

ST MICHAEL'S CHURCH, CHESTER SQUARE

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31ST DECEMBER 2022**

Charity no: 1130914

ST MICHAEL'S CHURCH, CHESTER SQUARE

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31ST DECEMBER 2022**

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ANNUAL REPORT FOR 2022

The St Michael's Parochial Church Council (PCC) has pleasure in presenting its report and the financial statements for the church for the year ended 31st December 2022.

Reference and administrative information

Council Members

Members of the PCC are either ex-officio or elected by the Annual Parochial Church Meeting in accordance with the Church Representation Rules. During the year the following served as members of the PCC:

Incumbent:	Revd Rupert Charkham
Associate Vicar:	Revd Matthew White
Curate:	Revd Sam Banner
Churchwardens:	David Munns Iona Thorne (resigned and appointed as elected member 24 May 2022) Ruth Williams (appointed 24 May 2022)
Deanery Synod: Representatives:	Anneliese Blackwood Alice Vink Ruth Williams (appointed Church Warden 24 May 2022) Ken Wiseman
Elected members:	Lidia Assefaw (appointed 24 May 2022) Tola Babatunde (appointed 24 May 2022) Marylois Beard Helena Boase (appointed 24 May 2022) Michael Bradley Dominic Brown John Cameron (resigned 24 May 2022) Felicity Hunt (Hon Treasurer) Daniel Jeavons (resigned 24 May 2022) Fredrick Meissner (appointed 24 May 2022) Matthew Passante (resigned 24 May 2022) Rachel Senior (resigned 24 May 2022) Iona Thorne (appointed 24 May 2022) Grace Wort
Secretary:	Ken Wiseman

Electoral Roll

The 2022 Church Electoral Roll was 195.

Main office

The Vestry, St Michael's Church Chester Square, London SW1W 9EF

Main bank

NatWest Bank plc, 169 Victoria Street, London SW1E 5NA

Auditors

Jacob Cavenagh & Skeet
5 Robin Hood Lane
Sutton
Surrey SM1 2SW

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Structure, Governance and Management

St Michael's Parochial Church Council has the responsibility of co-operating with the Incumbent, the Revd Rupert Charkham, in promoting in the ecclesiastical parish the whole mission of the Church – pastoral, evangelistic, social and ecumenical. The Parochial Church Council (PCC) is a corporate body (PCC Powers Measure 1956, Church Representation Rules 2006) and a charity registered with the Charity Commission for England and Wales number 1130914.

Committees

The PCC operates through a number of sub-committees which meet between full meetings of the PCC.

Standing Committee

This is the only committee required by law. It has power to transact the business of the PCC between its meetings, subject to any directions given by the Council.

Mission Support Group

This covers all aspects of the local church's mission to the community and the world. A number of grants were given to individuals from St Michael's serving overseas.

Building Committee

In 2009 the Church Council decided that the maintenance of the fabric of the church, and matters concerning the residential properties used by church staff, would be overseen by a Property Committee - a sub-committee of the Church Council.

Finance Committee

The committee consists of the Treasurer and a small group of volunteers who advise the Treasurer on the budget, financing and reserves policy.

Risk management

The PCC has reviewed the risks that St Michael's faces and established systems and controls to mitigate the significant risks, although it recognises that no system of controls can provide absolute assurance against adverse events. Below we discuss the major ongoing risks along with those that have arisen due the Covid-19 pandemic, along with the control measures we have in place.

Safeguarding and Duty of Care

In line with the House of Bishop's policy statement on promoting a Safer Church, St Michael's is committed to ensuring the care and protection of children, young people and vulnerable adults involved in its activities. Safeguarding is the responsibility of the whole church and everyone who participates in the life of St Michael's has a role to play in promoting a safer church for all. St Michael's continues to adopt and implement the recommendations, policies and procedures outlined in the Church of England Safeguarding documentation. This includes all the latest guidance issued since the last Annual Report. This covers the key roles and responsibilities of officeholders, including practical guidance on how to respond to, assess and manage concerns or allegations against church officers. There are multiple resources available for training and development in this area. St Michael's has appointed a Safeguarding Officer, an evidence checker and a children's champion. All staff, PCC members and volunteers with pastoral roles must make a DBS disclosure and undertake appropriate training. The Safeguarding Officer regularly updates the PCC on policy in this area.

Financial Risks

Misuse or misappropriation of funds due to unauthorised expenditure or misuse of cash which we address by:

- Limiting the use of cash where possible.
- The church has purchased card readers which enable cashless payments for special services, such as weddings and funerals or at events.

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- PCC policy is that unbudgeted items of expenditure up to £1,000 need the approval of the incumbent or a church warden. For amounts above this, the incumbent, when available, and both church wardens are required to give approval and the treasurer should be notified within 48 hours.
- Expenditure over £5,000 requires full PCC approval.
- As part of updating the approval process and being able to control budget on a more focussed level, the operating system for the church accounts has been changed from Sage to Expenses Plus, a system that had been recommended by other churches.

Poor budgeting:

- We limit this risk by preparing an annual budget approved by PCC.
- Performance against this is monitored monthly and it is updated and amended where appropriate throughout the year.
- The Finance Committee regularly reviews our budgeting process to make sure that it remains fit for purpose.

The soundness of our financial reporting:

- PCC approves a full annual audit of our figures, to give us confidence that both the Management and Annual Statutory Accounts present a fair and accurate picture of its financial affairs.

Sudden loss of income, if key donors move away:

- As a central London church, we have regular turnover of church members. To ensure that we can meet our financial obligations, PCC plans to hold two updates on our finances each year. The first in the spring is to discuss our regular, ongoing expenditure. Towards the end of the year, we hold a Gift Day which is designed to support one-off projects and major works.
- Donation income is monitored regularly and expenditure reviewed if this falls significantly below expectations.

Fire and Health and Safety risks

Harm could come to anyone in the church building due to lack of appropriate procedures in relation to fire and other health and safety risks:

- The PCC has appointed a health and safety officer, who monitors these issues, writes our policy and keeps staff and PCC members abreast of any possible concerns.
- The PCC has also appointed a designated first aider.
- Briefings are given to those involved in ushering, welcoming or making coffee.
- External parties who hire the church are briefed on our health and safety procedures.

Risks to the building.

The age of our building and its central location mean that there could be legal and financial risks caused by damage or decay to the structure and fabric.

- The PCC ensures that it has adequate insurance in place to cover any accidental damage.
- In line with Diocesan recommendations, the PCC commissions a quinquennial survey and follows up on any advice given regarding repairs or maintenance.
- The PCC has appointed a buildings and fabric committee to advise on regular repairs and maintenance and monitor wear and tear.
- The office manager maintains a schedule of regular checks and maintenance for the church building and other properties for which the PCC is responsible.
- The PCC sets aside part of the income from the lease on the Sicily Restaurant, at 2 Eccleston Place, to cover major repairs and capital projects.

Recruitment and Training of PCC Members

PCC Members (excluding those that hold ex officio posts or who are co-opted) are nominated and elected at the Annual Parochial Meeting. The Church Treasurer, in particular, together with other members are invited

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to attend central training meetings run by the Diocese. Similarly, new Council Members are invited to attend conferences held and provided with any information leaflets produced by the Diocese to equip them for their roles.

Key management personnel

PCC Members who include the Clergy, Wardens and holders of other offices, are considered to be the Key Management Personnel as they are responsible for directing church affairs. All such personnel give of their time freely and receive no remuneration or other payments from St Michael's Church except for those disclosed in Note 3 (c) of the accounts.

Objectives and activities

The mission of St Michael's is to enable people to Come to Christ, Learn to Love and Love to learn.

In planning our activities, the Parochial Church Council (PCC) has considered the Commission's guidance on public benefit. As ever, our main focus is holding weekly services and celebrating major Christian holidays, to teach Christian values and promote them in everyday life to the members of the congregation, both regulars and visitors. The Alpha Course —an internationally recognised ten-week course on the basics of Christianity —is organised annually.

The PCC aims to donate 10% of income to support Christian work both overseas and at home. This is managed by a sub-committee, the Mission Support Group. Pastoral care for the congregation is provided in small groups and through individual counselling.

The year in review

The key mission of St Michael's is to be a place where people "Come to Christ, Love to Learn and Learn to Love".

In 2022 Covid as restrictions eased it became clear that numbers post the pandemic were significantly reduced compared to pre-pandemic times. Whatever the reasons behind this, most churches spent 2022 trying to rebuild their congregations and volunteer base, and St Michael's has been no different. Little by little the church congregation has been picking up and as international travel has resumed and as companies based abroad have resumed sending people to work in London we have been joined once again by a significant number of Internationals based in central London.

In keeping with our desire to be a place where people "Come to Christ" the Alpha Course was run a number of times in the year. Homegroups continued to be a priority and play a huge part in being a place where members of the church can encourage and support one another.

Recognising that people in their 20s and 30s are significantly underrepresented in the family of St Michael's we set out to take steps to rectify this, boldly launching a new-look evening service, "St Mike's at Six" with a lot of support from Soul Survivor Church, Watford, who generously provided a worship group and key speakers to help get the service off the ground. Journeying from Watford and providing key people (often speakers as well as sound engineers and worship leaders) was a hugely sacrificial move on the part of Soul Survivor. The service was launched as a fortnightly service, and from the off it was highly experimental in feeling. Initially drawing people from far and wide, gathered mainly through posts on Instagram, and attendance was promising. However, numbers dwindled and with hindsight we recognise that failure to meet weekly prevented momentum. Late in the year the service changed to meeting weekly, but by this time Soul Survivor needed to re-think their resource allocation. Going forward, St Michael's needs to continue to work to provide for young adults and building up a ministry to 20s and 30s.

A most encouraging area has been the family's ministry to parents and children. At the beginning of the year, the average attendance on a Sunday at 11am was 87; by the end of the year it had reached 100. A number of special events for children and special training for the children's helpers have all been fruitful.

Throughout the year a number of social events were held centrally to help fulfil our aim of loving and supporting one another, these included a Sunday brunch (held between the two morning services), a Jubilee Breakfast to celebrate Queen Elizabeth II's Jubilee, and a special Hospitality Sunday on which many members met together in one another's home for lunch.

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Spiritual formation, "loving to learn" remains a central priority. In addition to regular Biblical teaching on Sundays, in February we held three "Equipped for Life" evenings, offering a choice of three streams including "Responsible stewardship; How do we respond to Climate Change?", "Spiritual Gifts: what they are and how they operated in Biblical times and today" and "Apologetics, answers to the most frequently asked questions". Over the Summer months, a number of mid-week social events took place called "Summer Central".

Personnel

During the year there were a number of changes to the staff team. The following staff left: Rachel Passante (Women's Pastor), Hannah Brooks (Children's and Families Worker), Gary Smith (Verger) and Daniel Brooks (Worship Leader).

The following staff joined Jo Sears (Children's Pastor), Liz Charkham and Samantha Downham (part-time Children's Ministry Assistants) and Andy Poole (Worship Pastor). Mark Beard, a long-time member of the congregation, was ordained Deacon to serve at St Michael's (part-time) having completed a year's training on the Church of England's new "Caleb Stream".

The future

The Church has a vital role to play in offering the comfort, care and hope that only Christ can give to a broken, tough and often despairing world. Going forward, St Michael's will continue to strive to introduce people to the love of God, through the preaching of his Word, the moving of the Holy Spirit and the love of God's people.

Treasurer's finance report

Income

Total income overall increased by 19% to £760,368. Income from pledged, regular and one-off donations income rose by £125k, £31.5k of which related to our Gift Day appeal in November 2022. Income from hiring of the church by outside organisations rose by £10k (almost back to levels seen before the pandemic in 2019) while dividend and interest income rose by £1k.

Expenditure

Expenditure increased at a much lower pace, by just 3% to £706,928. Grants allocated by the Mission Support Group increased by £10k and restricted donations fell by £42k; in 2021, there had been a number of one-off restricted donations. The cost of staff and clergy increased by £73k as the Associate Vicar, Curate and Operations Director were employed for a full year in 2022. There was an increase of £23k in the cost of other ministry and church activities since more events were held and we also launched the new St Mike's @ 6 service. An increase in church running expenses of some 12%, due to general inflation and more use of the building, was offset by a drop of more than 80% or £63k in expenditure on maintenance & repairs. In 2021, we spent almost £80k on repairs to the church floor and recarpeting as well as significant redecorations of the house in Sullivan Road for use by our Associate Vicar.

Balance sheet

We generated a surplus of £53,440 for the year on our regular activities (mainly due to higher income as discussed above). The value of our investments fell by close to 7%. While an outside assessment increased the value of our ownership in the lease on the Sicily Restaurant by £100k or almost 7%, this was offset by a similar fall in value of our share investment with CCLA which was affected by weakness in world stock markets in the aftermath of the war in the Ukraine. Total funds increased by 4% to £2.6m. The vast majority of this figure is accounted for by our ownership of the lease on the Sicily Restaurant and the house we own in Sullivan Road SE 11, currently occupied by our Associate Vicar.

Reserves policy

The PCC maintains an appropriate cash reserve and has resolved that to hold readily available funds to cover at least three months of expenditure plus the costs of any planned major works. At the end of 2022, our reserves equated to over eight months' expenditure with cash at the bank £314,319 and readily realisable investments at CCLA, valued currently at £200,862.

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Going concern

The PCC believes that the current level of giving and other income received by the church is sufficient to pay for the expected expenses in the coming year. They prepare annual budgets and monitor expenses throughout the year. If the income should fall due to some unexpected circumstances, the PCC would adjust spending accordingly.

Grant making policy

Grants are allocated by the Mission Support Group for clearly defined goals, projects, time frames (usually three years or less) and people. The Group seeks to balance local, national and overseas needs and supports both social/historic and gospel work. Prayer support is an essential part of grant making as are reports back from Mission Partners and contact with them throughout their assignments. Grant applications are considered at the group's meetings which take place three or four times a year. Priority is given to those applications where there is a connection to St Michael's Church, either because the applicant is a member of the congregation or the project directly supports the Objectives of the PCC.

Fundraising policy

In line with the reporting requirements included in the Charities Act 2016 the PCC members are pleased to confirm that all fundraising is done in compliance with best fundraising practice. During 2022 we did not employ any professional fundraisers. There were no complaints or criticisms during the year about our fundraising activities.

Performance of fundraising against objectives

The total income for the year was nearly £95k higher than budgeted, due partly to responses to our Day of Commitment in March, the Gift Day in November and an increase in income from events and one-off giving as Covid restrictions were lifted.

Performance of investments against objectives

The PCC strives to keep enough cash in current accounts to fund current expenditure and has invested the remainder to yield higher returns. The main investment of the church is the lease on 2 Eccleston Place, now known as the Sicily Restaurant. The income this lease generates has supported major building projects in the past several years. We also hold an investment in the CCLA Equity Income fund. While this decreased in value by 13% during the year, due to weakness in world stock markets, it also pays an annual dividend yield of nearly 3% and generates better regular returns than traditional bank savings. Recent valuations show that the investment value is reasonably stable so there is no need to adjust the valuation at the year end. The fund has performed well over several years and the total return on our investment is now nearly 56%, with dividend income predicted to remain at current levels.

Auditors

The PCC has given due thought to the annual review of our accounts and the flexibility which now exists to commission an Independent Examination instead of a full Audit. Although the Independent Examination would be materially cheaper, the PCC believes that the greater depth of analysis provided in an Audit provides more appropriate and prudent oversight of our finances and we have therefore resolved to continue to commission an Audit each year. A resolution will be proposed at the Annual General Meeting that Jacob Cavenagh & Skeet be reappointed auditors to the church for the forthcoming year.



Revd Rupert Charkham
Incumbent

ON BEHALF OF THE PCC
23 MAY 2023

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STATEMENT OF PAROCHIAL CHURCH COUNCIL RESPONSIBILITIES

The Parochial Church Council is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Charity Law requires the Parochial Church Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Church and of its financial activities for that period. In preparing those financial statements the Parochial Church Council is required to:

- 1) select suitable accounting policies and then apply them consistently;
- 2) observe methods and principles in the Charities SORP;
- 3) make judgements and estimates that are reasonable and prudent;
- 4) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- 5) prepare accounts on the going concern basis unless it is inappropriate to presume that the Church will continue.

The Parochial Church Council is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Church, and enable them to ensure that the financial statements comply with applicable Accounting Standards and Statements of Recommended Practice and the regulations made under the Charities Act 2011 and the Church Accounting Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

On behalf of the members of the Parochial Church Council,



Revd Rupert Charkham
Incumbent

23 May 2023

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL

Opinion

We have audited the financial statements of St Michael's Church, Chester Square Parochial Church Council] (the "PCC") for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the PCC's affairs as at 31 December 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the PCC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the PCC members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the PCC's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the PCC members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, including the PCC members' report, other than the financial statements and our auditor's report thereon. The PCC members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the PCC and its environment obtained in the course of the audit, we have not identified material misstatements in the PCC members' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of PCC members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the PCC members

As explained more fully in the PCC members' responsibilities statement, the PCC members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the PCC members are responsible for assessing the PCC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the PCC members either intend to liquidate the PCC or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to employment, financial reporting legislation and health & safety regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL

Auditor's responsibilities for the audit of the financial statements (continued)

We determined that the principal risks were related to:

- management bias in accounting estimates
- valuation of investment property
- presentation of separately disclosed items
- management override of controls
- disclosure of related party transactions

In response to the risks identified we designed procedures which included, but were not limited to:

- challenging significant accounting estimates such as valuation of investment property
- agreeing financial statement disclosures to underlying supporting documentation
- evaluating the charity's internal controls
- identifying and testing journal entries
- reviewing PCC meeting minutes
- researching related parties and related party transactions and comparing these to those disclosed.

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

Use of our report

This report is made solely to the PCC members, as a body, in accordance Part 4 of the charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the PCC members' those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the PCC and the PCC members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacob, Cavenagh + Skeet

Jacob Cavenagh & Skeet
Statutory Auditor
Chartered Accountants

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Dated: 7 June 2023

Jacob Cavenagh & Skeet is eligible for appointment as auditor of the PCC by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	Unrestricted Funds		Restricted Funds		Total Funds	
		£ 2022	£ 2021	£ 2022	£ 2021	£ 2022	£ 2021
Income and endowments from							
Donations and legacies	2(a)	589,833	449,073	7,200	22,959	597,033	472,032
Investments	2(b)	112,119	111,128	-	-	112,119	111,128
Charitable activities	2(c)	51,216	42,937	-	-	51,216	42,937
Furlough payments claimed	2(d)	-	15,427	-	-	-	15,427
Total income and endowments		<u>753,168</u>	<u>618,565</u>	<u>7,200</u>	<u>22,959</u>	<u>760,368</u>	<u>641,524</u>
Expenditure on							
Charitable activities	3(a)	<u>695,464</u>	<u>638,092</u>	<u>11,464</u>	<u>49,301</u>	<u>706,928</u>	<u>687,393</u>
Total expenditure		<u>695,464</u>	<u>638,092</u>	<u>11,464</u>	<u>49,301</u>	<u>706,928</u>	<u>687,393</u>
Net income / (expenditure) before gains / (losses) on investments		57,704	(19,527)	(4,264)	(26,342)	53,440	(45,869)
Unrealised gain/(loss) on investments	6	<u>50,820</u>	<u>253,315</u>	<u>-</u>	<u>-</u>	<u>50,820</u>	<u>253,315</u>
Net income / (expenditure)		108,524	233,788	(4,264)	(26,342)	104,260	207,446
Transfers between funds	11	<u>(189)</u>	<u>-</u>	<u>189</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		108,335	233,788	(4,075)	(26,342)	104,260	207,446
Reconciliation of funds							
Total funds brought forward		<u>2,533,995</u>	<u>2,300,207</u>	<u>9,013</u>	<u>35,355</u>	<u>2,543,008</u>	<u>2,335,562</u>
Total funds carried forward		<u><u>2,642,330</u></u>	<u><u>2,533,995</u></u>	<u><u>4,938</u></u>	<u><u>9,013</u></u>	<u><u>2,647,268</u></u>	<u><u>2,543,008</u></u>

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BALANCE SHEET AS AT 31ST DECEMBER 2022

	Note	2022	2021
		£	£
Fixed assets			
Tangible fixed assets	5	676,797	682,063
Investments	6	<u>1,805,861</u>	<u>1,935,042</u>
		2,482,658	2,617,105
Current assets			
Debtors	7	37,650	34,476
Cash at bank and in hand	12	<u>314,319</u>	<u>207,123</u>
		351,969	241,599
Creditors: amounts falling due within one year	8	<u>147,907</u>	<u>176,244</u>
Net current assets		204,062	65,355
Total assets less current liabilities		<u>2,686,720</u>	<u>2,682,460</u>
Creditors falling due after more than one year	9	39,452	139,452
Net assets		<u>2,647,268</u>	<u>2,543,008</u>
Funds			
Unrestricted	10	2,642,330	2,533,995
Restricted income	10,11	<u>4,938</u>	<u>9,013</u>
		2,647,268	2,543,008

These financial statements were approved by the Standing Committee of the Parochial Church Council on 23 May 2023 and were signed on its behalf by:



Revd Rupert Charkham
Incumbent



Felicity Hunt
Honorary Treasurer

ST MICHAEL'S CHURCH, CHESTER SQUARE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022		2021	
	£	£	£	£
Net cash used in operating activities (see Note i):		(174,962)		(218,756)
Cash flows from investing activities:				
Dividends & interest received	12,123		11,128	
Lease income	99,996		100,000	
Net addition to fixed assets	(9,962)		(10,086)	
New investment made	-		-	
Realisation of investments	180,000		-	
Net addition to share investment	-		-	
Net cash provided by (used in) investing activities		282,157		101,042
Change in cash and cash equivalents during the year		107,196		(117,714)
Cash and cash equivalents at the beginning of the year		207,123		324,837
Cash and cash equivalents at the end of the year (see Note ii)		<u>314,319</u>		<u>207,123</u>
Note i - Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) before gains		53,440		(45,869)
Adjustments for:				
Depreciation charges & loss on disposal		15,228		11,633
Dividend & interests from investments		(112,119)		(111,128)
(Increase) / decrease in debtors		(3,174)		10,319
Increase / (decrease) in creditors		(128,337)		(83,711)
Net cash provided by (used in) operating activities		<u>(174,962)</u>		<u>(218,756)</u>
Note ii - Analysis of cash and cash equivalents				
Cash in hand		41,205		55,995
Notice deposits (less than 3 months)		273,114		151,128
		<u>314,319</u>		<u>207,123</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the Charities Act 2011 and in accordance with Church Accounting Regulations 2006 together with the Charities Statement of Recommended Practice (Charities SORP (FRS102)) and Financial Reporting Standard 102 (FRS102).

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets, which are shown at fair value.

St Michael's Church, Chester Square meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in sterling, which is the functional currency of the church. Monetary amounts in these financial statements are rounded to the nearest £. The Parochial Church Council of St Michael's Church is a Charity Registered in England and Wales No 1130914 and the Parish Office is at The Vestry, St Michael's Church Chester Square, London SW1W 9EF.

Funds

General funds represent 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 not restricted.

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.

Debtors

All debtors are stated at the amount due and prepayments are valued at the amount paid.

Cash at bank and in hand

This heading includes cash, bank accounts and investments with a maturity of three months or less.

Creditors and provisions

Invoices and clear obligations to pay for costs are entered into the accounts as soon as the amount due is due or can be estimated reasonably. All amounts are stated at full value and not discounted if they need to be paid at a future date.

Going concern

At the time of approving the financial statements, the PCC members have a reasonable expectation that the church has adequate resources to continue in operational existence for the foreseeable future. Thus the PCC members continue to adopt the going concern basis of accounting in preparing the financial statements.

Income and endowments from

Voluntary income and capital sources

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

Planned giving receivable under gift aid is recognised only when received.

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

Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement, the amount due is quantifiable and its ultimate receipt by the PCC is probable.

Income from activities is accounted for gross.

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1 ACCOUNTING POLICIES (continued)

Other ordinary income

Rental income from the letting of church premises is recognised when the rent is due. Where income is received in advance, it is recognised in the year in which the event takes place that it relates to.

Income from investments

Interest entitlements are accounted for as they accrue.

Operating leases

Where a premium is received from a lessee as an incentive to enter into a new operating lease, the relevant income is recognised on a straight line basis until a market rent will be payable.

Gains and losses on investments

Realised gains or losses are recognised when investments are sold.

Unrealised gains or losses are accounted for on revaluation of investments at 31st December by transfers to the Statement of Financial Activities (SOFA).

Furlough payments under the HMRC Job Retention Scheme

Furlough income is recognised in the period that underlying salaries to furloughed staff are paid.

Expenditure on

Grants

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC. Grants payable for more than one year are accrued for in the accounts.

Church activities

Expenditure directly related to the objects of the Church is accounted for on the accruals basis. The diocesan quota or parish share is accounted for when payable. Any unpaid quota at 31st December is provided for in these accounts as an operational (although not a legal) liability and is shown as a creditor in the Balance Sheet.

Governance costs

All expenditure to fulfil statutory and legal requirements is accounted for on an accruals basis.

Fixed assets

Consecrated land and buildings and moveable church furnishings

Consecrated and beneficed property is excluded from the accounts by s10(2)(a) of the Charities Act 2011.

No value is placed on moveable 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 moveable church furnishings, whether maintenance or improvement, is written off as expenditure in the SOFA and separately disclosed.

Other fixed assets

Other fixed assets are recognised at cost.

Depreciation has been provided on tangible fixed assets except consecrated land and buildings and other freehold property at the following rates which are calculated to write off the cost of the assets over their estimated useful lives:

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1 ACCOUNTING POLICIES (continued)

Furniture and fittings	–	10% per annum
Equipment	–	25% per annum

Where the useful economic life and holding value of the freehold property are so great that depreciation is immaterial, it is not charged.

Investments

Investments (properties, bonds and shareholding accounts) were valued at fair value at 31st December 2022 and in each subsequent year the PCC will review the valuation for any permanent impairment in value which is transferred to the Statement of Financial Activities (SOFA).

Financial instruments

The charity only invests in basic financial products and such assets are stated at the value invested and any gains or losses are recorded when the product is sold.

Current assets

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

Deferred income

Amounts paid to the PCC during the year in respect of fees, rents or other income that relate to periods after 31st December. Movements during the year were as follows:

Deferred income	2022 £	2021 £
Opening balance	240,279	341,060
Rents and other income relating to current year	(350)	(781)
Rents and other income relating to future periods	-	-
Lease income received	-	-
Lease income released	(99,996)	(100,000)
Closing balance	<u>139,933</u>	<u>240,279</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

2 INCOME AND ENDOWMENTS FROM

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
(a) Donations and legacies				
Gift Aid donations	259,633	1,520	261,153	208,334
Tax recoverable	64,517	380	64,897	52,075
Church plate collections	1,444	-	1,444	1,068
Other donations	264,239	5,300	269,539	210,555
	<u>589,833</u>	<u>7,200</u>	<u>597,033</u>	<u>472,032</u>
(b) Investments				
Rent - other properties	-	-	-	-
Bank interest received	12,123	-	12,123	11,128
Lease income	99,996	-	99,996	100,000
	<u>112,119</u>	<u>-</u>	<u>112,119</u>	<u>111,128</u>
(c) Charitable activities				
Rent - St Michael's Church	42,284	-	42,284	32,130
Fees	5,203	-	5,203	5,865
Other church activities	3,729	-	3,729	4,942
	<u>51,216</u>	<u>-</u>	<u>51,216</u>	<u>42,937</u>
(d) Furlough payments claimed	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,427</u>
	<u>753,168</u>	<u>7,200</u>	<u>760,368</u>	<u>641,524</u>

3 EXPENDITURE ON

	Activities Directly undertaken £	Grant funding (4a & b) £	Support Costs (3d) £	Total 2022 £	Total 2021 £
(a) Charitable activities					
Mission support and outreach	-	71,764	-	71,764	104,244
Ministry:					
Diocesan quota	147,550	-	-	147,550	113,858
Other ministry costs	59,962	-	111,844	171,806	153,929
Church activities	39,335	-	-	39,335	33,733
Other activities - bookstall, groups, etc.	8,784	-	-	8,784	8,428
Church running expenses	-	-	33,337	33,337	29,850
Church maintenance – repairs and renewals	-	-	16,861	16,861	79,914
Management and administration	-	-	210,879	210,879	158,031
Governance costs	-	-	6,612	6,612	5,406
	<u>255,631</u>	<u>71,764</u>	<u>379,533</u>	<u>706,928</u>	<u>687,393</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 £	2021 £
(b) Staff costs		
Wages and salaries	222,654	200,527
Social security costs	14,921	11,232
Pension costs	4,816	4,011
Redundancy costs	3,280	1,030
	<u>245,671</u>	<u>216,800</u>

Average number of employees	Full time equivalent		Headcount	
	2022	2021	2022	2021
Administration	6	6	12	11
Lay assistant staff	1	1	1	1
	<u>7</u>	<u>7</u>	<u>13</u>	<u>12</u>

During the year, and the preceding year, the PCC did not employ anyone who earned £60,000 per annum or more.

The redundancy payment was made in relation to a staff post which was no longer required because the workload had changed. Redundancy costs are recognised when there is a legal or constructive obligation arising. No redundancy pay was outstanding at the balance sheet date.

(c) Related parties

During the year, the PCC paid accommodation, travel costs, mobile phone expenses of £0 (2021: £2,670) for G Axelson and £23,283 to R Charkham (2021: £22,725), £36,588 (2021: £11,456) for S Banner, £7,090 for M White (2021: £3,543) and donated £6,000 (2021: £6,000) to The Pimlico Foundation of which J Cameron is a Trustee. Seven individual parties (2021: ten) were reimbursed for total of £23,905 (2021: £9,130) for pastoral care, professional fees, mobile phones, broadband, repairs, travel expenses and attending conferences.

In the year, remuneration of £1,737 (2021: £9,619) was paid to a relative of M Passante and £1,594 (2021: £0) to a relative of R Charkham. Remuneration of key management staff amounted to £42,386 (2021: £15,104).

General donations from related parties (members of the PCC) totalled £232,040 (2021: £218,744) and restricted donations totalled £0 (2021: 6,800).

	2022 £	2021 £
(d) Support costs		
Staff costs	171,313	136,523
Accommodation expenses	100,912	84,937
Other staff expenses	5,667	1,732
Church running and maintenance expenses	50,264	109,764
Office supplies and postage	3,095	4,165
Publicity and advertising	330	1,275
Telephone	4,386	5,251
IT costs	5,971	5,304
Auditor's remuneration	6,612	5,406
Legal & professional fees	13,378	6,854
Bank charges	2,377	361
Depreciation (Note 5)	15,228	11,632
	<u>379,533</u>	<u>373,204</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

4 GRANTS PAYABLE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
(a) Grants to institutions				
Abraham's Oasis	-	-	-	1,500
Besom	-	-	-	3,183
Grace Church	194	999	1,193	-
International Justice Mission	2,000	-	2,000	-
In Deep	1,000	-	1,000	-
LDF Outreach	11,550	-	11,550	12,600
London City Mission	2,400	1,000	3,400	2,400
Mission Aviation Fellowship	3,000	500	3,500	3,500
Pimlico Foundation	6,000	825	6,825	6,825
Polish Church re Ukrainian refugees	2,000	-	2,000	-
Soul Survivor	5,000	-	5,000	-
St Barnabas Homerton	4,700	-	4,700	3,000
St Michael's Kilolo School	2,157	-	2,157	3,240
The Gate at Westminster	6,000	-	6,000	6,000
Westminster Food Bank	-	3,400	3,400	2,400
Total grants to institutions	46,001	6,724	52,725	44,648
(b) Grants to individuals				
Outreach & poverty relief	-	-	-	-
Clergy, ministry & training	13,713	4,430	18,143	40,176
Other gifts	896	-	896	19,420
Total grants to individuals	14,609	4,430	19,039	59,596
Total grants payable	60,610	11,154	71,764	104,244

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

5 TANGIBLE FIXED ASSETS – For use by the PCC

	Freehold Property £	Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2022	615,776	100,471	94,925	811,172
Additions	-	4,048	5,980	10,028
Disposals	-	(5,232)	(752)	(5,983)
At 31 December 2022	<u>615,776</u>	<u>99,287</u>	<u>100,154</u>	<u>815,217</u>
Depreciation				
At 1 January 2022	-	86,619	42,491	129,110
Charge for the year	-	6,247	8,980	15,227
Release re disposals	-	(5,232)	(686)	(5,917)
At 31 December 2022	<u>-</u>	<u>87,634</u>	<u>50,785</u>	<u>138,420</u>
Net book value				
At 31 December 2022	<u>615,776</u>	<u>11,653</u>	<u>49,368</u>	<u>676,797</u>
9 At 31 December 2021	<u>615,776</u>	<u>13,852</u>	<u>52,434</u>	<u>682,062</u>

The freehold property is 24 Sullivan Road.

6 INVESTMENTS

	2022 £	2021 £
Freehold		
Fair value brought forward as at 1 January 2022	1,500,000	1,300,000
Revaluation	100,000	200,000
Fair value carried forward as at 31 December 2022	<u>1,600,000</u>	<u>1,500,000</u>
Share investment		
Fair value brought forward as at 1 January 2022	430,042	376,727
Additions / (disposals) in the year	(180,000)	-
Revaluation	(49,180)	53,315
Fair value carried forward as at 31 December 2022	<u>200,862</u>	<u>430,042</u>
Bond		
Fair value brought forward as at 1 January 2022	5,000	5,000
Additions in the year	-	-
Fair value carried forward as at 31 December 2022	<u>5,000</u>	<u>5,000</u>
Total investments	<u>1,805,862</u>	<u>1,935,042</u>

The freehold property is 2 Eccleston Place, London, SW1W 9NE, which is held on lease by Pirandello Ltd trading as "Sicily". The legal title of the property is vested in the Diocesan Authority and the London Diocesan Fund as Custodian Trustees on behalf of the Parochial Church Council. Following a valuation taken by outside counsel, the PCC has now determined that the value of the property increased to £1.6m.

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

The share investment account was opened with CCLA in 2014 in order to generate higher returns than the bank interest available from high street banks. Dividends are recognised as income in the period paid. The revaluation has been provided by CCLA at the year end.

The bond is a five year bond maturing on 31 May 2023 with the London Housing Association yielding 1.25%pa.

7 DEBTORS	2022	2021
	£	£
Trade debtors	4,180	1,895
Other debtors	11,821	10,492
Prepayments	21,649	22,089
	<u>37,650</u>	<u>34,476</u>

8 CREDITORS: Amounts falling due within one year	2022	2021
	£	£
Trade creditors	5,427	3,730
Accruals and deferred income	137,184	167,375
Payroll taxes due	4,384	4,273
Pension payment due	912	866
	<u>147,907</u>	<u>176,244</u>

9 CREDITORS: Amounts falling due after more than one year	2022	2021
	£	£
Deferred income from Sicily lease due within two years	39,452	139,452
Deferred income from Sicily lease due within three to four years	-	-
Grants payable within two years	-	-
Grants payable within three years	-	-
	<u>39,452</u>	<u>139,452</u>

10 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Unrestricted funds	676,797	1,805,861	159,672	2,642,330
Restricted income funds	-	-	4,938	4,938
	<u>676,797</u>	<u>1,805,861</u>	<u>164,610</u>	<u>2,647,268</u>
Comparative figures for 2021				
Unrestricted funds	682,063	1,935,042	(83,110)	2,533,995
Restricted income funds	-	-	9,013	9,013
	<u>682,063</u>	<u>1,935,042</u>	<u>(74,097)</u>	<u>2,543,008</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

11 RESTRICTED FUNDS

Notes on the individual funds

	Income		Expenditure		Transfers		Fund balances	
	2022	2021	2022	2021	2022	2021	b/fwd	c/fwd
	£	£	£	£	£	£	£	£
Christmas Hampers	-	350	-	3,184	-	-	-	-
Covid 19 fund	-	150	3,399	-	-	-	3,399	-
Events for Elderly People	-	-	-	-	-	-	302	302
Gifts	6,375	21,634	6,930	45,292	-	-	5,180	4,625
The Passage	-	-	-	-	-	-	11	11
Pimlico Foundation	825	825	825	825	-	-	-	-
Vicar's Discretionary Fund	-	-	310	-	189	-	121	-
	7,200	22,959	11,464	49,301	189	-	9,013	4,938

Christmas hampers – funds collected to buy goods for Christmas hampers that are distributed to needy people in the neighbourhood of the church.

Covid 19 fund – collection to help people in need in the current crisis.

Events for Elderly People - donation to fund this ministry.

Gifts – funds given to pass on to leaving members of staff, love gifts to missionaries on home visits, gifts to various individuals specifically given to St Michael's for that purpose.

The Passage – funds received to support this homeless charity.

Pimlico Foundation – funds received and donated to this charity that works with young people in a nearby estate.

Vicar's Discretionary Fund - funds used to support the pastoral work of St Michael's, at the discretion of the Vicar. The transfer in the year was made to cover the deficit on this fund.

12 CASH AT BANK AND IN HAND

	2022	2021
	£	£
National Westminster - current account	30,869	36,984
Vicar's Discretionary Account	1,446	1,446
Petty Cash & Paypal account	143	5,614
Barclays - deposit account	6,381	9,378
Barclays - current account	2,366	2,573
CCLA - deposit account	273,114	151,128
	<u>314,319</u>	<u>207,123</u>

ST MICHAEL'S CHURCH, CHESTER SQUARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

13 LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable:

	Equipment	
	2022	2021
	£	£
Within one year	116	1,392
Within two to five year	-	116
	<u>116</u>	<u>1,508</u>

The operating lease charges for the year were:

Hire of equipment	<u>1,392</u>	<u>1,392</u>
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	Property	
	2022	2021
	£	£
Within one year	33,538	-
Within two to five year	134,152	-
More than five years	276,023	-
	<u>443,713</u>	<u>-</u>

The property lease charges for the year were:

Rent paid for property occupied by staff	<u>33,177</u>	<u>30,600</u>
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