**ANNUAL PAROCHIAL CHURCH MEETING 2022**

**TREASURER REPORT**

by

**Craig Stolton**

**Review of the Year End Financial Statements (Accounts)**

Our independent examiner Mr L.J. Powell, B.Sc., F.C.A. approved the Trustees’ Annual Report and Financial Statements (TAR) on 5 May 2023. The Financial Review report is on pages 5 to 9 of the TAR. There are three financial statements, and these are reproduced here:

* **Statement of Financial Activities**
* **Statement of Financial Position**
* **Statement of Cash Flows**

The notes on pages 22 to 33 of the TAR form part of theses financial statements.

|  |
| --- |
| **STATEMENT OF FINANCIAL ACTIVITIES** |

 **31 DECEMBER 2022**

|  |  |  |
| --- | --- | --- |
|  |  **2022**  | 2021  |
|  | Unrestricted funds | Restricted funds | **Total funds** | Total funds |
| **Note** | **£** | **£** | **£** | £ |

**Income and endowments**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Donations and legacies | **4** | 180,583 | 39.400 | 219,983 | 198,049 |
| Charitable activities | **5** | 47,221 | -- | 47,221 | 28,425 |
| Other trading activities | **6** | 7,669 | -- | 7,669 | 8,195 |
| Investment income | **7** | 2,322 | 3,454 | 5,776 | 1,908 |
| Other income | **7a** | -- | 16,835 | 16,835 | 3,636 |
|  | ───────── | ───────── | ───────── | ───────── |
| **Total income** | 237,795 | 59,689 | 297,484 | 236,577 |
|  | ═════════ | ═════════ | ═════════ | ═════════ |

**Expenditure**

Expenditure on raising funds:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Costs of other trading activities | **8** | (1,180) | -- | (1,180) | (647) |
| Expenditure on charitable activities | **9,10** | (248,088) | (43,056) | (291,144) | (244,814) |
| Other expenditure | **9a** | (500) | (289) | (789) | (361) |
|  | ───────── | ───────── | ───────── | ───────── |
| **Total expenditure** | (249,768) | (43,345) | (293,113) | (245,822) |
|  | ═════════ | ═════════ | ═════════ | ═════════ |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ───────── | ───────── | ───────── | ───────── |
| **Net income** | (11,973) | 16,344 | 4,371 | (9,245) |
|  | ═════════ | ═════════ | ═════════ | ═════════ |

**Other recognised gains and losses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Fair value movement on investments | **18** | -- | (2,664) | (2,664) | 2,858 |
|  |  | ───────── | ───────── | ───────── | ───────── |
| **Net movement in funds** |  | (11,973) | 13,680 | 1,707 | (6,387) |

**Reconciliation of funds**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Total funds brought forward | 83,423 | 209,125 | 292,548 | 298,935 |
|  | ───────── | ───────── | ───────── | ───────── |
| **Total funds carried forward** | 71,450 | 222,805 | 294,255 | 292,548 |
|  | ═════════ | ═════════ | ═════════ | ═════════ |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

|  |
| --- |
| **STATEMENT OF FINANCIAL POSITION** |

 **31 DECEMBER 2022**

|  |  |  |
| --- | --- | --- |
|  |  **2022**  | 2021  |
|  | **£** | **£** | £ | £ |

**Fixed assets**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Tangible fixed assets | **17** |  | 6,052 |  | 7,293 |
| Investments | **18** |  | 20,068 |  | 22,732 |
|  |  | ──────── |  | ──────── |
|  |  | 26,120 |  | 30,025 |

**Current assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stocks | 500 |  | 500 |  |
| Debtors | **19** | 4,142 |  | 10,005 |  |
| Cash at bank and in hand | 281,436 |  | 273,875 |  |
|  | ───────── |  | ───────── |  |
|  | 286,078 |  | 284,380 |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Current liabilities**Creditors: amounts falling due within one year | **20** | 17,943 |  | 21,857 |  |
|  | ───────── |  | ───────── |  |
| **Net current assets** |  | 268,135 |  | 262,523 |
|  |  | ───────── |  | ───────── |
| **Total assets less current liabilities** |  | 294,255 |  | 292,548 |
|  |  | ═════════ |  | ═════════ |

**Funds of the charity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Restricted funds |  | 222,805 |  | 209,125 |
| Unrestricted funds |  | 71.450 |  | 83,423 |
|  |  |  |  |  |
| **Total unrestricted funds** |  | 71,450 | 83,423 |  |
|  |  |  | ───────── |  | ───────── |
| **Total charity funds** | **21** |  | 294,255 |  | 292,548 |
|  |  |  | ═════════ |  | ═════════ |

|  |
| --- |
| **STATEMENT OF CASH FLOWS** |

 **YEAR ENDED 31 DECEMBER 2022**

|  |  |  |
| --- | --- | --- |
|  | **2022** | 2021 |
|  | **£** | £ |

**Cash flows from operating activities**

|  |  |  |
| --- | --- | --- |
| Net income | 4,371 | (9,245) |

|  |  |  |
| --- | --- | --- |
| *Adjustments for:* |  |  |
| Depreciation of tangible fixed assets [note 13] | 1,241 | 1,451 |
| Dividends, interest and rents from investments [note 7] | (5,776) | (573) |
| Other interest receivable and similar income [note 7] | (16,835) | (1,335) |

|  |  |  |
| --- | --- | --- |
| *Changes in:* |  |  |
| Trade and other debtors [note 19] [Incr – Decr +] | 5,863 | (1,144) |
| Trade and other creditors [note 20] [Incr + Decr -] | (3,914) | (11,707) |
|  | ───────── | ──────── |
| Cash generated from operations | (15,050) | (22,553) |

|  |  |  |
| --- | --- | --- |
| Dividends, interest and rents from investments [note 7] | 5,776 | 1,335 |
|  | ───────── | ──────── |
| Net cash from operating activities | (9,274) | (21,218) |
|  | ═════════ | ════════ |

**Cash flows from investing activities**

|  |  |  |
| --- | --- | --- |
| Other income received [note 7a] | 16,835 | 573 |
| Purchase of tangible assets | 0 | 0 |
|  | ───────── | ──────── |
| Net cash used in investing activities | 16,835 | 573 |
|  | ═════════ | ════════ |

|  |  |  |
| --- | --- | --- |
| **Net increase in cash and cash equivalents** | 7,561 | (20,645) |
| **Cash and cash equivalents at beginning of year** | 273,875 | 294,520 |
|  | ───────── | ───────── |
| **Cash and cash equivalents at end of year** | 281,436 | 273,875 |
|  | ═════════ | ═════════ |

These financial statements were approved by the board of trustees and authorised for issue on 11 April 2023, and are signed on behalf of the board by



Revd Andrew Micklefield (Vicar)

Chairman of Trustees

**The General Fund**

This is an ‘Unrestricted’ fund (explained later in this document) and is used for the day-to-day running of the parish. The fund has an annual budget that is approved by the PCC. At each month end the budget is updated with the year to date actual amounts and distributed to all members of the PCC. A summary of the year end position is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **General Fund Summary** |  |  |  |
|   | **Actual** | **Budget** | **Variance** |
| Income | 231,568  | 201,956  | 29,612  |
| Expenses | 232,039  | 236,682  | 4,643  |
| Excess of expenditure over income  | -471  | -34,726  | 34,255  |

Following two years of Covid-19 lockdown and restrictions, and all of the uncertainty around energy prices, setting the budget for 2022 was an extremely difficult task. We decided to err on the side of caution. However, as it turned out, we were far too pessimistic in our approach. Some notable variances are:

|  |  |  |  |
| --- | --- | --- | --- |
| **General Fund Summary** |  |  |  |
|   | **Actual** | **Budget** | **Variance** |
| **Income** |  |  |  |
| Voluntary Income | 175,728  | 160,630  | 15,098  |
| Church and Halls Hirings | 33,978  | 18,000  | 15,978  |
| **Expenditure** |  |  |  |
| Running costs of the church buildings | 48,881 | 53,747 | 4,866 |

It is quite remarkable how resilient POTR is.

The breakdown of income and expenses is shown on the following pages:

* Income Analysis
* Expense Analysis
* Support Costs

**Income Analysis**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Actual 2022** |  | **Budget 2022** |  | **Variance** |  | **Variance 2021** |
|  |  |  |  |  |  |  |  |
| Planned Giving | 116,959  |  | 119,120  |  | -2,161  |  | -4,589  |
|  |  |  |  |  |  |  |  |
| Loose Plate Collections | 13,772  |  | 7,200  |  | 6,572  |  | 363  |
|  |  |  |  |  |  |  |  |
| Sundry and one-off gifts | 11,401  |  | 1,980  |  | 9,421  |  | -4,992  |
|  |  |  |  |  |  |  |  |
| GA Tax Recoverable | 28,724  |  | 26,350  |  | 2,374  |  | -3,886  |
|  |  |  |  |  |  |  |  |
| Legacies | 1,933  |  | 0  |  | 1,933  |  | 1,000  |
|  |  |  |  |  |  |  |  |
| Grants | 2,118  |  | 0  |  | 2,118  |  | 610 |
|  |  |  |  |  |  |  |  |
| Other Funds | 821  |  | 5,980  |  | -5,159  |  | 1,155  |
|  |  |  |  |  |  |  |  |
| Events | 9,212  |  | 7,800  |  | 1,412  |  | 2,741  |
|  |  |  |  |  |  |  |  |
| Magazine | 2,021  |  | 1,824  |  | 197  |  | -396  |
|  |  |  |  |  |  |  |  |
| Interest Received | 949  |  | 2,965  |  | -2,016  |  | -478  |
|  |  |  |  |  |  |  |  |
| Parochial Fees | 9,679  |  | 10,737  |  | -1,058  |  | 4,795  |
|  |  |  |  |  |  |  |  |
| Hall/Church Hire | 33,978  |  | 18,000  |  | 15,978  |  | -1,970  |
|  |  |  |  |  |  |  |  |
|  | **231,568**  |  | **201,956**  |  | **29,612**  |  | **-5,647**  |

**Expense Analysis**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Actual 2022** |  | **Budget 2022** |  | **Variance** |  | **Variance 2021** |
|  |  |  |  |  |  |  |  |
| Cost of Generating Funds | 1,180  |  | 520  |  | -660  |  | 90  |
|  |  |  |  |  |  |  |  |
| Common Mission Fund | 115,488  |  | 115,488  |  | 0  |  | 0  |
|  |  |  |  |  |  |  |  |
| Support Costs | 33,504  |  | 32,957  |  | -547  |  | 1,328  |
|  |  |  |  |  |  |  |  |
| IT & Software | 2,472  |  | 2,400  |  | -72  |  | -384  |
|  |  |  |  |  |  |  |  |
| Bank Charges | 311  |  | 300  |  | -11  |  | -116  |
|  |  |  |  |  |  |  |  |
| Misc and Other Costs | 1,418  |  | 1,970  |  | 552  |  | 1,749  |
|  |  |  |  |  |  |  |  |
| Music and Choirs | 7,431  |  | 8,600  |  | 1,169  |  | -454  |
|  |  |  |  |  |  |  |  |
| Upkeep of Services | 3,705  |  | 2,400  |  | -1,305  |  | -857  |
|  |  |  |  |  |  |  |  |
| Magazine Expenses | 1,291  |  | 800  |  | -491  |  | -421  |
|  |  |  |  |  |  |  |  |
| Eco Church | 263 |  | 2000 |  | 1,737  |  | 0 |
|  |  |  |  |  |  |  |  |
| Governance (YE Audit Exp) | 500 |  | 500 |  | 0  |  | 250 |
|  |  |  |  |  |  |  |  |
| St Lawrence Church | 21,571  |  | 16,611  |  | -4,960  |  | 2,829  |
|  |  |  |  |  |  |  |  |
| All Saints Church | 10,197  |  | 11,654  |  | 1,457  |  | -1,118  |
|  |  |  |  |  |  |  |  |
| St Peter's Church | 1,218  |  | 4,044  |  | 2,826  |  | 589  |
|  |  |  |  |  |  |  |  |
| Holy Rood Church | 15,895  |  | 21,438  |  | 5,543  |  | -66  |
|  |  |  |  |  |  |  |  |
| Parish Centre (StL Hall) | 6,459  |  | 7,092  |  | 633  |  | 557  |
|  |  |  |  |  |  |  |  |
| All Saints Hall | 9,136  |  | 7,908  |  | -1,228  |  | -1,115  |
|  |  |  |  |  |  |  |  |
|  | **232,039**  |  | **236,682**  |  | **4,643**  |  | **2,861**  |

**Support Costs**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022** |  | **2021** |  | **2021 - 2022** |
|  |  |  |  |  | **Movement** |
|  |  |  |  |  |  |
| Salary Parish Administrators and Bookkeeper | 23,209  |  | 21,268  |  | -1,941  |
|  |  |  |  |  |  |
| Administrators Expenses | 264  |  | 525  |  | 261  |
|  |  |  |  |  |  |
| Clergy Expenses | 2,900  |  | 3,404  |  | 504  |
|  |  |  |  |  |  |
| Telephone | 864  |  | 576  |  | -288  |
|  |  |  |  |  |  |
| Postage & Stationery | 585  |  | 459  |  | -126  |
|  |  |  |  |  |  |
| Photocopying | 4,377  |  | 3,549  |  | -828  |
|  |  |  |  |  |  |
| Printing | 262  |  | 540  |  | 278  |
|  |  |  |  |  |  |
| Prof Charges (payroll admin) | 53  |  | 82  |  | 29  |
|  |  |  |  |  |  |
| Depreciation | 990  |  | 1,200  |  | 210  |
|  |  |  |  |  |  |
|  | 33,504  |  | 31,603  |  | -1,901  |

**POTR Funds**

The cash funds of the parish are held in several bank accounts. For the day to day running of the parish we use our current account with the CAF (Charities Aid Foundation) Bank. We also hold our Stewardship Account there.

Funds held with the Newbury Building Society are available for withdrawal without notice.

Funds held with WDBF (Winchester Diocese Board of Finance), Aldermore Bank, Charter Savings Bank and the CAF CDP (Charity Deposit Platform) are longer term deposits. The WDBF funds are lent to other parishes in need of financial support at a more preferential rate than what is commercially available.

Full listing of all funds held:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2022** |  | **2021** |
|  |  |  |  |
| CAF POTR current account | 26,575 |  | 17,268 |
| CAF POTR stewardship account | 261 |  | 6,045 |
|  |  |  |  |
| Newbury Building Society | 53,101 |  | 52,719 |
| WDBF Loan Account | 61,812 |  | 61,812 |
| Aldermore Bank | 50,543 |  | 14,879 |
| Charter Savings Bank | 50,358 |  | 85,000 |
| CAF CDP Holding Account | 36,462 |  | 36,152 |
|  |  |  |  |
| **Total bank and cash** | **279,112** |  | **273,875** |
|  |  |  |  |
| Investments (Choir Endowment Fund) | 20,068 |  | 22,732 |
|  |  |  |  |
| **Total** | **299,180** |  | **296,607** |

**Accounting Practice**

Being a registered charity, POTR follows the Charity Commission SORP (Statement of Recommended Practice) guidelines that have been adopted by the Church of England. Due to our gross income being more than £250k p.a. (£297.5k approx. 2022) our accounts are prepared using the ‘Accruals’ concept (income generated must be matched with expenses incurred, within a financial period, regardless of when the money is paid or received).

Within the accounts all monies are held in one of four different types of funds as follows:

|  |  |
| --- | --- |
| **Fund Type** | **Description** |
| Unrestricted | Monies received and used for the day-to-day activities of the parish |
| Unrestricted Designated | Monies received that the PCC has allocated for a particular purpose |
| Restricted | Monies received where the donor has specified them to be used for a specific purpose |
| Endowment | Monies received for longer term retention. The capital may be permanent or expendable and its use either unrestricted or restricted. |

The funds of POTR are held as follows:

|  |  |  |
| --- | --- | --- |
| **Fund Type** | **Amount 2022** | **Amount 2021** |
| Unrestricted | £44,529 | £45,001 |
| Unrestricted Designated | 26,921 | £38,422 |
| Restricted | 202,737 | £186,393 |
| Endowment | 20,068 | £22,732 |

A full breakdown of all funds and their types follows.

**Fund Movement Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **1 Jan2022** | **Income** | **Expenditure** | **Gains /Losses** | **31 Dec2022** |
|  | £ | £ | £ | £ | £ |
| ***Unrestricted Funds*** |  |  |  |  |  |
| General Fund \* | 45,001  | 231,568  | 232,039  |  | 44,529  |
|  |  |  |  |  |  |
| **Sub-totals** | **45,001**  | **231,568**  | **232,039**  |  **-**  | **44,529**  |
|  |  |  |  |  |  |
| ***Unrestricted Designated Funds*** |  |  |  |  |  |
| All Saints Fabric | 2,046  | 36  |  |  | 2,082  |
| Church Youth Choir | 1,763  | 31  |  |  | 1,794  |
| HR Bells \* | 2,455  | 43  |  |  | 2,499  |
| Parish Mission Action Plan | 32,158  | 6,117  | 17,729  |  | 20,546  |
|  |  |  |  |  |  |
| **Sub-totals** | **38,422**  | **6,227**  | **17,729**  |  **-**  | **26,921**  |
|  |  |  |  |  |  |
| ***Restricted Funds*** |  |  |  |  |  |
| All Saints Bells Fund \* | 7,872  | 139  |  |  | 8,012  |
| All Saints Fabric Fund | 13,091  | 12,223  | 12,659  |  | 12,655  |
| All Saints Maint & Costs | 36,957  | 654  |  |  | 37,611  |
| Alton Deanery | 133  | 404  | 289  |  | 248  |
| Butterfly Epoulbas Foundation UK | 2,647  |  |  |  | 2,647  |
| Covenant \* | 2,127  | 38  |  |  | 2,164  |
| Holy Rood Fabric Fund \* | 4,323  | 2,108  | 350  |  | 6,080  |
| Holy Rood Living Space Fund | 4,282  | 76  |  |  | 4,358  |
| Church Street Investment Property | 1,697  |  | 251  |  | 1,446  |
| Minister Discretionary Fund | 854  | 15  |  |  | 869  |
| Mission Fund |  -  |  -  |  -  |  |  -  |
| Organ Fund | 6,503  | 2,419  | 753  |  | 8,169  |
| POTR All Churches Fabric Fund | 32,083  | 555  | 714  |  | 31,924  |
| St Lawrence Fabric Fund | 67,290  | 16,764  | 20,724  |  | 63,330  |
| St Peter's Fabric Fund | 4,640  | 5,836  | 3,600  |  | 6,876  |
| Youth Work Fund | 1,894  | 15,237  | 783  |  | 16,348  |
|  |  |  |  |  |  |
| **Sub-totals** | **186,393**  | **56,468**  | **40,123**  |  **-**  | **202,737**  |
|  |  |  |  |  |  |
| ***Endowment Funds*** |  |  |  |  |  |
| Choir | 22,732  |  |  | -2,664  | 20,068  |
|  |  |  |  |  |  |
| **Sub-totals** | **22,732**  |  **-**  |  **-**  | **-2,664**  | **20,068**  |
|  |  |  |  |  |  |
| **Totals \*** | **292,548**  | **294,263**  | **289,892**  | **-2,664**  | **294,255**  |

**Energy Costs 2023**

I am legally required to report that in 2023, the Unrestricted Fund will continue to be under extreme pressure due primarily to our gas and electricity costs. The 2022 costs and estimate for 2023 are:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2022** | **2023** | **Incr £** | **Incr %** |
| E | 10,889 | 15,326 | 4,437 | 41% |
| G | 24,765 | 25,893 | 1,128 | 5% |
| **Totals** | **35,654** | **41,219** | **5,565** | **16%** |

The estimated costs for 2023 are based on our 2022 consumption amounts and our current and renewal prices. Both gas and electricity are now on one year fixed term contracts with new suppliers.

During 2022 we recovered approx. £10.7k of historical overcharging by our old supplier which went back to 2013 in some cases. This amount is not included in the above figures as it would distort the comparison.

From 1 October 2022 we also benefitted from the Government’s Energy Bill Relief Scheme (EBRS). The EBRS ceased on 31 March 2023 and is replaced by the Energy Bills Discount Scheme (EBDS).  The EBDS will run for 12 months, commencing on 1 April 2023.  This is a much less generous scheme so we will see an increase in our energy costs in 2023.  Looking at the details of EBDS, which now has a maximum capped discount amount, and assuming that I have understood it correctly, I expect our discounts to be:

* Electricity 1.961p per kWh (was 7.4p per kWh)
* Gas 0.697p per kWh (was 40.06p per kWh)

These discounts will be automatically applied to our invoices and bills.

Our renewal month is October for most of our contracts. Renewal prices are significantly lower than our current prices. Gas is 53% lower and electric is 56% lower.