets

	2,019			2,018
	FHL&B	Leased	Total	Total

Gross book value

As at January 1st 2019	250,000	0	250,000	250,000
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31 December 2019	250,000	0	250,000	250,000

Depreciation

At 1 January 2019	0	0	0	0
Charge for year	0	0	0	0
Disposals	0	0	0	0
As at 31st December 2019	0	0	0	0

Net book value

As at 31st December 2019

250,000	0	250,000	250,000
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6 DEBTORS

Prepayments and accruals	3,052	3,775
Tax recoverable on covenants	10,700	10,871
	13,752	14,646

7 LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

Amounts due under finance leases	0	0
Parish Share	-26,135	-26,135
Other accruals	-12,782	-2,619
Other creditors	0	0
	-38,917	-28,754

8 ANALYSIS OF NET ASSETS BY FUND

	<u>Unrestricted</u> <u>Funds</u>	<u>Designated</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>Total</u> <u>2019</u>	<u>2018</u>
Fixed assets	0	250,000	0	250,000	250,000
Current Assets	98,762	15,335	58,255	172,352	162,743
Liabilities : amounts falling due within 1 year	-38,916	0	0	-38,916	-28,754
Liabilities : amounts falling due within 5 years	0	0	0	0	0
Fund balance	59,846	265,335	58,255	383,436	383,989

9 RESTRICTED FUNDS

	<u>End 2018</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>End 2019</u>
Christ Church Community Project	-9,265	0	0	-9,265
Funds of School House Trust	33,817	6,531	0	40,348
Building and Fabric	300	0	-300	0
Parish share debt reduction	883	0	0	883
Organ maintenance	18,163	1,833	-637	19,359
Flowers	526	0	-111	415
Library - Joan Blundell bequest	275	0	0	275
Pastoral care	474	0	0	474
Supporting children of the Parish	5,766	0	0	5,766
Collections - UK charities	0	1,807	-1,807	0
	50,939	10,171	-2,855	58,255

10 DESIGNATED FUNDS

	<u>End 2018</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>End 2019</u>
Investment properties	250,000	0	0	250,000
Building and Fabric	25,554	0	-10,219	15,335
	275,554	0	-10,219	265,335

NOTES

2b - The receipts for Churchyard Upkeep include £15 for the upkeep of a family grave and £30 from the Commonwealth War Graves Commission for the maintenance of the war graves in the cemetery.

4 - During the year the PCC employed organists, cleaners, a parish administrator, two assistants and Pre-School staff, none of whom earned more than £60,000 p.a. (2018: Nil). Together these employees equate to 5 full time employees (2018: 5).

Payments to PCC members and persons related to PCC members: The expenses paid to various members of the PCC may have included an immaterial proportion relating to their specific function as a member of the PCC.

The Parish Administrator is married to a member of the PCC. She was appointed through an open process with a set of formal interviews for a number of candidates. Furthermore, it was only after her appointment that her husband was elected to the PCC. No other payments were made in 2019 to persons closely connected to members of the PCC (2018: Nil).

5 - The investment property fund was set up and designated by the PCC in 2013, for the freehold property referred to in Note 5. The freehold property is held as an investment, and is let.

There are no endowment funds to report.

There are no contingent liabilities as at 31 December 2019 (2018: Nil)

The registration number of the Crookham PCC with the Charity Commission is 1132174.