

Financial Statements (Accruals Accounting) Example

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

The Parochial Church Council of St Ledger's Church, Ambridge

Registered Charity number 1234567

The Parochial Church Council of St Ledger's Church, Barchester

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EXAMPLE TRUSTEES' ANNUAL REPORT (ACCRUALS ACCOUNTING)

2016 Report and Accounts for the Parochial Church Council of St Ledger's Church, Ambridge

Aim and purposes

St Ledger's Parochial Church Council (PCC) has the responsibility of cooperating with the incumbent, the Reverend James Colossae, in promoting

in the ecclesiastical parish, the whole mission of the church, pastoral, evangelistic, social and ecumenical. The PCC is also specifically responsible for the maintenance of the Church Centre complex of St Ledger's, The Green, Ambridge.

Objectives and activities

The PCC is committed to enabling as many people as possible to worship at our church and to become part of our parish community at St Ledger. The PCC maintains an overview of worship throughout the parish and makes suggestions on how our services can involve the many groups that live within our parish. Our services and worship put faith into practice through prayer and Scripture, music and sacrament.

When planning our activities for the year, we have considered the Charity Commission's guidance on public benefit and, in particular, the supplementary guidance on charities for the advancement of religion. In particular, we try to enable ordinary people to live out their faith as part of our parish community through:

- Worship and prayer; learning about the gospel; developing their knowledge and trust in Jesus
- Provision of pastoral care for people living in the parish
- Missionary and outreach work.

To facilitate this work, it is important that we maintain the fabric of the church of St Ledger and the Church Centre complex.

Achievements and performance

Worship and prayer

The PCC is keen to offer a range of services during the week and over the course of the year that our community find both beneficial and spiritually fulfilling. For example, evening prayers provide a quiet, intimate and reflective environment for worship, while opportunities are provided for people to engage in more outgoing worship such as that provided by the youth group within our parish.

This year we have been successful in welcoming more families into our church and have agreed a new style of family worship on the morning of the third Sunday each month. This has meant that special arrangements have had to be made for baptisms and for welcoming the families at corporate worship on the first Sunday of each month. It is pleasing to be able to report that the new arrangements have been well received since they came into operation during September. They will be reviewed by the PCC after 12 months. In addition, a great deal of time and thought was spent during the year on making best use of the new services. Many have said how much easier it is to follow the services now that they are

printed out in booklets.

All are welcome to attend our regular services. At present there are 173 parishioners on the church electoral roll, 91 of whom are not resident within the parish. Eighteen names were added during the year and nine were removed either through death or because they moved away from the parish. The average weekly attendance, counted during October, was 107, but this number increased at festivals, and two Christmas carol services had to be held to seat all those who wished to attend.

As well as our regular services, we enable our community to celebrate and thank God at the milestones of the journey through life. Through baptism we thank God for the gift of life; in marriage public vows are exchanged with God's blessing; through funeral services friends and family express their grief and give thanks for the life which is now complete in this world, and commend the person into God's keeping. We have celebrated 25 baptisms and 15 weddings and held 26 funerals in our church this year.

Deanery Synod

Three members of the PCC sit on the Deanery Synod. This provides the PCC with an important link between the parish and the wider structures of the Church. This year the PCC has also focused its attention on the questions posed to parishes in the deanery about the most effective deployment of stipendiary and non-stipendiary clergy.

The Church Centre complex

We want our church to be open to our community for private prayer. Unfortunately, since the theft of valuable church artefacts from St Augustus' Church, in the neighbouring parish, we have felt unable to leave the church open at all times for private worship. We are, however, pleased that a rota of parishioners has enabled us to open the church at weekends and for all public holidays in the past year.

The state of the nave roof had been identified as a major concern for some time and despite routine maintenance being carried out, a detailed report on its condition prepared by the architect in April 2015 confirmed the need for major structural renewal and re-ordering. The work started in January 2016 and the total cost of the project was £189,000. Grants totalling £162,000 were received and a further £8,000 was raised from fundraising. The PCC had decided not to start an appeal and would instead fund the shortfall of £19,000 from general funds (£10,000 had been designated in the previous year).

The kitchen in the church hall was refurbished during August and the new environment meets the stringent health and safety requirements and allows us to continue the old people's luncheon club on Saturdays. Eighteen people regularly attend at our luncheon club, twelve of whom are parishioners. We were particularly pleased to be able to extend the services of our club to the members of the Ambridge Green Methodist

Chapel luncheon club when the death of Alice Luther, the main organiser of that club, forced its closure.

During the week the hall is used by our mothers and toddlers group on Wednesdays. Fifteen children and their carers have been regular attenders at the mother and toddler group. During the summer the group organised two outings including older siblings during the school holidays. In July, 20 children and their parents went for the day to Longleat and later in the holidays we had the hottest day of the year for our family outing to New Milton.

The crèche runs in the hall on Tuesday and Thursday mornings. There are 12 regular attenders at the crèche, which is organised by Sally Pincet, the council's peripatetic childcare co-ordinator who runs crèches at our church as well as at St Augustus' on Mondays and Wednesdays. She has a rota of volunteers from the parish who help her, all of whom have been CRB checked. The crèche had an OFSTED inspection during the year and passed with flying colours.

Pastoral care

Some members of our parish are unable to attend church due to sickness or age. Reverend James Colossae has visited all church members who have requested it, to celebrate communion with them either at their homes or in hospital. Miss Finching has continued to organise a rota of volunteers to visit all who are sick or unable to get out for any other reason, to keep them in touch with church life.

Mission and evangelism

Helping those in need is a demonstration of our faith. The Mission and Evangelism Committee is to be congratulated on its fundraising efforts. Missionary and charitable giving totalled £56,200. Three members of our congregation are working with the Moses Cain and Grace Cross charity, which works with deprived children in the Far East. Thanks to the generosity of the congregation and the tireless work of John Leighton in securing grants, we were able to send £38,650 to support their work. £11,200 has been raised during the year to continue the support to CMS and £3,500 for the Ambridge Pensioners' Club. Additionally, this year £2,850 was raised for the Southern Africa Famine appeal.

Our parish magazine is distributed quarterly to all parishioners on the church electoral roll and is available at the church hall. The magazine keeps our parishioners informed of the important matters affecting our church and articles that help develop our knowledge and trust in Jesus.

Ecumenical relationships

The church is a member of Churches Together in Ambridge and of the Wessex Interfaith Forum. We have held joint services on the fourth

Sunday of every month with the Ambridge Green Methodist Church, and for the first time this year have joined with them both for our Lent courses and to run an Alpha course in the autumn. The Alpha course has led a number of people to attend other church activities and services. We have also worked with Ambridge Green Methodist Church and Millfield Baptist Church to deliver a flyer to every home in the town advertising the Christmas services of all three churches.

Financial review

Total receipts on unrestricted funds were £193,650, of which £107,900 was unrestricted planned voluntary donations, and a further £24,050 was from Gift Aid. Restricted grants and donations of £216,750 were also received, the majority of which was for the major structural renewal project, and details are shown in the financial statements. The freehold house at 36 Church Street continues to be let temporarily, which provided a gross income of £4,200.

The planned giving through envelopes and banker's orders increased by 9% and it was good to see that the use of Gift Aid envelopes increased. Total income, excluding legacies and exceptional income for the major structural renewal project went up by a healthy 13% compared with last year. This was mainly due to our stewardship campaign, whose theme was to give in grace, our time, talents and giving to reflect our deepening faith. We were grateful for a pecuniary legacy of £11,000 from the estate of Mrs Mary Rudge. £2,000 was set aside towards the cost of the much needed cleaning of the organ. The work was completed in time for Christmas.

£154,300 was spent from unrestricted funds to provide the Christian ministry from St Ledger's Church, including the contribution to the diocesan parish share that increased by 5% in the year and largely provides the stipends and housing for the clergy.

The sum that the churches in the deanery have to find is shared between the churches according to a formula that is based mainly on a head count of the congregations. We have to find more of the sum at St Ledger's as the size of our congregation increased more compared with other churches.

Net movement in funds on unrestricted funds was £24,305 including £5,000 surplus on the sale of investments. There was a small overspend on the restricted funds of £6,225. During the year, the total fund balances increased from £75,185 to £93,510, of which £83,240 is unrestricted.

Reserves policy

It is PCC policy to try to maintain a balance on free reserves (net current assets) which equates to at least three months unrestricted payments. This is equivalent to £39,000. It is held to smooth out fluctuations in cash flow and to meet emergencies. The balance of the free reserves at the year end was £45,885 which is marginally higher than this target.

The balance of £7,775 in the restricted fund is retained towards meeting the upkeep of the Church Hall. It is our policy to invest the short term investment fund balances with the CCLA Church of England Deposit Fund, and the remainder in the CCLA Church of England Investment Fund.

Volunteers

We would like to thank all the volunteers who work so hard to make our church the lively and vibrant community it is. In particular, we want to mention our churchwardens Mrs Cartwright and Mr Jones, who have worked so tirelessly on our behalf, and Mrs Nunn, who has helped us all to understand the church's accounts and its finances.

Structure, governance and management

The Parochial Church Council is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure. The PCC is a Registered Charity.

The method of appointment of PCC members is set out in the Church Representation Rules. At St Ledger's the membership of the PCC consists of the incumbent (our vicar), churchwardens, the reader and members elected by those members of the congregation who are on the electoral roll of the church. All those who attend our services/members of the congregation are encouraged to register on the electoral roll and stand for election to the PCC.

The PCC members are responsible for making decisions on all matters of general concern and importance to the parish, including deciding on how the funds of the PCC are to be spent. New members receive initial training into the workings of the PCC.

The full PCC met six times during the year with an average level of attendance of 80%. Given its wide responsibilities the PCC has a number of committees each dealing with a particular aspect of parish life. These committees, which include worship, mission and outreach and fabric and finance, are all responsible to the PCC and report back to it regularly, minutes of their decisions being received by the full PCC and discussed as necessary.

Related Parties

Donations from related parties (PCC members) included £7,250 restored to the major structural renewal project.

Administrative information

St. Ledger's Church is situated in The Green, Ambridge. It is part of the Diocese of Wessex within the Church of England. The correspondence address is The Vicarage, Church Street, Ambridge. Registered charity number 123456.

PCC members who have served at any time from 1 January 2012 until the date this report was approved are:

Ex officio members:

Incumbent:

The Reverend James Colossae (chairman)

Reader:

Mr Geoffrey Amis

Wardens:

Mrs Jean Cartwright

Mr David Jones (vice chairman)

Elected members:

Mr Alex Tipshaw, representative on Deanery Synod

Mr Peter Ackworth (Secretary), representative on Deanery Synod Mr Jack Pierce, representative on Deanery Synod

Miss Fiona Fielding (from 5 April 2006) Mrs Chloe Nunn (treasurer) Mr Gary Gledhill

Miss Henrietta Gordon, Mrs Tina Foster

Miss Hermione Ward (until 5 April 2006) Mr Martin Ward Miss Emily Airedale

Mr Julian Footbridge (until 5 April 2006) Miss Lizzie Wrexham

Mr Ronald Nicholas (from 5 April 2006)

Approved by the PCC on 1 March 2007 and signed on their behalf by the Reverend James Colossae (PCC Chairman)

Independent Examiner's Report to the Trustees of St Ledger's Parochial Church Council

I report on the accounts of the church for the year ended 31 December 2016 which are set out on pages xx to xx.

Respective Responsibilities of Trustees and Examiner

The church's trustees are responsible for the preparation of the accounts. The church's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act)) and that an independent examination is needed.

It is my responsibility to:

- Examine the accounts under section 145 of the 2011 Act);
 - To follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 145(5)(b) of the 2011 Act);
- and
- To state whether particular matters have come to my attention.

Basis of Independent Examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the gross income for the year exceeds the amount provided in section 145(3) of the Act, I confirm that I am qualified to act as Independent Examiner under the provisions of that section of the Act and that my qualification is as shown below.

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

1. which gives me reasonable cause to believe that in any material respect the requirements

- to keep accounting records in accordance with section 130 of the 2011 Act; and

• to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

(Name) (Date)

(Relevant professional qualification or body)

(Address)

Example Trustees' Annual Accounts (Accruals accounting)

SOFA

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMBRIDGE

STATEMENT OF FINANCIAL POSITION

For the year ending 31 December 2019

	Note	Unrestricted funds £
INCOME AND ENDOWMENTS		
Voluntary income	2(a)	160,400
Activities for generating funds	2(b)	14,200
Income from investments	2(c)	3,250
Church activities	2(d)	15,800
TOTAL INCOME		<u>193,650</u>
EXPENDITURE		
Church activities	3(a)	154,300
Raising funds	3(b)	550
TOTAL EXPENDITURE		<u>155,800</u>
NET INCOME/(EXPENDITURE)		
BEFORE INVESTMENT GAINS		37,850

PAROCHIAL CHURCH COUNCIL OF ST LEDGER’S, A

BALANCE SHEET AT

	Notes
FIXED ASSETS	
Tangible	7(a)
Investments	7(b)
CURRENT ASSETS	
Stock	
Investments	8(a)
Debtors and prepayments	8(b)
Short-term deposits	
Cash at bank and in hand	

LIABILITIES

Creditors – amounts falling due within one year 9

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMBRID

CASH FLOW STATEMENT AT 31

2016

£

Net cash from operating activities

Cash flows from investing activities

Dividends, interest and rent from investments 9,950

Interest paid 0

Proceeds from the sale of:

Tangible fixed assets 0

Tangible fixed investments 9,170

Purchase of:

Tangible fixed assets for the use of the PCC 0

Fixed asset investments (10,605)

Net cash provided by/(used in) investing activities

Change in cash and cash equivalents in the
reporting period

Cash and cash equivalents at 1 January

Cash and cash equivalents at 31 December

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMBRIDGE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016 (continued)

1 ACCOUNTING POLICIES

The PCC is a public benefit entity within the meaning of FRS102. The financial statements have been prepared under the Charities Act 2011 and in accordance with the Church Accounting Regulations 2006 governing the individual accounts of PCCs, and with the Regulations' "true and fair view" provisions, it is also the first year that they have been prepared under FRS102 (2016) as the applicable accounting standards and the 2016 version of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP(FRS102)).

ASSETS

Consecrated and benefice property

In so far as consecrated and benefice property of any kind is excluded from the statutory definition of 'charity' by Section 10(2)(a) and (c) of the Charities Act 2011 such assets are not capitalised in the financial statements.

Moveable church furnishings

These are capitalised at cost and depreciated over their useful economic life other than where insufficient cost information is available. In this case the item is not capitalised, but all items are included in the Church's inventory in any case.

Tangible fixed assets for use by charity

These are capitalised if they can be used for more than one year, and cost at least £1,000. They are valued at cost or else, for gifts- in-kind, at a reasonable estimate of their open market value on receipt.

Depreciation is calculated to write off the capitalized cost of fixed assets less their currently anticipated residual fair value over their estimated useful lives as follows:

- Land Nil
- Fixtures & Fittings 20 years

Computers 3 years

No depreciation is provided on buildings as the currently estimated residual value of the properties is not less than their carrying value and the remaining useful life of these assets currently exceeds 50 years, so that any depreciation charges would be immaterial.

An impairment review is carried out at each year-end and any resultant loss identified included in expenditure for the year.

Investments

Investments quoted on a recognised stock exchange or whose value derives from them are valued at market value at the year end. Other investment assets are included at PCC’s best estimate of market value.

Short term deposits

These are the cash held on deposit either with the CCLA or at the bank.

FUNDS

Unrestricted Funds

These represent the remaining income funds of the PCC that are available for spending on the general purposes of the PCC, including amounts designated by the PCC for fixed assets for its own use or for spending on a future project and which are therefore not included in its ‘free reserves’ as disclosed in the trustees’ report.

Restricted Funds

These are income funds that must be spent on restricted purposes and details of the funds held and restrictions provided are shown in the notes to the accounts.

Endowment Funds

These are restricted funds that must be retained as trust capital either permanently or subject to a discretionary power to spend capital as income, and where the use of any income or other benefit derived from the capital may be restricted or unrestricted. Full details of all their restrictions are shown in the notes to the accounts.

2. INCOME AND ENDOWMENTS

		Unrestricted funds £
2(a)	Voluntary income	
	Planned giving:	
	Gift Aid donations	107,900
	Tax recoverable	24,050
	Other	3,900
	Collections:	
	(open plate)	9,900
	Gift days	900
	Grants:	
	Major structural renewal	–
	Donations, appeals etc.	1,700
	Legacies	11,000
		<hr/>
		160,400
2(b)	Activities for generating funds	
	Parish magazine (advertising)	1,100
	Summer fete and Christmas bazaar	2,900
	Fundraising	6,000
	Rent – temporary let on curate's house	4,200
		<hr/>
		14,200
2(c)	Income from investments	
	Dividends on CCLA Investment Fund	2,850
	Bank and CCLA Deposit Fund Interest	400
		<hr/>
		3,250

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMB
NOTES TO THE FINANCIAL STATEMENTS For the year e

3. EXPENDITURE

	Unrestricted funds £
3(a) Church activities	
Missionary and charitable giving	
Overseas: CMS	11,200
South Africa Famine appeal	1,500
Earthquake appeal	—
Support of Moses Cain and Grace Cross	—
Home: Ambridge Pensioners' Club	3,500
	<hr/>
	16,200
	<hr/>
Ministry: diocesan parish share	91,500
Other ministry costs	9,000
Church running and maintenance	15,750
Major repairs – structural renewal	—
Depreciation on curate's house and church equipment	<hr/> 3,000
Sunday school leader training	2,000
Parish magazine costs	2,200

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMBRIDGE

NOTES TO THE FINANCIAL STATEMENTS For the year ended

INCOME AND ENDOWMENTS

4 ANALYSIS OF EXPENDITURE INCLUDING ALL

	Direct costs £
Church building and maintenance	14,8
	201 £
PCC members induction training	45
Independent examiner's remuneration*	50
	<hr/> 95 <hr/>

* (fees payable to the PCC's examiner for the examination)

5 STAFF COSTS

PAROCHIAL CHURCH COUNCIL OF ST LEDGER’S, A
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

6. ANALYSIS OF TRANSFER BETWEEN FUNDS

	Unrestricted £	Restricted
Major structural renewal	(19,000)	19,000

The major structural renewal appeal was started in January 2016. The total amount received from grants, fundraising and appeal totalled £19,000. This resulted in a deficit on the restricted project of £19,000. The PCC designated £10,000 from general income in the previous year to fund the deficit on the project.

7. FIXED ASSETS

7(a) Tangible

Cost of valuation	At 1 January 2016
	Disposal
	Additions at cost

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AMBRIDG

NOTES TO THE FINANCIAL STATEMENTS For the year ended

7(b)	Investments	£
	Market value at 1 January 2016	14,500
	Disposal	(9,170)
	Purchases at cost	2,000
	Net gains	6,295
	Market value at 31 December 2016	<u>13,625</u>

At the beginning of the year, the ABC stock was sold and produced a profit. Investments have been made at various times in the CCLA Church. The market value at 31 December 2016 was 3,359 shares, which cost £22,105. The net value of investments for:

Unrestricted funds	3,355
Restricted funds	7,775
Endowment funds	2,495
	<u>13,625</u>

8. CURRENT ASSETS

8(a)	Investments	£
	Market value at 1 January 2016	15,000
	Purchases at cost	8,605
	Revaluation gain	455
	Market value at 31 December 2016	<u>24,060</u>

PAROCHIAL CHURCH COUNCIL OF ST LEDGER'S, AM

NOTES TO THE FINANCIAL STATEMENTS For the year

11. SUMMARY OF FUND MOVEMENTS

	Unrestricted general structural renewal £	Rest Chur
Balance at 1 January 2016	58,935	1
Incoming resources	193,650	1
Resources expended	(155,800)	(1
Investment gains	5,455	
Transfer between funds	(19,000)	
Balance at 31 December 2016	<u>83,240</u>	<u>7</u>

12. SUMMARY OF ASSETS BY FUND

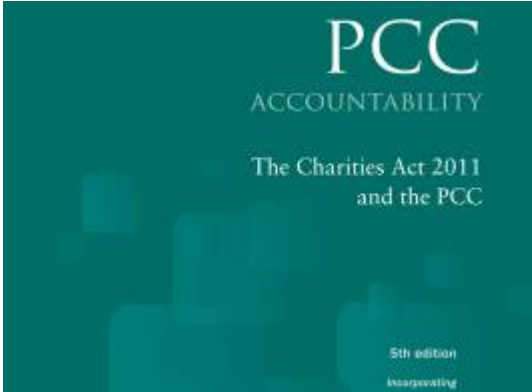
	Unrestricted funds £	Res fr
Tangible fixed assets	34,000	
Investment fixed assets	3,355	7
Current assets	49,085	

13. PRIOR PERIOD COMPARITIVE SOFA RESTATE

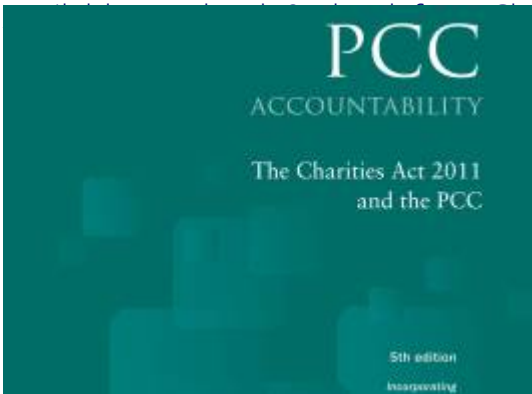
STATEMENT OF FINANCIAL

For the year ending 31 Dec

	Unrestricted funds £
INCOME AND ENDOWMENTS	
Voluntary income	117,255
Activities for generating funds	4,250
Income from investments	6,750
Church activities	13,150
	<hr/>
TOTAL INCOME	141,405
	<hr/>
EXPENDITURE	
Church activities	129,755
Raising funds	350
	<hr/>
TOTAL EXPENDITURE	130,105
	<hr/>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	11,300
	<hr/>
NET GAINS ON INVESTMENTS	Page 24 70
	<hr/>
NET INCOME/(EXPENDITURE)	11,370



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