

Charity registration Number: 1095786

CHALLENGE COMMUNITY CHURCH

Receipts and Payments Accounts

For the year ending 31 August 2022

CHALLENGE COMMUNITY CHURCH
Financial Statements
For the year ending 31 August 2022

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CHALLENGE COMMUNITY CHURCH

Trust Information

Status

Challenge Community Church, Hereford, is registered with the Charity Commissioners (No. 1095786) and constituted by a Deed of Trust dated 19 July 2002.

Trustees

The Charity is administered by the Trustees, who are at the time of signing this report:

Mr S Sully

Mr SWJ Grisman

Mr C Over

Mr IJ Cracknell

Mr JGM Erwin

Mr FD Erwin

Western Counties and South Wales Evangelisation Trust is the custodian trustee of the church premises at 40 Belmont Road, Hereford.

Elders

Mr S Sully

Mr C Over (resigned 3 November 2021)

Mr M Roberts

Mr FD Erwin

Church Office

40 Belmont Road

Hereford

HR2 7JW

Registered Office

131 St Peter's Close

Moreton-on-Lugg

Hereford

HR4 8DW

Bankers

Lloyds TSB

High Town

Hereford

HR1 2AE

CHALLENGE COMMUNITY CHURCH

Trustees' Report

For the year ending 31 August 2022

The trustees submit their annual report and financial statements for the year ended 31 August 2022. The trustees have adopted the The Charities (Accounts and Reports) Regulations 2008 in preparing their annual report. The financial statements have been prepared in accordance with the accounting policies set out on pages 10 and 11, and comply with the charity's governing documentation, The Charities Act 2011 and Charity Commission Guidance and notes.

Constitution

The charity is an unincorporated charity and is governed by its Trust Deed.

Object of the charity

To advance the Christian faith, in accordance with the Statement of Doctrines and Practices set out in the Schedule appended to the deed, mainly but not exclusively in the Hereford area.

Structure, governance and management

The charity is ultimately run by the Trustees. The Trustees have the authority to exercise their powers to further the objects of the charity. The Trustees meet at least once a year but delegate the day to day decision making on the running of the Church to the Elders of the Church, some of whom are also Trustees. The Elders meet formally twice a month to consider the management and pastoral needs of the fellowship.

Mr Steve Sully was the church pastor and is working two days a week for the fellowship until he retired in July 2022. Following this the elders have taken collective responsibility for the pastoral work and Ms Faye Roberts has been appointed as the Outreach and Development leader. Every future Trustee shall be appointed by a resolution of Trustees passed at a special meeting. Training is available for Trustees as the need arises. The Elders take responsibility for the management of risk and have set up a team to identify, assess and mitigate areas of risk.

Objectives and activities

The church meets every week at 40, Belmont Rd, Hereford. Our objective is to reach out to people in the surrounding community, witness for, teach about, and demonstrate the love of, Jesus Christ and trust and pray that He becomes their own personal saviour. This is undertaken through weekly meetings for teaching and worship; specific evangelistic and outreach events; the work of our Community Link Worker; The Storehouse Ministry (provision of foodstuffs to people in desperate need); Koffee and Kids club; Who Let The Dads Out; coffee mornings; and various children's ministries.

Gifts to external organisations and individuals are considered by the Elders from time to time on the basis of need and fulfilment of the charitable objectives. There are no upper or lower limits of support. No commitments have been made for long term support.

Related parties

The Trustees received no remuneration as a result of their office during the year. No Trustee, or other person related to the charity, apart from as detailed in note 7, had any personal interest in any contract or transaction entered into by the charity during the year.

CHALLENGE COMMUNITY CHURCH
Trustees' Report (continued)
For the year ending 31 August 2022

Review of developments

The Church is led by Elders, Steve Sully, Foster Erwin, Malcolm Roberts and Chris Over. Chris retired on 3rd November 2021. Steve is the Lead Elder/Pastor employed, on a 15 hours per week contract. Steve retired from the paid staff position at the end of July 2022 but remains an Elder.

The Elders meet twice each month, once for regular business and once for prayer. In addition, the Elders are supported by volunteer Ministry Leaders and, coming into the year, by two part time employed roles - Community Link Worker and a Outreach and Development Worker.

During the year a review and reorganisation of the employed staff positions took place which resulted in the elimination of the part time Pastor and Community Link Worker roles (although a Pastor role remains open for future consideration should a suitable candidate and resources become available). The Outreach and Development Worker role was expanded into a full-time role, incorporating day release theological training, and Faye Roberts was appointed Outreach and Development Leader from 1st August 2022.

Regular activities continued to recover post Covid with in person Sunday services, supported by live streaming, as allowed under government restrictions. Prayer times in person, in church, at home, walking groups and via Zoom expanded. Life groups recommenced, with added summertime interest groups, and a full youth and kids programme including Friday Family Fun either in the Church or on Hunderton Green.

Special Events included a Halloween Light Party, Evangelistic Outreach with 'Tough Talk' and Community Carol Service – all on Hunderton Green. As part of our regular Who Let The Dads Out Ministry we held a Clay Pigeon Shoot and a Golf Day for men. Another highlight was the Easter Trail Family event which saw large numbers of local families taking part.

The weekly After School Club in our local Primary School recommenced although with lower numbers based on classroom restrictions. Assemblies were still not being held but this was due to change in September 2022. The Food parcel deliveries to referred vulnerable families in South Wye, supporting Putson Baptist Church, begun in the pandemic, continued through the year.

Looking forward we are planning a series of special meetings called 'At the Movies' to be followed by an Alpha Course. We remain thankful to God for all that has been done and the progress made.

CHALLENGE COMMUNITY CHURCH
Trustees' Report (continued)
For the year ending 31 August 2022

Public benefit statement

Identifiable Benefits, related to the aims of the charity

Through the regular worship & prayer meetings, Bible studies, children's clubs, social action programmes and personal visitation the Christian Faith is shared and people in the community helped. Individuals have become Christians, had their faith developed and lifestyles impacted. As part of community life families have been supported.

Beneficiaries

In addition to Church members, families, other regular attendees and friends anyone is welcome to attend appropriate events without restriction. We seek to be available to all in the community.

The Trustees consider that they have complied with their duties under the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

Reserves policy

It was agreed at the Trustees meeting on 19 April 2022 to aim to hold reserves in the General Fund equivalent to three months expenditure (approx. £10,000) and a base level of reserves of £6,000 (only necessary expenditure below base reserves). The Trustees review this policy from time to time and agree that it is still appropriate.

Reserves are currently higher than this due to the need to hold a balance to meet an anticipated shortfall on regular monthly income and expenditure.

No limit has been put on the Restricted Funds (Building, Mission, and Storehouse) as these are being held for a specific purpose and spent when the need arises.

Risk management policy

The operations team have reviewed and updated the risk management policies of the church; when finalised these are passed to the Elders for adoption. The policy is to review the risk assessments on a two year rotational basis.

The principal risks currently identified, and strategies for managing those risks are as follows:

- Adequate funds to meet commitments. Addressed through the preparation of an annual budget; regular monitoring of income and expenditure by treasurer; periodic review by Elders at finance meetings.
- Safeguarding vulnerable adults and children. Addressed through a Safeguarding Officer; Child Protection and Safeguarding policy kept up to date through review and being a member of CCPAS; training.
- Health and safety on church premises. Addressed through a member being tasked to monitor the condition of premises; fire drills; regular maintenance; promoting the need to consider health and safety during activities.

CHALLENGE COMMUNITY CHURCH
Trustees' Report (continued)
For the year ending 31 August 2022

Results and financial review

The financial statements for the year to 31 August 2022 have been prepared on a Receipts and Payments basis.

Net movement of funds for the Church were a total of £2,567 increase for the year. This is made up of a £2,985 increase on the General Fund, and a £418 decrease with respect to restricted funds.

The General Fund received income of £62,994 (2021 - £55,328) which is a 13.8% increase on the previous year, due to an increase in giving; both in terms of numbers of members and the amount. There has been an increase in cash collections to almost pre-Covid levels. The General Fund running expenditure was £56,850 (2021 - £55,918) which was a 1.7% increase from last year. It is pleasing to see that costs have been kept under control during this inflationary period. There are some significant variances; evangelism and church ministries have increased significantly as activities return to normal levels post Covid. Wages have gone down due to the cessation of the Community Link Worker role in April 2022. Repairs (painting the inside of the building), building improvements (new blinds and kitchen equipment) are once again significant costs in the year.

The main transfers between funds was £3,159 from the General Fund to the Mission Fund to supplement the gift to the missionaries we support, in the absence of cash collections.

The balance on the general fund at the end of the year was £22,559.

The Restricted Funds showed incoming resources (received or transferred) of £6,459, which are shown in more detail in note 8. £6,324 was given or transferred to Mission Fund and was passed on during the year to the mission works that the church supports (see note 5). Therefore in total 9.4% of the church income was gifted to missionary works during the year. The Mission Fund shows a deficit of £100 which will be cleared by Gift Aid claims in the coming year. The Storehouse Fund continues to be very active with income in the form of gifts received of £135 and expenditure of £492. These accounts only reflect the financial gifts to the Storehouse Fund and how they were spent. It was not practical to value and record in these accounts the provisions that are given by members and passed on to those in need. Total restricted funds carried forward are £2,002.

At the year end the only designated fund was the 'Project Fund' which had a balance of £2,284. There was no movement in the year.

CHALLENGE COMMUNITY CHURCH
Trustees' Report (continued)
For the year ending 31 August 2022

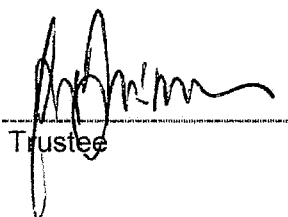
Statement of Trustees responsibilities

Charity law requires trustees to prepare accounts for each financial year which state the affairs of the charity and of the payments and receipts of the Charity for that period. In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Prepare the accounts on a 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 enable them to ensure that the accounts comply with the Charities Act. They are also responsible for safeguarding the assets of the Charity and hence take reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees confirm that the accounts comply with current statutory requirements and those of the Charity's Trust Deed.

Signed for and on behalf of the
Trustees of Challenge Community Church


Trustee

23rd May 2023
Date

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF CHALLENGE COMMUNITY CHURCH

I report on the accounts of the charity for the year ended 31 August 2022, which are set out on pages 9 to 15.

Respective responsibilities of trustees and examiner

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

It is my responsibility to:

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

Basis of the independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. 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 the 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

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 Charities Act; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Charities 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.



Independent Examiner

23rd May 2023
Date

Mr D Hill
Jalna, Chapel Lane
Bodenham Moor
Herefordshire
HR1 3HR

CHALLENGE COMMUNITY CHURCH
Receipts and Payments Account
For the year ending 31 August 2022

		General	Desig-	Rest-	Total	Total
		Fund	nated	ri-cted	Funds	Funds
	Note	£	Funds	Funds	2022	2021
		£	£	£	£	£
Receipts						
Voluntary Receipts						
Regular giving from members						
Tax effective giving	2	39,325	-	2,868	42,193	42,697
Collections	2	5,595	-	100	5,695	2,794
Income Tax recovered	2	10,740	-	332	11,072	7,911
Receipts from church activities		3,538	-	-	3,538	1,519
Grants received	2	3,794	-	-	3,794	7,342
Investment income		2	-	-	2	2
Total income		62,994	-	3,300	66,294	62,265
Payments						
Costs of generating funds						
Church activities	3,4	49,292	-	677	49,969	52,993
Grants payable (mission gifts)	5	500	-	6,200	6,700	5,853
		49,792	-	6,877	56,669	58,846
Purchase of new equipment		-	-	-	-	4,715
Building improvements		7,058	-	-	7,058	2,834
Total payments		56,850	-	6,877	63,727	66,395
Excess Receipts over Payments		6,144	-	(3,577)	2,567	(4,130)
Transfers between funds	6,8,9	(3,159)	-	3,159	-	-
Net movement on funds		2,985	-	(418)	2,567	(4,130)
Funds brought forward		19,574	2,282	2,420	24,276	28,406
Funds carried forward		22,559	2,282	2,002	26,843	24,276

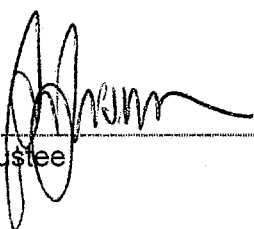
CHALLENGE COMMUNITY CHURCH
Statement of Assets and Liabilities
As at 31 August 2021

	Note	2022 £	2021 £
Fixed assets			
Premises at 40 Belmont Road, Hereford		423,023	423,023
Fixtures and fittings		10,253	6,219
Equipment		<u>3,542</u>	<u>5,425</u>
		<u>436,818</u>	<u>434,667</u>

Western Counties and South Wales Evangelisation Trust is the custodian trustee of the church premises at 40 Belmont Road, Hereford.

Cash funds			
Lloyds Bank Current account		3,504	2,991
Lloyds Bank Deposit account		23,001	21,000
Storehouse petty cash		13	13
Ignite tuck shop petty cash		<u>325</u>	<u>272</u>
		<u>26,843</u>	<u>24,276</u>

Signed for and on behalf of the
Trustees of Challenge Community Church



Trustee

23/5/2023

Date

CHALLENGE COMMUNITY CHURCH
Notes to the accounts
For the year ending 31 August 2022

1 Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention, and using the Receipts and Payments basis.

Fund accounting

The church maintains various types of funds as follows:

Restricted Funds

Restricted Funds represent gifts received for specific purposes. Challenge Community Church has six such funds.

- The Mission Fund represents monies given to support missionary works which is reviewed on an annual basis. The church does not enter into commitments to support any given beneficiary beyond the end of its financial year.
- The Storehouse Fund represents monies given to fund of people in the local community, mainly in the form of food parcels. The beneficiaries are brought to our attention by local social services.
- The Bundles of Hope Fund represents monies given to support mothers with new born babies in need of practical support through gifts of necessary goods.
- The Hereford Community Fund represents grant monies given to purchase tablets to give the community on-line access in a community café.
- The Hereford Community Grant Fund represents monies given to help provide food to those in need as a result of COVID-19.

Designated Funds

Designated Funds are amounts that have been put aside out of unrestricted funds at the discretion of the trustees. Challenge Community Church has two such funds.

- The Project Fund has been set up to ring fence some larger one off gifts to the church. The Trustees wish these funds to be used for specific evangelistic projects that we would normally find difficult to fund from regular giving or to release to general funds in a planned way.

CHALLENGE COMMUNITY CHURCH
Notes to the accounts
For the year ending 31 August 2022

Unrestricted Funds

The General Fund represents unrestricted income that is expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

Fixed assets

Western Counties and South Wales Evangelisation Trust is the Custodian Trustee of the church property at 40 Belmont Road, Hereford, HR2 7 JW. The £423,023 premises costs shown in the Statement of Assets and Liabilities represent the purchase and refurbishment costs of these premises and continues to be an asset of Challenge Community Church under this arrangement.

Equipment, fixtures and fittings are recorded on the statement of assets and liabilities at cost less an estimated decrease in value.

2 Analysis of Restricted Fund Receipts

	Building	Mission	Store-house	2022	2021
	Fund	Fund	Fund	Total	Total
	£	£	£	£	£
Receipts from donors					
Tax effective giving	-	2,840	28	2,868	3,685
Collections	-	-	100	100	321
Income Tax recovered	-	325	7	332	783
Other voluntary receipts	-	-	-	-	-
Grants received	-	-	-	-	2,148
Total income	-	3,165	135	3,300	6,937

3 Analysis of General Fund payments - Church Activities

	2022	2021
	£	£
Wages and expenses	26,618	30,289
Speaker expenses	330	72
Evangelism and outreach costs	2,642	982
Ministry expenditure	1,843	886
Running costs	3,755	4,315
Repairs	8,447	7,334
Utilities	5,657	4,366
	<u>49,292</u>	<u>48,244</u>

CHALLENGE COMMUNITY CHURCH
Notes to the accounts
For the year ending 31 August 2022

4 Analysis of Restricted Fund Payments

	Mission Fund £	Store- house Fund £	Sub Total £
Church activities			
Ministry expenditure	-	492	492
Running costs	-	-	-
Repairs	-	-	-
	-	492	492
Grants payable (see note 5)	6,200	-	6,200
	<u>6,200</u>	<u>492</u>	<u>6,692</u>

	Hereford Community Grant Fund £	Bundles of Hope Fund £	Hereford Community Fund £	2022 Total £	2021 Total £
Church activities					
Ministry expenditure	-	-	185	677	2,881
Running costs	-	-	-	-	-
Repairs	-	-	-	-	1,868
	-	-	185	677	4,749
Grants payable (see note 5)	-	-	-	6,200	5,728
	-	-	185	<u>6,877</u>	<u>10,477</u>

5 Grants payable

	General Fund £	Mission Fund £	2022 £	2021 £
Bodenham Christian Fellowship	150	-	150	125
Counties	200	1,600	1,800	1,590
Craig and Georgie Dowling	-	600	600	790
Esther Price	-	300	300	300
Good News for Everyone (Gideons)	-	600	600	550
Joel and Emily Thibault	-	300	300	300
Project India	-	300	300	300
Solomon Nathaniel	-	1,000	1,000	640
Three Counties Show	-	300	300	150
Tough Talk	-	300	300	-
Vennture	-	900	900	1,108
Other grants	150	-	150	-
	<u>500</u>	<u>6,200</u>	<u>6,700</u>	<u>5,853</u>

CHALLENGE COMMUNITY CHURCH
Notes to the accounts
For the year ending 31 August 2022

6 Transfers between funds

In the absence of cash collections, £3,159 was transferred from the General Fund to the Mission Fund to help meet our commitments to the missionaries we supported in the year.

7 Related party transactions

Mr S Sully is a Trustee of Challenge Community Church and was the pastor for the year. In return for the services that he provided to the fellowship, the church has paid him £9,191.

Elders and their spouses have claimed reimbursement, from time to time, for sundry expenditure incurred in relation to church activities.

8 Analysis of restricted funds

	Mission Fund £	Store- house Fund £	Sub total £
Balance brought forward	(224)	1,175	951
Receipts	3,165	135	3,300
Payments	(6,200)	(492)	(6,692)
Transfers in/(out)	3,159	-	3,159
Balance carried forward	<u>(100)</u>	<u>818</u>	<u>718</u>

	Sub total £	Hereford Community Grant Fund £	Hereford Community Fund £	Bundles of Hope Fund £	Total £
Balance brought forward	951	232	258	979	2,420
Receipts	3,300	-	-	-	3,300
Payments	(6,692)	-	(185)	-	(6,877)
Transfers in/(out)	3,159	-	-	-	3,159
Balance carried forward	<u>718</u>	<u>232</u>	<u>73</u>	<u>979</u>	<u>2,002</u>

The Mission Fund is showing an overdrawn positions at the year end due to funds being distributed and based on Gift Aid not yet received by the church.

CHALLENGE COMMUNITY CHURCH
Notes to the accounts
For the year ending 31 August 2022

9 Analysis of designated funds

	Project Fund £	Total £
Balance brought forward	2,282	2,282
Receipts	-	-
Payments	-	-
Transfers in/(out)	-	-
Balance carried forward	<u>2,282</u>	<u>2,282</u>