

St Anne's, Highgate

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Financial Report
of the
Parochial Church Council
Registered Charity 1130501

for the year ended 31 December **2023**

supplementing the Annual Report

Priest:

The Revd Andrew Meldrum
106 Highgate West Hill
London N6 6AP

Treasurer:

Mike Harris

Bank:

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69 Pall Mall
London SW1Y 5EY
Sort code 40 11 58, account no 6012 3064

Independent Examiner:

Thomas Middleton

Independent Examiner's Report to the Trustees (P.C.C.)

Respective responsibilities of Trustees and Independent Examiner

The *Parochial Church Council* ('PCC') are responsible as Trustees for the preparation of these accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an **independent examination** is needed.

As *Independent Examiner* my responsibility is 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 Independent Examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission and with the *Church Accounting Regulations 2006*, in line with the guidance in *PCC Accountability: The Charities Act 2011 and the PCC*, 5th edition issued by the Church of England in 2016. 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 (the PCC) 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 agree with the accounting records and 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.

Signed



Thomas Middleton CPFA

Date: 28 April 2024

Financial Review

This year St Anne's made a significant donation of £50,000 from the Millfield Fund to the Highgate Newtown Community fund for youth services which led to an excess of expenditures over income of £40,290. Excluding this, the church reported a surplus of income over expenditure of £9,710 despite an increase in giving to the common fund and a sizeable reduction in one off donations. This surplus overall surplus was largely due to a rise in interest income on restricted funds, and a rise in church lettings and a less than feared rise in electricity and gas charges.

INCOME

Gift Aided giving through Standing Orders was some **£28,807**. This made up for the reduction in standing orders in 2022 and returned St Annes to 2021 levels yet still below 2020. In real terms this represents a decline of greater than 10% since 2020.

Including 6 non-gift aid givers, there were 30 **regular givers in 2023, down from 34 in both 2022 and 2021**.

Giving via Gift Aid envelopes and **Loose plate collections** fell sharply in 2023, with the majority of one off donations made via sum-up. In late 2023 the church has resumed loose plate collections.

Total Giving in 2023 fell to £58,905 (adjusted for accounting income from the Millfield fund that was subsequently paid out). This compares to £65,604 in 2022. Both these figures include tax recoverable from HMRC. The decline in total giving was due to a fall in one-off donations of almost £10,000 vs 2022 levels.

We continued to benefit from a substantial historic **grant** from the *St Pancras Church Lands Trust* with four payments of £3,000, unchanged on 2021 and 2022.

Estimated shop takings fell from £2,824 to £2079. With a rise in shop rent from £175 to £300 a month, this annual figure does not keep pace with a full year of rent. As rent is perceived to be low and there is no council tax, the church will need to either raise revenues or reconsider the shop as a going concern. A pre-Christmas pop up (revenues for which were not recognized in 2023) showed promise as a source of revenue.

Church lettings improved considerably during the year to £53,650 from £39,805. This is somewhat distorted by the accounting for Shared Access which includes rebates of the variable electricity charges. Revenues from Shared Access, adjusted for an excess payment we must return, rose to £32,899 vs £10,927 in 2022. However the cost of electricity associated with this was £28,011 meaning the net proceeds were £4,888.

Just Park revenues were broadly unchanged in 2023 at £8,994. As 2023 saw a pricing adjustment, the mix has shifted more towards pricing than volumes. A closer look at recent trends will determine if there is scope to improve the price vs volume mix.

Church Fair: The church fair had another successful year with receipts of £2381.83.

Interest Income rose substantially again in 2023 to £20,553 from £8382 in 2022. The scale of the rise in interest rates led to a substantial rise in interest income at CCLA managed

accounts (primarily restricted). As HSBC pays no meaningful interest and charges a modest monthly fee, there is still a balance of about £100,000 that is missing out on the higher interest rate environment. While interest rates have peaked and some banks are lowering deposit rates again, on balance interest rates look to remain supportive of interest income in 2024. However as £50,000 has left the Millfield account, funds earning interest will fall in 2024.

EXPENDITURE

In 2023, our contribution to the **Diocesan Common Fund**, rose from £45,000 to £48,000 to pay for the training and provision of priests (including our own), clergy housing and other central services and ministry. The Common Fund rate for a Parish in London currently stands at £82,800 but in agreement with the PCC St Anne's reduced this in recent years to assist with both the impact of Covid and the solvency of the church. Having reached a low of £40,000 in 2021, it will rise to £50,400.

Electricity and Gas combined costs rose significantly in 2023 from £14,249 to £43,535. However much of this increase is due to third party costs associated with the telecom masts which are fully reimbursed. When only looking at charges payable by St Annes, total electricity and gas charges equated to £9,766. This was considerably less than feared.

Music related costs fell from £11,845 in 2022 to £7,479 in 2023 despite the higher wage inflation. This reflected reduced use of cantors and no adjustment to wages per session for either cantors or the music director. This is likely to increase in 2024.

Cashflow Reconciliation: *From a cashflow perspective the situation was similar, although an application has yet to be made for recoverable gift aid from 2022 in 2023 reducing cash on hand accordingly. This left about £7,000 still as a receivable from HRMC. This was countered by an a meter reading mistake with shared access that led to a 2023 overpayment which leaves a liability in excess of £6,000 to be deducted from 2024 church letting receipts.*

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Analysis of income and expenditure
Selected period: 01 January 2023 to 31 December 2023

	Unrestricted	Designated	Restricted	Endowment	Total	
					This year	Last year
Income and endowments						
<i>Donations and legacies</i>						
0101 - Gift Aid (Standing Orders)	28,807	—	—	—	28,807	27,328
0110 - Gift Aid (Envelopes)	—	—	—	—	—	—
0201 - Other planned giving	4,070	—	—	—	4,070	4,060
0301 - Loose plate collections	525	—	—	—	525	1,978
0410 - Giving through church boxes	2,240	—	—	—	2,240	123
0501 - One-off Gift Aid gifts	—	—	1,160	—	1,160	218
0550 - Other donations	139	—	977	—	1,116	10,277
0601 - Tax recoverable on Gift Aid	7,787	—	—	—	7,787	6,977
0801 - Recurring grants	—	—	12,000	—	12,000	12,000
08A1 - One-off grants	52,000	—	—	—	52,000	2,641
<i>Donations and legacies Totals</i>	95,570	—	14,137	—	109,707	65,604
<i>Income from charitable activities</i>						
1101 - Fees for weddings, funerals etc	1,670	—	—	—	1,670	466
<i>Income from charitable activities Totals</i>	1,670	—	—	—	1,670	466
<i>Other trading activities</i>						
0910 - Shop	2,079	—	—	—	2,079	2,824
0911 - Fund raising events	2,711	—	—	—	2,711	3,099
1240 - Church lettings (fund raising)	53,650	—	—	—	53,650	39,805
<i>Other trading activities Totals</i>	58,440	—	—	—	58,440	45,728
<i>Investments</i>						
1020 - Interest	6,275	—	14,277	—	20,553	8,382
<i>Investments Totals</i>	6,275	—	14,277	—	20,553	8,382
Income and endowments Grand totals	161,957	—	28,414	—	190,371	120,181

Expenditure

Raising funds

1730 - Cost of fund-raising events	1,774	—	402	—	2,176	596
1735 - Shop expenses	2,850	—	—	—	2,850	2,725

Raising funds Totals	4,624	—	402	—	5,026	3,321
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Expenditure on charitable activities

1800 - Charities	50,060	—	50,000	—	100,060	—
1910 - Diocesan Common Fund	48,000	—	—	—	48,000	45,000
2101 - Priest's expenses	206	—	—	—	206	40
2130 - Parsonage house	562	—	—	—	562	546
2201 - Pilgrimage, study, parish events	2,272	—	—	—	2,272	669
2210 - Children's church	—	—	—	—	—	—
2216 - Lunches	—	—	—	—	—	—

There may be minor discrepancies in the totals if the pence are not being shown

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	Unrestricted	Designated	Restricted	Endowment	Total	
					This year	Last year
2301 - Church insurance	—	—	6,419	—	6,419	5,835
2330 - Church maintenance	2,650	—	1,765	—	4,415	3,472
2340 - Upkeep of services	—	—	945	—	945	2,192
2345 - Music	—	—	7,479	—	7,479	11,845
2350 - Upkeep of churchyard	—	—	800	—	800	150
2360 - Administration	77	—	—	—	77	—
2370 - Visiting priests	—	—	—	—	—	—
2380 - Flowers	—	—	534	—	534	421
2401 - Church running - electricity	43,453	—	82	—	43,535	14,249
2410 - Church running - gas	—	—	—	—	—	—
2445 - Church running - other	702	—	803	—	1,506	1,023
2601 - Governance costs	—	—	—	—	—	—
2701 - Church major repairs	2,408	—	—	—	2,408	—
Expenditure on charitable activities Totals	150,393	—	68,829	—	219,222	85,445
Other expenditure						
2801 - Church Letting Refund	6,145	—	—	—	6,145	—
Other expenditure Totals	6,145	—	—	—	6,145	—
Expenditure Grand totals	161,162	—	69,231	—	230,393	88,766

Notes to 'Analysis of income & expenditure' table

For explanation of the split between 'Unrestricted', 'Designated', 'Restricted' and 'Endowment' Funds, see the notes on 'Funds' at the end of this report.

INCOME

Gift Aid Standing Orders is the mainstay of the church's income, it has been declining gradually but consistently with the number of regular givers falling to just 30.

Other planned giving is regular giving via the Charities Aid Foundation or regular donors whose donations do not qualify for Gift Aid.

Loose plate collections are non-attributable (non “envelope”) money placed on the collection plate during church services. Recent changes in regulation allow us to claim gift aid on these donations within an ample limit, even though they are not supported by gift aid mandates.

One-off Gift Aid gifts are as implied. These are often designated or restricted for specific purposes or “appeals” such as restoration works, and can vary substantially from one year to the next

Tax recoverable on Gift Aid comprises (a) tax refunded under the Gift Aid scheme plus (b) Gift Aid allowed under the Small Donations scheme including gifts analogous to “loose plate collections”. .

Recurring grants comprises the grant from the St Pancras Church Lands Trust: see the Financial Review above and Notes on the Churchwardens Fund on page 11.

The income of the **shop, fund raising events** and **lettings** is described in the Financial Review above

The ‘restricted’ column in **interest** principally includes interest on our Millfield grant.

EXPENDITURE

Shop expenses were fully rent. After over a decade at £175 a month, the rent increased to £300 a month from August 2022. There is an expectation the rent will need to rise further.

For **Charities**, since 2017 the PCC judged that with its current financial difficulties, it was no longer appropriate to continue the practice of making fixed monthly donations to different charities unconnected with St Anne’s and chosen on behalf of the congregation. As observed in the closing paragraph on page 4, disbursements were made from the Millfield Fund for charitable purposes.

Diocesan Common Fund: see Financial Review on pages 3 & 4.

Parsonage house in 2022, is the maintenance of the vicarage burglar alarm and its water rates.

Pilgrimage, study & parish events. The main item is usually the cost of the annual pilgrimage to the Walsingham shrine. Each pilgrim meets their own cost but the church pays for the cost of the clergy and any shortfall in overall costs.

Upkeep of services includes communion wine, candles, service books, service sheets and publicity.

Music is the Music Director’s and cantors’ fees and other spending on music.

All spending (£534) on flowers in 2023 was met by donations, largely from two individuals. Expectations are that the flower float will need to be funded by either dedicated fund raising or transfers from the general fund.

Church running other comprises mainly hospitality, kitchen and toilet materials, the website fee and the water rate.

BALANCE SHEET COMMENTARY

With the £50,000 donation to Highgate Newtown Centre, overall reserves fell from £783,947 to £743,657. Adjusted for this reserves would have risen almost £10,000.

For 2024, pressures will exist due to a rise in common fund contributions and the likelihood that interest income has peaked (due to both interest rates & the £50,000 reduction in Millfield balances). With pressure on regular giving and a common fund contribution still over £30,000 below a typical parish, near term any funding uplift will likely be reliant on continued improvements in church lettings. More structurally, increasing both the size of the congregation and regular giving is imperative.

In 2009 St Anne's received a £500,000 grant from the St Pancras Foundation plus £100,000 in January 2016. The money is to be used "for the benefit of those aged 22 years or below, with their families, living in the south-east of England" in ways specified by the grant. In 2018 two payments of £5,000 each were made for the development of the building for use in youth-related projects called for by the grant. In 2019 the PCC agreed to fund, in conjunction with HNCC, a woodwork grant to support young people. A further sum of £7,500 of the Millfield money was used for this purpose. After continuing to receive interest and no disbursements from 2020-2022, a grant of £50,000 was provided from the Millfield Fund to the Highgate Newtown Centre in 2023. This led to a reduction in the value of the Millfield Fund from £615,000 to £576,287 at the end of 2023.

Millfield Fund Bank account commentary and changes: Note there remains a significant discrepancy between this stated figure, and the actual £322,606 balance of the Millfield CCLA account as of the end of 2023. This looks to have been due to an approach many years ago to optimise interest income by moving funds to the CCLA PPC General reserve account which had an end 2023 balance of £202,099 CCLA PCC General Reserve account, as well as to the HSBC account which holds in excess of £100,000. The Treasurer, with the approval of the PCC, will transfer those funds back so that the balance of the Millfield CCLA account is identical to the £576,287 value of the Millfield Fund balance.

Anne Barnet Endowment historical accounting deficiency resolved via closure: For over a decade, there has also been a negative balance in the balance sheet reports for the Anne Barnet bank account which stood at (£1,725.94) as of the end of 2023. The actual account has a positive surplus of £273. Upon investigation, this persistent discrepancy reflects a 2008 cash movement out of the Anne Barnet Endowment into the General fund, including the cash associated with the restricted £2,000 endowment which originally started the church. While the cash was moved, no adjustment was made to the balance sheet which has meant that the reported cash balance in the account has and a negative balance for over a decade despite an actual positive cash balance (reflecting the residual of what was left in the account from 2008 plus accrued interest). As the earnings potential of the founding donation restricted capital of £2,000 is immaterial in the current era, rather than replenish the funds, the PCC has decided to close the endowment which has been zeroed out retrospectively as of December 31, 2023. This led to an accounting "sale" of the fixed asset with the £2,000 funds now moved to the Anne Barnet CCLA account which, with rounding, now aligns the reported balance £274, with the actual balance of £273. The PCC has determined to elevate the use of Anne Barnet's name in the finances of the church by renaming the actively used music float in her honour.

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Balance Sheet detailed

		As at 31/12/2023	As at 31/12/2022
Fixed assets			
	6430: Anne Barnett endowment	—	2,000
	6432: PUNL shares	650	650
	Total Fixed assets	650	2,650
Current assets			
	6501: Current account (HSBC)	102,640	127,125
	6507: PayPal	1,462	1,462
	6510: Reserve account (CCLA)	202,099	195,823
	6514: Reserve account (Nationwide)	—	—
	6516: Reserve account (Santander)	—	—
	6530: Anne Barnett account (CCLA)	274	(1,734)
	6540: Churchwardens account (CCLA)	105,826	90,725
	6550: Millfield account (CCLA)	322,606	361,439
	6555: Millfield account (Nationwide)	—	—
	6590: Cashbook	(42)	(42)
	6594: Flowers float	—	(67)
	6596: Music float	80	(120)
	Z05: Accounts Receivable	15,392	7,604
	Total Current assets	750,339	782,216
Liabilities			
	6699: Agency collections	—	—
	Z04: Accounts Payable	7,063	918
	Total Liabilities	7,063	918
	Net Asset surplus (deficit)	743,925	783,947
Reserves			
	Excess / (deficit) to date	(40,022)	31,415
	Z01: Starting balances	783,947	752,532
	Total Reserves	743,925	783,947

	As at 31/12/2023	As at 31/12/2022
Represented by Funds		
Unrestricted	137,355	134,560
Designated	10,000	10,000
Restricted	596,568	637,385
Endowment	0	2,000
Total	743,925	783,947

Notes on Balance Sheet and ‘Funds’, and accounting policies

Balance Sheet

Fixed assets

The **Anne Barnett Fund endowment** is the capital given by the church’s founder to provide income for ‘repairs or improvement’ (her Will Oct 1853) or for ‘making any necessary additions’ to the church, excluding the purchase of additional land (the second of two Codicils of Nov 1854). The amount has been estimated as the £1,000 in the Will plus £1,000 as the maximum likely amount resultant from the Codicil (which added £200 plus any legacies which lapsed before Anne Barnett’s death four years later). **As discussed above, this endowment has now been closed and the music funds will now be named in her honour.**

Consecrated land and beneficed property and any improvements to property, fixtures and fittings are excluded from the accounts as assets by the Charities Act. The insurance valuation of **the church building and contents** is currently £17,035,200. Movable church **furnishings** are vested in the churchwardens; they cannot be disposed of without a Faculty (legal permission from the Diocese). **Other items which are not fixtures and fittings** coming into the possession of the PCC valued over £1,000 will normally be written off in equal parts over four years; those valued at £1,000 or less will be written off in the period in which they were acquired.

Current assets

During 2023 we had a **chequing account** at HSBC, a largely dormant PayPal account, and a Sum Up account (enabling people to pay to the church via the website and churchwardens to make small purchases of maintenance materials online). Our aim is to keep only sufficient balances for working purposes in the HSBC account, as the interest rate is zero. Additionally, we have 4 **instant-access accounts** in the **CBF (Church of England Central Board of Finance) Deposit Fund** managed by CCLA Investment Management. These funds were the source of the large rise in interest income in 2023.

Income in cash and cheques (collections, donations, income from the shop, etc) is held in the ‘**Cashbook**’ until banking, or cash disbursement (mainly into the Music Float) takes place. Other cash amounts (the **Flowers** and **Music Floats**) are held by individuals who maintain cashbooks for providing flowers in the church and paying singers.

Accounts receivable at the end of 2023 is an estimated provision for a gift-aid claim to be submitted to HMRC for donations received in the year.

Liabilities

Accounts payable are cheques drawn in 2023 but not cleared by 31st December, as well as a refund of £6,145.10 due to Shared Access due to an overpayment they made to us do confusion over the correct meter reading earlier in 2023.

Funds': analysis of Net Assets by function

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Fund movement summary
Selected period: 01 January 2023 to 31 December 2023

Fund	Fund Balances brought forward	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	Journal Entries	Fund balances Carried forward
Flower - Flower Fund	(67)	602	534	—	—	—	0
General - General fund	134,560	161,957	161,162	2,000	—	—	137,355
Lavinia - Lavinia Mural Fund	—	500	—	—	—	—	500
BarbaraCar - Barbara Taxi Fund	—	1,035	—	—	—	—	1,035
Restor - Restoration Fund designated	10,000	—	—	—	—	—	10,000
RestorRes - Restoration Fund restricted	79	—	—	—	—	—	79
Barnett - Anne Barnett Fund	2,006	8	—	(2,000)	—	—	15
CWardens - Churchwardens Fund	5,525	15,100	18,697	—	—	—	1,929
Worship - Worship Fund	5,473	—	—	—	—	—	5,473
Lunches - Lunches Fund	—	—	—	—	—	—	—
Millfield - Millfield Fund	615,119	11,167	50,000	—	—	—	576,287
Developmnt - Development Fund	11,250	—	—	—	—	—	11,250
Bell - Bell Fund	0	—	—	—	—	—	0
Totals	783,947	190,371	230,393	—	—	—	743,925

Restricted funds can be used only for a specified purpose. **Designated** funds are amounts allocated by the PCC for a specific purpose; this allocation is not binding and can be changed by the PCC. **Endowment** funds are investments held in trust so that the PCC can benefit from the interest but cannot spend the capital.

General Fund holds assets that are not subject to any restriction or designation.

Restoration Fund comprises a donation (plus Gift Aid) restricted for repair of the chancel mural and other amounts designated by the PCC for restoration (at end 2016 essentially completion of the repairs to the vestry and preparatory stabilisation of the mural beyond that financed by the restricted donation).

Anne Barnett Fund was set up by the church's founder so that the interest generated could cover the cost of church maintenance. The amount in the Fund comprises the endowment capital (estimated at £2,000):-and net accumulated earnings on it (which, like the Restoration Fund, are usable for repairs and improvements). Due to the immaterial size of the fund and the 2008 blending of the monies in non restricted accounts, the decision was made to close the fund at the end of 2023.

Churchwardens Fund receives the regular grants from the St Pancras Church Lands Trust (Registered Charity 212006). Under the terms of the Trust (the St Pancras Ecclesiastical Regulation Act 1868, as amended by the scheme effective 24 March 1965) the use of the grants is restricted to repair of the church and the expenses of performing divine worship (and was interpreted in a note written by a Trustee in April 2007, as excluding use for donations to charity or payment of clergy stipends). If too much qualifying expenditure is allocated to this Fund during the year, a transfer is made from the General Fund to bring the Churchwardens Fund back to zero at the year-end, rather than individual items being reclassified out of this Fund in retrospect.

Worship Fund holds a donation to support worship and the upkeep of services.

Lunches Fund comprises the expenditure on the Community Lunches and its financing, see page 8 ‘lunches’ and the last para of the Financial Review on page 4.. but is no longer used

Millfield Fund holds the St Pancras Foundation grant described in the Financial Review and the interest on it net of expenditure from it. The Fund is distributed over several accounts in the Balance Sheet, not only those with ‘Millfield’ in their title.

Development Fund holds a donation restricted for the Development Plan.

Bell Fund is a restricted fund for maintenance of the bells. After substantial work on bells and belfry over recent years the fund ended last year exhausted.

Flower Fund is for the floral decoration of the church. When spending on flowers is not met by financial donations for flowers (including the tax recoverable on Gift Aided donations), the deficit is made up by transfers from the General Fund.

Barbara Ross Fund was set up to facilitate mobility and a an electronic reader for long-serving parishioner and reader Barbar Ross.

Lavinia Mural Fund was set up in honour of the 100th birthday of a cherished parishioner. The fund is dedicated to the replacement of a water damaged mural and associated redecoration. The fund is expected to become active in 2024.

Accounting Policies

These accounts have been prepared in accordance with the Church of England’s Accounting Regulations, applicable accounting standards and the Charities Statement of Recommended Practice (‘SORP’). Receipts and payments are in principle entered on an ‘**accruals**’ basis (see notes on ‘Accounts receivable’ and ‘Accounts payable’ above).
