



St. Luke's Church, Watford

(Charity Reg. no. 1130376)

Annual Report and Financial Statements 2020



“... that we may declare the praises of Him who called *us* out of darkness into His wonderful light.” 1Peter 2:9b

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VICAR'S INTRODUCTION

2020 – What a year! One like no other in our lifetime for our country, for the whole world. St Luke's like all churches has been heavily affected by the Pandemic. Services were "online only" for 4-5 months over the year, many groups online and nearly all our community groups not able to meet.

However, there are still many things to give thanks for. We give thanks to God, for carrying us through the year, with being able to continue services with technology, with miraculously breaking even financially for the year and even in Lockdown, the Lord has been speaking to us and preparing us for the future.



A massive thank you must go to all the wonderful St Luke's staff team with new members Lydia, our children and family team leader, and Beth, our new administrator, making great contributions, and also our technology/ media team that has been wonderfully overseen by Tim and Jeremy H. Thanks also goes to our churchwardens; at the beginning of 2020, Anne and Phil, and latterly since they both moved to different parts of the country, to Susan and John. The use of so many different skills, this year and the ministry of St Luke's expressing a whole body of ministry in so many new/ extended ways has been a great cause for thanksgiving.

Looking back at the highlights of 2020

1. The Life group leaders coming together to do the course "The Circle Maker" in January/ February 2020.
2. The staff team attending the New Wine Leader's meeting in early March, a wonderful opportunity for team cohesion.
3. The Vicarage garden on Sunday for 10:30am services from April (Easter Day) to the end of June (Live-streamed) with sunshine nearly every week.
4. Life groups and prayer meetings, meeting mainly on Zoom but with some precious times together in late Summer.
5. Two family trails around the estate which proved popular with families on Halloween night (a Light trail) and the Nativity Trail on Christmas Eve.
6. The provision of sufficient finances to break even in 2020 (due to a successful gift day).
7. The increase in prayer and pastoral care.
8. The 10am Tuesday Morning Holy Communion which has been well supported since it started in August.
9. Numerous 5-minute, family slot videos in Church by Neil and Lydia.
10. The Christmas on-line events despite the sadness of having no congregation on Christmas Eve/Day.

Looking forward into 2021

We came to a New Year still heavily restricted by the pandemic. Planning has been very difficult in the last year and remains so. However, here are some broad-brush strokes for the future.

Connecting with God: January-April – a time of preparation for the future, studying the spiritual disciplines in Life Groups and morning services.

Reconnecting with Each Other: May-August – a time of recovery and a time of rediscovering family and fellowship. An opportunity to invite people to our homes and gardens again.

Helping Others make the Connection: September-December – a time to reach out to our estate, families and others.

St Luke's will have 3 emphases in 2021:

1. Prayer: continuing to create a culture of prayer, a sustainable rhythm of prayer and seeing people passionate to pray. This includes Listening to God: in prayer, through His Word, through the words and prompts of the Holy Spirit. Psalm 127 states "unless the Lord builds the house we labour in vain" and John 5:19 "Our Lord Jesus only did what the Father was doing". Our hearts' desire should be to do the same.
2. Youth, Children and families: reaching out to families, and seeing our children, youth and families ministered to.
3. Outreaching to our community: to reach out to those outside our church family living nearby.

May God continue to bless us and guide us as we move into 2021.

Yours in Christ,

Michael.

PCC REPORT

AIM AND PURPOSES

The Parochial Church Council ("PCC") has the responsibility of cooperating with the vicar, the Reverend Michael Norman, to promote the whole mission of the Church - pastoral, evangelistic, social and ecumenical - within the parish of St Luke's Watford.

The PCC is committed to encouraging as many people as possible to worship Jesus Christ and to be part of our parish community. Our activities take into account the Charity Commission's guidance on public benefit including guidance on charities for the advancement of religion. We want to help ordinary people to live out their faith in Jesus every day, encouraging and supporting one another, and being led by the Holy Spirit. Our activities comprise:

- Loving God: worship and prayer; learning about the Gospel; and deepening our trust in Jesus Christ
- Loving one another: caring for people who live in and near the parish
- Loving the world: mission and outreach work
- A special focus on working with children, young people and families.

In all these activities, we are careful to keep all children and vulnerable adults safe. As described on page 7, we ensure proper safeguarding procedures are embedded into the way we think and do things here.

These areas of activity have remained our priority even during Covid. But some individual activities have had to change as we seek to ensure that people are still cared for, and to make our services and help accessible to everyone, even those unfamiliar with technology.

We are blessed with a superb building at St Luke's, which provides a focus for the community and forms an important part of what we do. Even during Covid the buildings have been used, with an added requirement to stream events over the Internet. The PCC is specifically responsible for the maintenance of the church complex of St Luke's, Langley Way, Watford and for the house at 23 Orchard Close, Watford.

OVERVIEW OF ACTIVITIES

Worship and prayer; learning about the Gospel; and deepening our trust in Jesus Christ

A theme throughout 2020 has been developing a culture and rhythm of prayer. Honest prayer, both personal and corporate, both listening and speaking, needs to infuse every activity in our lives and in the church. At the start of the year, our sermons and Life Group studies were based on Mark Batterson's book "The Circle Maker" - and as the first lockdown started, a number of St Luke's people could be seen using their daily exercise-time to prayer-walk roads in the parish!

To many, the switch to on-line services appeared fairly seamless – but it was the result of a huge amount of work. The technology team re-purposed equipment and learned new video production skills; leaders and preachers learned how to speak to camera; and the worship team and many others created high quality, worshipful video clips – including some amazing choral and ensemble pieces. There were pre-recorded services from homes and livestream services from the vicarage garden (never interrupted by bad weather). Worship is best when shared – and with a zoom-coffee meeting straight afterwards, our Sunday services have retained their sense of community worship.

Moving in and out of lockdown means we have learned how to do 'blended services' – using the building safely and, at the same time, live-streaming for those unable to attend in person. We have changed service times - Sunday services are now at 10.30am and 7.00pm with a midweek communion service at 10.00am on Tuesdays. The Tuesday service has consistently attracted about 25 people – and provides a really safe opportunity for the more vulnerable people to worship together.

Life Groups have been able to continue over lockdown, using Zoom or WhatsApp. Most groups have been studying material based on either the morning or evening sermon series. Life Groups, of course, are particularly important at a time like this; the Holy Spirit so often uses the care and encouragement of others to help point us to Jesus. There will be a drive to encourage more members to join Life Groups in 2021.

Prayer remains really important – and is being offered up to our Heavenly Father in different ways:

- People who've struggled with prayer or Bible reading for years, are finding they have been able to establish a new rhythm of private prayer during Covid
- The monthly Focus prayer meeting is now held weekly – on Zoom every Tuesday evening
- Other groups meet on Friday mornings (one on Zoom, a second by phone) and early Sunday morning
- The church is open for private prayer every Thursday.
- St Luke's joined the archbishops' call for daily prayer during November and have encouraged times of prayer and fasting, as we seek God's mercy on our broken world.

We pray that, as we emerge from lockdown, we will be surprised at what God has been doing within us as His people, and how He has been touching the lives of those around us.

Caring for people

St Luke's has always had a ministry of caring and acceptance for those on our estate who are vulnerable or alone. Friday club has been a real lifeline for many elderly people, providing company and enjoyment. Covid-19 has stopped much of that activity happening – and so it is essential to keep in regular contact with each individual to make sure they are alright. Members of the People and Pastoral Care working party are ringing the most vulnerable every week – to listen, to pray and to offer other practical help. Members of the church are encouraged to send a card or to knock on the door when they're passing, to say a socially-distanced 'Hello'.

Covid impacts everyone's well-being, not just the most vulnerable. So a pastoral network has been set up to ensure that everyone in the church is phoned regularly. This is in addition to the support offered by Life Groups, the prayer ministry team (in person when the church building is used or by phone) and other fellowship groups.

On-line services and coffee-zoom help us keep in touch and care for one another. A weekly vicar's email has been introduced to make sure people know what's happening and how to take part. But many of those who need most help are also inexperienced in the use of technology. So the technology team, who are live-streaming events are also printing and delivering DVDs of those services for people without Internet.

Returning to the building in the summer reminded us just how important it is to still include those on-line; to still attend coffee-zoom; etc. We pray that God will have used the pandemic to make us more aware and inclusive of those unable to attend in person.

One of very hardest things during Covid has been the death of people who have been used by God to bring real blessing to St Luke's and to many others. We are thankful that they are now with the Lord. But we miss them and we really want to celebrate all that they mean to us. We want to weep, too, with their families and friends. It has been important that the church and staff have been able to hold funeral services which could be livestreamed. We continue to pray for all those who are mourning deaths – that God will lead them on from their place of grief.

We can give thanks as well for the joy of celebrating three marriages in the church during the pandemic, each very special and intimate events.

Mission and outreach

St Luke's cares and prays for all people living in the parish. With the arrival of the first lockdown, we wanted everyone to know that the church was still here and could offer help to anyone who needed it. Whilst adhering to the tight restrictions in place, we were able to deliver a communication to every home in the parish – telling people about the on-line services and providing a phone number to call if they needed specific help. There have been two further door drops later in the year.

The number watching early on-line services was way in excess of a normal congregation. They have come down a bit since – but there are probably still many watching who are not regular attenders at church. We are excited that people want to find out about Jesus and have the courage to explore on-line, even if they are perhaps not yet ready to talk. We will look to continue services on-line after the pandemic and we pray that God will reveal Himself to these people and will lead us to them.

A six session Alpha taster was run over Zoom during the summer, with our on-line congregation very much in mind. This was followed in September with an Alpha Course held in the church building – although without food and maintaining social distancing! The sessions were encouraging for the depth of interest shown – and we are planning a full Alpha course in church during Autumn 2021.

We have held social and other events suitable for inviting guests. Cameo has maintained a really good programme on Zoom and the TEAR Fund Big Quiz in November raised a fantastic £1,000.

Christmas is a key time of year when we can reach out to those who live in our parish. All our services this year had to be livestream only – but on-line Christingle, Carols at the Crib and Carols by Candlelight services were all well-received. The Christmas trail (see Children, young people and families below) attracted 150 families.

Partners in Mission

It is a real privilege that, as well as reaching out to our own parish, St Luke's is involved in the extension of God's kingdom further afield, as we pray for and support our partners in mission and our Partnership Fund projects.

An unexpected benefit of Covid has been that some of our partners have been able to join our on-line services. Despite the financial constraints of Covid, St Luke's has been able to maintain the level of giving to our partners at the 2019 level. £1,200 was also raised for the Partnership Fund towards the cost of a new church building in Hanamaki, Japan. A new appeal for the Partnership Fund is being planned for Spring 2021.

Children, young people and families

Our new Children and Family team leader, Lydia, joined us in April and has made really creative use of Zoom as she connected with St Luke's families. Somehow, everyone felt they knew her – before they had even met!

Sunday groups, the midweek clubs and Urban Saints have continued meeting throughout the year – sometimes on Zoom, sometimes in person. A whole range of 'socially-distanced' games have been invented! Leaders had to learn fast how to use Zoom effectively. Although children enjoyed the novelty, not all have found it easy to join in this way. So it has been wonderful whenever we have been able to meet in person again.

In May half-term we ran a one-day Holiday Club online, with teaching which tied in with 'Thy Kingdom Come'. Some activities were on-line; others off-line. The chalk prayer walk in Cassiobury Park was a real blessing for families who could catch-up and pray together (albeit socially-distanced!).

On October 31st, we ran a Light Trail (QR code trail). This provided a great opportunity to engage with the community, handing out 50 gift bags to children – including some who wanted to stop 'trick or treat' so they could join in. On Christmas Eve we ran a Nativity Trail – and this time over 150 people joined in. We look forward to building on these ideas in 2021.

Toddler group ran in person (when allowed) between September and December. This has been greatly appreciated as one of the few ways parents and children could get out of the house and connect with others.

Neil (our Youth Director) and Lydia have created excellent, Jesus-focussed, videos to be used for the family slots in our Sunday services and for school assemblies.

Video assemblies were prepared for both Cassiobury Infant and Cassiobury Junior schools and we were able to visit the infant school just before Christmas to share the nativity story.

Heroes, the Saturday morning group for fathers/male carers and their children has been on pause during 2020. We are praying for new leaders for this group and look forward to its relaunch in 2021.

Covid has made it more difficult to build relationships with families this year. As restrictions ease, there will need to be a time of recovery and healing for some families; a time of careful shepherding of the scattered flock and reaching out to others. But we look forward to coming back together again and seeking to bring each family to Jesus the Good Shepherd.

Facilities

Technology has taken rather a significant role in 2020. The team has learned new skills very quickly: YouTube livestreaming; recording songs and talks to play into services; assembling individuals' own recordings into ensemble pieces; producing DVD recordings for those without Internet.

Much of the equipment has been re-purposed, and we have invested in two high-definition remote-controlled cameras; a better vision mixer to insert text and graphics; and a projector in the main hall to accommodate overflow from the church.

Some building maintenance has continued during Covid whilst pre-school have been operating in the main hall and kitchen. The 'organ loft' space was cleared and timber repairs and maintenance undertaken before lockdown. Since then, regular equipment maintenance and EIRC (electrical) testing has been undertaken along with a number of ad hoc repairs. A full list of the work completed is included as an appendix to the Fabric Report.

We are always looking for new volunteers with good practical DIY or IT skills to join and help with occasional work.

RISK MANAGEMENT

The PCC considers that the principal risks faced by St Luke's currently are:

- Keeping users of the church buildings safe during Covid
- Safeguarding children and vulnerable adults
- Managing the health, safety and well-being of staff and congregation
- Financial risk
- Use of personal data (GDPR)

Covid

As regulations and guidelines change about using our building, it is essential that we operate in a safe and legal way. Detailed risk assessments have been prepared and updated; special procedures drawn up; and staff and volunteers trained to ensure the procedures work. Hand sanitisers, sprays, sign-in sheets, QR codes, etc have all been provided, and there are clear instructions about how rooms should be used and any limits to numbers. The seating in church has been moved to facilitate social-distancing and to reduce the likelihood of the same chairs being used at successive services.

The Churchwardens have taken direct responsibility for operating the building safely, with the Church Administrator and the rest of the staff team managing much of the extra day-to-day workload.

Safeguarding

The PCC is committed to doing all we can to ensure that any vulnerable person coming to St Luke's is kept safe and protected.

The care and protection of children, young people and adults involved in church activities is the responsibility of everyone who participates in the life of the church. The Parish Safeguarding Officer and Lead Recruiter ensure that effective and correct documentation and procedures are in place and followed. During the year a new document providing guidance for on-line meetings has been added. They also arrange and monitor DBS and training for individuals with any sort of involvement and ensure that accurate records are maintained. Over 130 members of the church have completed one or more levels of the safeguarding training provided by the Church of England, and we are increasing the number who complete the highest C2 level course. The PCC reviews all safeguarding documentation annually and regularly receives reports on safeguarding activity.

The PCC considers it has complied with the duty under section 5 of the Safeguarding and Clergy Discipline Measure 2016 (duty to have regard to the House of Bishop's guidance on safeguarding children and vulnerable adults).

Health, safety and well-being

This is a wide brief, which covers a range of risks. The Health and Safety Officer and the Church Administrator ensure that policy and procedures are in place and that people are aware of them. These had to be updated considerably in the face of ever-changing Covid guidelines. Health and safety inspections are carried out at least annually, enabling areas of concern to be addressed and policy to be updated where necessary.

Financial

The church treasurer has established a robust system of financial controls, based on budgets, proper authorisation of all payments and segregation of duties. The PCC set the annual budget and scrutinise monthly management accounts, which analyse variances to budget and prior year. At every meeting they receive a report from the treasurer.

GDPR

The GDPR Officer and Church Administrator monitor and advise on how personal data is used in church and whether it is in line with our data audit and current legislation. Care is taken to delete personal records in accordance with our policy. The Covid requirement to collect contact information from visitors to the building has been introduced in accordance with ICO guidance. Personal consent requests have also been updated to allow individuals to give consent for appearance on social media and streaming.

There has been no recorded report of data breaches or data losses at St Luke's.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The PCC is a corporate body established by the Church of England. It operates under the Parochial Church Council Powers Measure. The PCC is a Registered Charity (No 1130376).

The method of appointment of PCC members is set out in the Church Representation Rules. At St Luke's the membership of the PCC consists of the incumbent (our vicar), churchwardens, one of the readers and members elected by those members of the congregation who are on the electoral roll of the church. All those who attend our services are encouraged to register on the electoral roll and stand for election to the PCC. Two of the elected places are reserved initially for youth aged 16-18, if they wish to stand.

The PCC 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.

The full PCC met 4 times during the year with an average attendance of 80%. Given the breadth of its responsibilities, the PCC has sub-committees and working parties dealing with specific aspects of parish life:

- Executive (standing committee)
- Lifegroup/Alpha coordination
- People and pastoral care
- Prayer ministry
- Children and youth
- Partners in mission
- Building group
- Communication/publicity
- Finance

The PCC has appointed individuals to be Prayer Coordinator, Health & Safety Officer, Parish Safeguarding Officer, Lead Recruiter/DBS Administrator and GDPR Officer.

All these committees and officers are responsible to the PCC and report back to it regularly. Minutes of relevant meetings are received by the full PCC and discussed as necessary.

There are three other working groups at St Luke's which report directly to the vicar:

- Leading and preaching team
- All-age service team
- Mission advisory group

FINANCIAL REVIEW AND RESERVES POLICY

The accounts show an overall operating surplus for the year of £5,900. The surplus on the "Unrestricted" funds was £900, and the surplus on "Restricted" Funds was £5,000. There was a shortfall in the Maintenance Fund of £1,200 and a surplus of £2,100 in the General Fund. Therefore the **surplus of income above our operating costs amounts to £2,100**, after an upwards investment revaluation of £900. Excluding this revaluation the General Fund surplus is £1,200 (budget surplus £1,400) and compares with the corresponding surplus in 2019 of £1,500. This is a significant result given the fall in income due to the Covid-19 pandemic. Overall giving by church members was just 1.4% lower than in 2019, after the successful Gift Day, but income from property letting fell by 43%. There were a number of cost savings, in particular because of lower church activity during the various lockdown periods. During the year the PCC has distributed £38,000 to support the Church at home and overseas, local charities and others. This amount includes the PCC's continuing commitment to give away 10% of non specific General Fund income.

General Fund

In this fund, which handles our regular giving and operating costs, income from all sources (excluding revaluations) at £265,900 fell by £18,600 (6.5%), and expenditure at £266,200 increased by £5,400 (2.1%). 85% of our income in this fund came from the giving of church members, which fell by £1,100 (0.5%) including tax recovery. Income from letting of premises (£19,000) was lower than in 2019 (£33,200) because of the effects of the pandemic. Total expenditure in the General fund was £266,200. The Parish Share was paid in full and the amount paid to the Diocese was £7,300 (6.7%) more than in 2019. There were savings on other expenditure categories because of lower church activity in the lockdowns. Salaries and fees increased due to changes in staff numbers.

Earmarked Fund

This fund continues to hold and distribute amounts given for specific purposes. Income during the year was £15,800 and amounts distributed were £10,800. This included giving to TEAR Fund at harvest and one-off grants made from the Covid-19 Emergency Fund, at the Churchwardens' discretion, to alleviate financial hardship.

Partnership Fund

This fund was created in 2006 and was renamed in 2018 following the attainment of fund raising to 10% of the original building cost of the new complex. Income during the year was £1,200 and the amount distributed in the year was £1,200 for a specific project in Japan.

Balance Sheet and Reserves

Our total net assets have increased by £5,900 to £769,200. The PCC has re-valued the property at 23 Orchard Close in the light of current market conditions but this has not resulted in an increase. The PCC has also taken account of an increase of £900 in the value of the investment in the Church of England Fixed Interest Fund, although this may be temporary. Cash balances have increased by £10,100. Of the total net assets an amount of £50,300 is held in the General Fund as available for unexpected expenditure or a significant drop in income. This is our current operational reserve, which remains in excess of the lower of 2.0 months' general expenditure or £40,000, in accordance with PCC policy. The Staff Development Fund (currently £50,000) will be used in future years to support staff numbers.

The General Reserve remains at an adequate level. The main challenge in practice was to sustain and grow regular income. However this objective has been seriously affected by the Covid-19 pandemic and the result for the year has been achieved only through additional generous giving by church members despite the fall in letting income. Sustaining regular giving of church members will be needed if the church is to avoid financial losses in 2021, until such time as lockdown is ended, letting activity can be restored to previous levels and church activities also be restored with a sense of normality. 80% of our operating costs remain in respect of people, as we continue to support our staff and mission partners.

STAFF AND VOLUNTEERS

The PCC is hugely appreciative of the many, many individuals who work so hard to make our church the lively and vibrant community that it is.

- All who have been part of our staff team during the year
- Present and previous churchwardens; those who've finished terms this year on PCC, Deanery Synod, etc
- Our deputy wardens, sidespeople and stewards, the welcome team, and those who do the coffee and refreshments at services and other events

- Those who preach, lead prayers or read Scripture at services
- The musicians who play, sing, compose or record songs to help us worship
- The technology and AV team making sure we can see and hear and follow the services, whether we are in the building, or watching on-line, or playing a DVD
- Those who prepare, teach and help with our children and youth work on Sundays or during the week; including the youth who help at Urban Saints
- Those who coordinated the children's work in the interim, before Lydia started
- The pastoral network team and the prayer ministry team as they phone, visit and pray.
- Those who lead and support Lifegroups, Alpha, Cameo and the various social and outreach activities
- The Building group and all who volunteer to do maintenance and cleaning work in the building or garden
- Those who prepare the church for services – flowers, communion laundry, cleaning silver
- Those who come back late every evening to make sure the church is locked up and lights switched off
- Those who ensure that the giving we receive is counted and banked and that bills are paid on time and properly accounted for
- Those who give, often sacrificially – both regular giving and in response to appeals and Gift Days
- Those responsible for making sure that everyone is kept safe and legal in all we do
- People who write to our partners-in-mission, who keep us informed and prompt us to pray for them
- Those who edit, write for, print and distribute our magazine.
- Those who write, prepare and deliver our door drop communications, website content and posters
- Those who cover everything going on at St Luke's in prayer – in prayer meetings and in private prayer
- Those who take the time to thank and encourage people serving and worshipping at St Luke's

Whenever we prepare a list such as this, we are astonished at just how much is being done, and by so many. We thank each one of you – and give thanks to God for you.

Approved by the PCC on 30 March 2021 and signed, on its behalf by Michael Norman (Chair of PCC)



PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

		Unrestricted funds	Restricted funds	Total funds	
				2020	2019*
		£	£	£	£
Income from:	Notes				
<i>Donations and legacies</i>	3(a)	226,005	17,061	243,066	246,414
<i>Charitable activities</i>	3(b)	22,942	0	22,942	39,907
<i>Other trading activities</i>	3(c)	15,600	0	15,600	16,214
<i>Investments</i>	3(d)	1,345	0	1,345	1,890
<i>Other income</i>	3(e)	310	0	310	440
Total income		266,202	17,061	283,263	304,865
Expenditure on:					
Charitable activities					
<i>Grants</i>	4(a)	26,000	12,057	38,057	68,017
<i>Other charitable activities</i>	4(b)	240,212	12	240,224	236,066
Total expenditure		266,212	12,069	278,281	304,083
Net gains/(losses) on investments		926	0	926	575
Net income/expenditure		916	4,992	5,908	1,357
Net movement in funds		916	4,992	5,908	1,357
Reconciliation of funds:					
Total funds brought forward		758,904	4,384	763,288	761,931
Total funds carried forward		759,820	9,376	769,196	763,288

*Comparative figures for Funds for 2019 are set out in Note 2

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
BALANCE SHEET
at 31 December 2020

		Notes	2020 £	2019 £
Fixed assets				
	Tangible	6(a)	600,000	600,000
	Investments	6(b)	27,175	26,249
			627,175	626,249
Current assets				
	Debtors	8	6,727	15,346
	Short term deposits		133,721	123,237
	Cash at bank and in hand		5,149	5,507
			145,597	144,090
Current liabilities				
	Amounts falling due within one year	9	(3,576)	(7,051)
Net current assets			142,021	137,039
Net assets			769,196	763,288
Funds				
	Unrestricted	11	759,820	758,904
	Restricted	12	9,376	4,384
			769,196	763,288

Approved by the Parochial Church Council on 30 March 2021, and signed on its behalf by:

Michael Norman
Chair, St Luke's Parochial Church Council

Paul Evans
Treasurer

The notes on pages 13 to 20 form part of these financial statements

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 and the Charities Statement of Recommended Practice (SORP) FRS102. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and investments. The PCC is a Public Benefit Entity as defined by FRS 102.

Critical accounting estimates and judgements

In the application of the PCC's accounting policies, the members of the PCC are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern

The members of the PCC assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the PCC to continue as a going concern. The members of the PCC make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the PCC has adequate resources to continue in operational existence for the foreseeable future. Thus, the PCC continues to adopt the going concern basis of accounting in preparing the accounts.

Funds

General Fund represents the funds of the 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. Maintenance Fund is unrestricted and designated by the PCC to fund long term maintenance of church premises. Staff Development Fund is unrestricted and designated by the PCC to fund increases in staff numbers per the five year plan. Earmarked Fund handles funds which have been donated for a specific purpose and are thus 'earmarked' for that purpose. Partnership Fund (previously Thanksgiving Fund) handles funds donated by way of appeal, to enable the Church to make specific grants to other churches and Christian organisations.

The accounts 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

Voluntary income and activities for generating funds

Collections are recognised when received by or on behalf of the PCC.

Income tax recoverable on gift aid donations is recognised when the donations are recognised.

Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement and the amount due.

Funds raised at social and similar events are accounted for gross.

Sales of books and magazines are accounted for gross.

Activities related to church work

Rental income from the letting of church premises is recognised when the rental is due.

Investment income

Interest and dividends are accounted for when receivable.

Resources expended

Grants

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC. The PCC has decided to make total grants in the year equal to 10% of the non-specific income to the General Fund. Grants are made to support living and other costs of other charities or individuals who have or have had a personal, established connection to St Luke's church. The grants are made in support of the primary objects of the PCC.

Activities relating to church work

The diocesan parish share is accounted for when payable.

Fixed assets

Consecrated land and buildings and movable church furnishings

Consecrated and beneficed property is excluded from the accounts by s.10 of the Charities Act 2011. All of St Luke's premises, with the exception of the Large Hall (formerly the church), the Chapel and 23 Orchard Close, are consecrated.

No value is placed on movable church furnishings held by the churchwardens on special trust for the PCC and which require a faculty for disposal since the PCC considers this to be inalienable property.

All expenditure incurred during the year on consecrated or beneficed buildings and movable church furnishings, whether maintenance or improvement, is written off as expenditure in the SOFA and separately disclosed.

Other fixtures, fittings, furniture and office equipment

Fixtures and fittings are depreciated on a straight line basis over 5 years and furniture and equipment over 4 years. Individual items costing less than £1,000 are not capitalised but are fully written off in the year of acquisition.

Current assets

Amounts owing to the PCC at 31 December in respect of fees, rents or other income are shown as debtors less provision for amounts that may prove uncollectable.

Cash and cash equivalents include cash in hand, deposits held at call with banks. Short-term deposits include cash held on deposit either with the CBF Church of England Funds or at the bank.

Financial instruments

The PCC has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the PCC's balance sheet when the PCC becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Creditors and provisions

Creditors and provisions are recognised where the PCC has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the PCC's contractual obligations expire or are discharged or cancelled.

Risk Management

Financial risk is managed through budgets and regular reporting of the management accounts to the PCC.

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

2 COMPARATIVE NUMBERS FOR 2019	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Income from:			
<i>Donations and legacies</i>	227,109	19,305	246,414
<i>Charitable activities</i>	39,907	0	39,907
<i>Other trading activities</i>	15,600	614	16,214
<i>Investments</i>	1,832	58	1,890
<i>Other income</i>	440	0	440
Total income	284,888	19,977	304,865
Expenditure on:			
Charitable activities			
<i>Grants</i>	27,000	41,017	68,017
<i>Other charitable activities</i>	233,784	2,282	236,066
Total expenditure	260,784	43,299	304,083
Net gains/(losses) on investments	575	0	575
Net income/expenditure	24,679	(23,322)	1,357
Net movement in funds	24,679	(23,322)	1,357
Reconciliation of funds:			
Total funds brought forward	734,225	27,706	761,931
Total funds carried forward	758,904	4,384	763,288

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3	INCOME FROM:	Unrestricted Funds	Restricted Funds	Total funds 2020	2019
		£	£	£	£
3(a)	<i>Donations and legacies</i>				
	Planned Gift Aided	124,152	0	124,152	136,251
	Unplanned Gift Aided	29,669	9,030	38,699	23,308
	Income tax recoverable	39,091	2,257	41,348	42,458
	CAF & Stewardship	8,047	2,150	10,197	12,074
	Cash collections, legacies & donations	25,046	3,624	28,670	32,323
		226,005	17,061	243,066	246,414
3(b)	<i>Charitable activities</i>				
	Room lettings	19,007	0	19,007	33,163
	Fees	1,400	0	1,400	665
	Books, photocopies & Traidcraft	1,397	0	1,397	942
	Other related to church work	806	0	806	2,316
	Church events	332	0	332	2,821
		22,942	0	22,942	39,907
3(c)	<i>Other trading activities</i>				
	Rent received from Orchard Close	15,600	0	15,600	15,600
	Fund raising	0	0	0	614
		15,600	0	15,600	16,214
3(d)	<i>Investments</i>				
	Interest and dividends	1,345	0	1,345	1,890
		1,345	0	1,345	1,890
3(e)	<i>Other income</i>	310	0	310	440
	Total income	266,202	17,061	283,263	304,865

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

4	EXPENDITURE ON:	Unrestricted Funds	Restricted Funds	Total funds 2020	2019
		£	£	£	£
4(a)	Grants				
	The Church overseas	10,200	3,228	13,428	33,407
	National Charities	1,500	75	1,575	8,526
	The Church at home	9,050	4,418	13,468	12,900
	Local charities & others	5,250	4,336	9,586	13,184
		26,000	12,057	38,057	68,017
4(b)	Other charitable activities				
	Parish Share	117,019	0	117,019	109,703
	Premises running costs	36,665	0	36,665	44,400
	Youth and children	31,589	0	31,589	24,637
	Music director and music costs	25,614	0	25,614	26,149
	Administrator and assistant	18,455	0	18,455	15,603
	Administrative expenses	3,345	12	3,357	3,938
	Books & bible notes	2,221	0	2,221	1,276
	Printing and stationery	1,982	0	1,982	3,688
	Church events	991	0	991	662
	Vicar and Associated Vicar's expenses	929	0	929	903
	Governance costs (note 15)	708	0	708	708
	Catering	365	0	365	1,677
	Adult groups and outreach	329	0	329	2,332
	Depreciation of fixed assets	0	0	0	390
		240,212	12	240,224	236,066
	Total expenditure	266,212	12,069	278,281	304,083
5	STAFF COSTS				
	Salaries and allowances	53,174	0	53,174	42,878
	National Insurance	0	0	0	0
	Pensions	2,046	0	2,046	1,536
		55,220	0	55,220	44,414

During the year the PCC employed an Administrator, two Assistant Administrators, a Youth Director, a Children & Families leader and an Associate Music Leader, none of whom earned more than £60,000 p.a. No member of the PCC received any reimbursement of expenses or remuneration from employment, except as referred to in Notes 14 and 16. The PCC contributes to a defined contribution pension scheme for the benefit of its employees. Contributions payable are charged to the statement of financial activities in the year that they are payable. The amounts paid during the year are as shown above.

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

6	FIXED ASSETS FOR USE BY THE PCC			2020	2019
6(a)	Tangible	£	£	£	£
		Land & Buildings	Furniture, Fittings & Equipment	Total	Total
	Cost or valuation				
	At 1 January	600,000	28,966	628,966	628,966
	Additions	0	0	0	0
	Revaluation adjustment	0	0	0	0
	At 31 December	600,000	28,966	628,966	628,966
	Depreciation				
	At 1 January	0	28,966	28,966	28,576
	Charge for the year	0	0	0	390
	At 31 December	0	28,966	28,966	28,966
	Net book value				
	At 31 December	600,000	0	600,000	600,000

Notes

(a) in accordance with the appropriate accounting policy (based on the Charities Act 2011 and the Charities SORP (FRS102)), the cost of the new church and associated buildings has been excluded, as the whole complex comprises Consecrated Land & Buildings;

(b) the PCC regards all the moveable church furniture and fittings (primarily the seating, audio-visual equipment and the organ) as inalienable property which would require a faculty for disposal;

(c) the value of 23 Orchard Close is based on the PCC's reasonable best estimate having regard to local market conditions as at 31 December 2020.

6(b)	Investments	£	£
	Market value at 1 January	26,249	25,674
	Additions at cost	0	0
	Revaluation	926	575
	Market value at 31 December	27,175	26,249

During the year an investment has been held for the Unrestricted Funds in the CBF Church of England Fixed Interest Fund. The holding at 31 December 2020 was 16,021.53 shares and the value per share was 169.62p.

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

7	FINANCIAL INSTRUMENTS	2020	2019		
		£			
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost	4,751	13,796		
	Carrying amount of financial liabilities				
	Measured at amortised cost	756	3,481		
8	DEBTORS	£	£		
	Income tax recoverable	3,585	8,112		
	Accrued income	1,166	5,684		
	Prepayments & deposits	1,976	1,550		
		6,727	15,346		
9	AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£		
	Creditors for goods and services	756	3,481		
	Accrued expenses	2,542	3,282		
	Other creditors	278	288		
		3,576	7,051		
10	ANALYSIS OF NET ASSETS BETWEEN FUNDS				
		Unrestricted	Restricted	Total funds	
				2020	2019
		£	£	£	£
	Fixed assets	627,175	0	627,175	626,249
	Current assets	136,221	9,376	145,597	144,090
	Current liabilities	(3,576)	0	(3,576)	(7,051)
	Fund balance	759,820	9,376	769,196	763,288
11	UNRESTRICTED FUND DETAIL			£	£
	General Fund Capital reserve			600,000	600,000
	General Fund Current reserve			50,260	48,102
	Maintenance Fund			59,560	60,802
	Staff development Fund			50,000	50,000
				759,820	758,904
12	RESTRICTED FUND DETAIL			£	£
	Earmarked Fund			9,372	4,367
	Partnership Fund			4	17
				9,376	4,384

PAROCHIAL CHURCH COUNCIL OF ST LUKE'S, WATFORD
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13 STATEMENT OF FUNDS

Fund name	Balance b/f	Income	Expense	Gain/loss/ transfer	Balance c/f
	£	£	£	£	£
General (capital)	600,000	0	0	0	600,000
General (current)	48,102	265,944	(266,212)	2,426	50,260
Maintenance	60,802	258	0	(1,500)	59,560
Staff development	50,000	0	0	0	50,000
Earmarked	4,367	15,849	(10,844)	0	9,372
Partnership	17	1,212	(1,225)	0	4
TOTAL FUNDS	763,288	283,263	(278,281)	926	769,196

COMPARATIVE NUMBERS FOR 2019

Fund name	Balance b/f	Income	Expense	Gain/loss/ transfer	Balance c/f
	£	£	£	£	£
General (capital)	600,390	0	(390)	0	600,000
General (current)	45,630	284,491	(260,394)	(21,625)	48,102
Maintenance	53,205	397	0	7,200	60,802
Staff development	35,000	0	0	15,000	50,000
Building	970	1,276	(2,246)	0	0
Earmarked	2,856	16,084	(14,573)	0	4,367
Partnership	23,880	2,617	(26,480)	0	17
TOTAL FUNDS	761,931	304,865	(304,083)	575	763,288

14 TRUSTEES' REMUNERATION, BENEFITS AND EXPENSES

	2020	2019
	£	£
Remuneration paid to Trustee (Adrian Smith, Associate Vicar)	0	5,900
Expenses paid to Trustees (Vicar's and Associate Vicar's working expenses)	929	903
No of Trustees receiving remuneration & expenses	1	2

15 GOVERNANCE COSTS

Fees for Independent Examiner	708	708
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16 RELATED PARTY TRANSACTIONS

Remuneration paid to a party related to one Trustee (P Boxhall)	8,493	7,719
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STATEMENT OF PCC RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Charities Act 2011 requires the PCC to prepare financial statements for each financial year, which give a true and fair view of the PCC's financial activities during the year, and its financial position at the end of the year. In preparing financial statements, the PCC seeks to:

- Follow best practice and guidance provided by the charity commissioners, Church of England, St Albans diocese and other sources
- Use suitable accounting policies consistently
- Make judgements and estimates that are reasonable
- State and apply applicable accounting standards and statements of recommended practice, and explain any areas of concern or deviation
- Prepare financial statements on the going concern basis unless it is appropriate to assume that the PCC will not continue its operations.

PCC members have overall responsibility for ensuring the PCC has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper records which disclose and explain with reasonable accuracy at any time the financial position of the PCC and enable them to ensure that the financial statements comply with the 2011 Act. They are also responsible for safeguarding the assets of the PCC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to ensure that:

- The PCC is operating effectively and efficiently
- Its assets are safeguarded against unauthorised use or disposition
- Proper records are maintained
- Financial information used within the PCC or for publication complies with relevant laws and regulations

As far as the PCC is aware, there are no relevant examination information (information needed by the PCC's independent examiner ("Examiner") in connection with preparing this report) of which the Examiner is unaware. Each member of the PCC has taken all the steps that they ought to have taken as members of the PCC in order to make themselves of any relevant examination information and to establish that the Examiner is aware of that information.

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF ST LUKE'S PAROCHIAL CHURCH COUNCIL

I report to the trustees on my examination of the accounts of Parochial Church Council ("PCC") for the year ended 31 December 2020.

Responsibilities and basis of report

As members of the PCC you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the PCC's accounts carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the PCC has prepared accounts in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for accounts to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

Since the PCC's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the PCC as required by section 130 of the 2011 Act; or
- 2 the accounts do not accord with those records; or
- 3 the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Gary Howard FCA
Howard Wilson Chartered Accountants
36 Crown Rise
Watford
Hertfordshire WD25 0NE

Date: 31 March 2021

ADMINISTRATIVE INFORMATION

St Luke's church is situated in Langley Way, Watford. It is part of the Diocese of St Albans within the Church of England. The correspondence address is Church Office, St Luke's Church, Langley Way, Watford, WD17 3EG.

PCC members who have served at any time from 1 January 2020 until the date this report was approved are:

		<u>Appointed</u>	<u>Resigned</u>
Ex-officio			
Revd Michael Norman	Vicar		
Anne Bolton			Oct 2020
Phil Boxhall			Oct 2020
Dave Clarke	Reader		
Susan Miller	Churchwarden		
John Williamson	Churchwarden	Oct 2020	
Elected			
Helen Booth		Oct 2020	
Mary Bowen	Deanery Synod	Oct 2020	
Mave Clarke		Oct 2020	
Adrienne Cooke		Oct 2020	
Colin Davies			
Cynthy Davies	Deanery Synod		
Helen Donnelly			
Paul Evans			
Margaret Forester			Oct 2020
Jeff Gibbs			
Joy Hobbs			
Simon Huggins			Apr 2020
Steve Jenkins			
Jos Lawrance			
Ann MacLeod		Oct 2020	
Tim Odbert			Oct 2020
Jean Riley			Oct 2020
John Sills		Oct 2020	
Cate Sims			
Wendy Somerville	Deanery Synod		

Incumbent: Revd Michael Norman

Independent Examiner: Gary Howard FCA
Howard Wilson Chartered Accountants
36 Crown Rise
Watford
WD25 0NE

Bank: Barclays Bank plc
High Street
Watford