

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL
PARISH OF SOLIHULL**

(Charity number 1131647)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report of the Parochial Church Council for 2021

Reference and Administrative Information

Charity Registration:

The Parochial Church Council of the Ecclesiastical Parish of Solihull (the PCC) is registered with the Charity Commission under registered charity number 1131647

Team Rector:

[Position currently vacant]

Operational Address:

Parish Office, Church Hill Road, Solihull. B91 3RQ

Bankers:

Lloyds Bank, 9/14 Poplar Road, Solihull B91 3AN

Auditors:

Prime Accountants Group, Corner Oak, 1 Homer Road, Solihull, B91 3QG

Investment Advisors

CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET

Structure, governance and management

Governance

The parish of St Alphege, Solihull, comprises three churches which were formed into a Team Ministry by Pastoral Order in 1979. The Parish is part of the Diocese of Birmingham.

St Alphege, St Helen's and St Michael's Churches are governed by District Church Councils (DCC's) to which the PCC has delegated many of its functions. The PCC retains responsibility for certain reserved matters including those of a parish wide nature. The rules for the proceedings of the PCC are set out in the Church Representation Rules and the same rules apply, as far as may be, to the DCC's

Objectives and Activities

Object of the Church

The Parochial Church Council of the Ecclesiastical Parish of Solihull, ('the PCC') has the responsibility of co-operating with the Team Rector in promoting in the ecclesiastical parish the whole mission of the Church, pastoral, evangelistic, social and ecumenical. Other duties include ultimate responsibility for a wide range of matters affecting the Parish, including compliance with health and safety, disability discrimination legislation, data protection and safeguarding, and arranging appropriate training for members and staff. It also has certain responsibilities for each of the churches within the parish, and other major fund holders, such as the Oliver Bird Hall and St Alphege Pre-school, although many of these responsibilities are delegated to the DCC's of each church and the committees of other fund holders.

Public Benefit

The PCC has referred to the guidance contained in the Charity Commission's general guidance on Public benefit when reviewing the aim and objectives of the PCC and in planning its future activities.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2021 (continued)

Trustees and Management Committee

The members of the PCC (who are trustees for the purposes of Charity Law) who served during the year until the date this report was approved were:

Clergy	<u>St Alphege</u>	<u>St Helen</u>	<u>St Michael</u>
		The Rev. H Greenham	The Rev. S Marshall
		The Rev. S Chandler	
Parish Churchwardens	Mrs P Price Mr A Williams		
Deputy Churchwardens	Mrs S Gomm Mrs S Sayers	Mr P Godfrey Mrs J Fewins	Mr K Wilson Mrs M Flood
Deanery Synod Representatives 2020-2023	Mrs D Moll Mrs R Linstead Mr M Owens Mrs R Owens	Mrs B Moppett	Mr K Wilson
Church Centre Representatives	Mrs J Ladbrooke Mr T Drakeford	Mr C Carrington Mrs P Gates	Mr N Evans Mr P Smith
Lay members of Diocesan Synod	Mr M Owens Mrs D Moll	Mrs B Moppett	
Co-options	Mrs V Dobson		Mr R Crowdy
Readers		Mrs B Moppett Mr C Carrington	Mr P Smith
Elected Lay Reps (max 5)	Mrs R Marshall Mr J Somi Mrs L Naughton		

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2021 (continued)

Statement of responsibilities of the members of the PCC (the trustees)

The trustees of the PCC are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees of the PCC to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period.

In preparing the financial statements the trustees of the PCC are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The trustees of the PCC are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of Trustees

Members of the PCC, the trustees, are ex officio, or elected by the Annual Parochial Church Meeting ('the APCM') in accordance with the Church Representation Rules.

Committees

The PCC operates through a number of committees which meet between full meetings of the Council. These include the **Parish Standing Committee**, which is the only Committee required by law. It has the power to transact the business of the PCC between its meetings subject to any directions given by the PCC. Other committees include the **Employment Group**; the **Finance Group**; the **Buildings and Plant Group**; and the **Communications Group**; and St Alphege, St Helen's and St Michael's which are governed by **District Church Councils (DCCs)**, to which the PCC has delegated many of its functions.

Risk Management

The major risks to which the PCC are exposed, which include financial risk, reputational risk, statutory risk and legal requirements and operational risk have been identified by PCC, are regularly reviewed, and systems and procedures have been established to manage those risks. Similar risk assessments and management of risks are regularly reviewed by DCCs and other fund holding committees.

Achievements and Performance

Church Attendance

As of the Annual Parochial Church Meeting held on 28 April 2022, there were 488 (2021: 503) names on the electoral roll comprising:

- St Alphege's Section: 330 (2021: 336)
- St Helen's Section: 83 (2021: 89)
- St Michael's Section: 75 (2021: 78)

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2021 (continued)

Review of the year ending 31st December 2021

2021 saw a gradual restarting of activities and meetings in person and it has been good to see the life and vibrancy in so much of the life of our 3 church centres, the Junction and our Pioneer Minister's work in the north of the Parish. Covid still had a big impact on the Parish but thankfully we have been able to ease the restrictions in line with UK Government and Church of England guidelines.

It was sad that our Rector Jane Kenchington had to take early retirement early in the year, and we thank her, and her husband Richard, for all they did for the Parish during her time as Rector. For various reasons the Diocese wishes to review the Parish structure, and this has precluded us from advertising and recruiting a new Rector, although by mid- 2022 we will be in a position to start the recruitment process by advertising for a Priest in Charge (Rector Designate).

Our clergy and lay ministers have done very good work both with online and in person ministry so that we have been able to keep a varied level of services going, many of which have been streamed to those unable to actually attend the services. We particularly thank Rev Simon Marshall and Rev Sue Chandler for heading up the clergy ministry and are also very grateful to Ven. Paul Taylor for his work in advising on the direction and maintenance of the Parish, and to our Readers who continue to give invaluable services in many areas.

The PCC Committees set up during the year to cover all aspects of the Parish work have proved to be effective.

During the year we also began to develop our Mission and our Transforming Church Action Plan (TCAP) which is continuing in 2022. Our particular desire is to see younger adults joining more fully into our fellowships, and see Mission, in its widest sense, as a key priority for our Parish.

Financial Report of the Parochial Church Council for 2021

Overall, the parish had an operating surplus of £ 1,750 on total funds, but this included legacies of £151,351, so the "real" operating deficit was £ (149,481). We did, however, make total investment gains of £296,304, so our overall funds increased to £4,072,073 by the end of the year.

Significant amounts of monies do need to be spent on necessary remedial work and repairs to St Alphege, the Oliver Bird Hall and St Helens (which will commence in 2022), and the Parish is looking into major development plans to create new facilities at St Alphege and to update the infrastructure and facilities at the Oliver Bird Hall – which will be 60 years old this year.

There continued to be an operating deficit, of £ (98,266) this year, £ (101,958) in 2020, on the St Francis Parish Fund, where our expenditure on Youth Work, Children's Work, Parish Support, and Outreach activities, including our Pioneer Ministry costs, in recent years has consistently exceeded income, such that we are now completely reliant on income from investment gains (the so called "total income" concept) to fund all the outgoings from the St Francis Parish Fund, more so because our "regular" investment income falls every time we realise some of our investment assets.

As a result of the Coronavirus situation, many things have changed – some probably permanently-, and it is still not certain what the future holds. St Alphege, the Oliver Bird Hall and Pre-school have now recorded two consecutive years of deficits; and all three churches continue to suffer reductions in congregational giving and loss of other income.

All fund holders do still have adequate reserves at present to ensure that they can continue to fund known outgoings, but the ongoing situation is now becoming serious and financially "challenging", so some difficult decisions will need to be made soon as to what we can, and cannot, afford to fund.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Annual Report 2021 (continued)

Investment Policy

The PCC holds the vast majority of its investments with the CCLA and considers that its investment policy in all material respects meets the Charity Commission's recommendations. The PCC's general policy is, whenever possible, to invest in collective investment funds with an acceptable social, environmental and ethical policy, producing a regular income together with an element of capital growth. Other investments with similar characteristics may be considered.

Reserves Policy

The general reserves of the PCC are, in the main, represented by equity investments, property, including houses for clergy and the parish hall (Oliver Bird Hall) and cash balances. The 'free reserves' (excluding designate funds) are represented by General Fund net current assets, which at the end of the year amounted to £350,324, which equates to the sum required historically to meet about 5 months regular on-going costs. Whilst this is higher than the Charity Commissions recommended amount of 3 to 4 months, in view of significant deficits being incurred on a number of funds in the last two years; the age of St Alphege church and the parish hall –both of which could incur substantial expenditure at relatively short notice; the continuing uncertainties as a result of the Coronavirus situation and rising inflationary costs; and the need for the St Francis fund to hold sufficient monies at the end of the financial year to fund its projected budget deficit for the following year, without being forced to realise investments when values may have fallen - the PCC considers that its free reserves are prudent and reasonable under all the circumstances.

Auditors

Prime Accountants and Business Advisors Limited have expressed their willingness to continue in office and will be proposed for re-appointment at the Annual Parish Church Meeting.

Approved by the PCC on 14th June 2022 and signed on its behalf by:



A. K. Wilson (Chairman)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF SOLIHULL

Opinion

We have audited the financial statements of The Parochial Church Council of the Ecclesiastical Parish of Solihull ('the PCC') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet 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 (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 31st December 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on work we have performed, we have not identified any material uncertainties relating to the 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and Report of the Independent Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF SOLIHULL (continued)

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 Report of the Trustees.

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

- adequate 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees 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 the trustees 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 trustees 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 trustees either intend to liquidate the PCC or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the PCC; and
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF SOLIHULL (continued)

We assessed the susceptibility of the PCC's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and other relevant parties.

There are inherent limitations in our 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. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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 Report of the Independent Auditors

Use of our report

This report is made solely to the PCC, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the PCC's trustees those matters we are required to state to them in an auditors' 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 charity's trustees as a body, or for the opinions we have formed.



Prime
Chartered Accountants
Statutory Auditor
Corner Oak
1 Homer Road
Solihull
B91 3QG

Date: ..05/07/2022.....

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2021

Statement of Financial Activities (SOFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
					2021 £	2020 £
Income and endowments from:						
Donations and Legacies	2(a)	467,399	290	-	467,689	364,260
Charitable Activities	2(b)	164,199	-	-	164,199	153,774
Other Trading Activities	2(c)	55,471	-	-	55,471	44,169
Investments	2(d)	75,165	3,792	-	78,957	81,486
Total income and endowments		762,234	4,082	-	766,316	643,689
Expenditure on:						
Raising funds	3(a)	59,944	-	-	59,944	70,070
Charitable activities:	3(b)	704,259	363	-	704,622	745,628
Total expenditure		764,203	363	-	764,566	815,698
Net (Expenditure) / income		(1,969)	3,719	-	1,750	(172,009)
Net gains on revaluation of investments		265,959	18,682	9,587	294,228	90,832
Net gains on disposal of investments		2,076	-	-	2,076	780
Net movement in funds		266,066	22,401	9,587	298,054	(80,397)
Reconciliation of funds:						
Total funds brought forward as 1 January 2021		3,406,841	291,706	75,472	3,774,019	3,854,416
Total funds carried forward at 31 December 2021		£3,672,907	£314,107	£85,059	£4,072,073	£3,774,019

There were no recognised gains or losses for 2021 or 2020 other than those recognised in the Statements of Financial Activities.

The Notes on pages 11 to 17 form part of this account

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2020

Statement of Financial Activities (SOFA)
[Comparative figures for 2020]

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
					2020 £	
Income and endowments from:						
Donations and Legacies	2(a)	364,260	-	-	364,260	
Charitable Activities	2(b)	153,774	-	-	153,774	
Other Trading Activities	2(c)	44,169	-	-	44,169	
Investments	2(d)	77,680	3,806	-	81,486	
Total income and endowments		639,883	3,806	-	643,689	
Expenditure on:						
Raising funds	3(a)	70,070	-	-	70,070	
Charitable activities:	3(b)	745,628	-	-	745,628	
Total expenditure		815,698	-	-	815,698	
Net income		(175,815)	3,806	-	(172,009)	
Net gains on revaluation of investments		78,132	8,393	4,307	90,832	
Net gains on disposal of investments		780	-	-	780	
Net movement in funds		(96,903)	12,199	4,307	(80,397)	
Reconciliation of funds:						
Total funds brought forward as 1 January 2020		3,503,744	279,507	71,165	3,854,416	
Total funds carried forward at 31 December 2020		£3,406,841	£291,706	£75,472	£3,774,019	

There were no recognised gains or losses for 2020 or 2019 other than those recognised in the Statements of Financial Activities.

The Notes on pages 11 to 17 form part of this account

The Parochial Church Council of the Ecclesiastical Parish of Solihull

31st December 2021

Balance Sheet

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	10	918,695	918,695
Investment assets	11	2,351,565	2,130,261
		<u>3,270,260</u>	<u>3,048,956</u>
Current assets			
Stocks		2,201	2,245
Debtors	12	322,349	21,419
Short-term deposits		206,097	439,520
Cash at bank and in hand		394,017	376,805
		<u>924,664</u>	<u>839,989</u>
Liabilities: amounts falling due within one year			
Creditors	13	(122,851)	(114,926)
Net assets		<u>801,813</u>	<u>725,063</u>
Total assets	14	<u>£4,072,073</u>	<u>£3,774,019</u>
Funds			
Endowment funds	15(a)	85,059	75,472
Restricted funds	15(b)	314,107	291,706
Unrestricted and designated funds	15(c)	3,672,907	3,406,841
		<u>£4,072,073</u>	<u>£3,774,019</u>

Approved by the Parochial Church Council on 14th June 2022 and signed on its behalf by:

A.K. Wilson

A. K. Wilson

Chairman

R.A. Crowdy

R.A. Crowdy

Treasurer

The Notes on pages 11 to 17 form part of this account

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2021

Statement of cash flows

	Note	2021 £	2020 £
Cash flows from operating activities			
<i>Net cash (used in) provided by operating activities</i>	17	<u>(370,168)</u>	<u>(246,666)</u>
Cash flows from investing activities			
Investment income		78,957	81,486
Sale of investments		75,000	75,000
		<u>153,957</u>	<u>156,486</u>
<i>Change in cash and cash equivalents in the reporting period</i>		<u>(216,211)</u>	<u>(90,180)</u>
Cash and cash equivalents at the beginning of the reporting period		816,325	906,505
<i>Cash and cash equivalents at the end of the reporting period</i>	18	<u>600,114</u>	<u>816,325</u>

The Notes on pages 11 to 17 form part of this account

Notes to the financial statements

(1) Accounting policies**a) Basis of preparation**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£)

b) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

c) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Income recognition

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Collections and planned giving is only recognised when received, although any income tax recoverable on Gift Aid donations is accrued for the period ended 31st December.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity where it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

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

Income from investments includes dividends and interest, and is accounted for when receivable.

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation at 31st December each year.

e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably.

The Diocesan Common Fund is accounted for when paid and other expenditure is generally recognised when it is incurred and is accounted for gross

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance, then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Notes to the financial statements (continued)

f) Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management costs. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

g) Tangible fixed assets

Consecrated land and buildings and movable church furnishings

Consecrated and beneficed property (of St Alphege and St Helen's) is excluded from the financial statements by s.10(2)(a) of the Charities Act 2011. No value is placed on movable church furnishings held by the churchwardens on special trust for the PCC and which requires a faculty for disposal since the PCC considers this to be an 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 Statement of Financial Activities and separately disclosed.

Freehold land and buildings

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

No depreciation is provided on freehold properties on the grounds that, in the opinion of the PCC, given the high residual value of properties, the depreciation charge and accumulated depreciation would be immaterial to these accounts. The PCC has taken advice on the carrying value of the properties and a provision is not considered necessary.

Equipment

Equipment used within church buildings is written off when the asset is acquired.

h) Investments

Investments are valued at market value at 31st December 2021.

i) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

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 uncollectible.

j) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes

k) Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for slow moving items.

l) Cash and cash equivalent

Cash for the purpose of the cash flow statement comprises cash in hand and deposits which may be accessed within 24 hours or without notice and penalty.

Liquid resources comprise term deposits of less than one year, other than cash and balances held by investment portfolio managers for reinvestment.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2021

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2021 £	2020 £
(2) Income and endowments from:					
(a) Donations and Legacies					
Planned giving	218,538	-	-	218,538	251,138
Income tax refunds	56,059	-	-	56,059	63,365
Cash collections	18,776	290	-	19,066	19,352
General purpose donations	9,116	-	-	9,116	16,270
Grants received	7,235	-	-	7,235	4,618
Donations and appeals	6,444	-	-	6,444	3,767
Legacies	151,231	-	-	151,231	5,750
<i>Total</i>	<i>467,399</i>	<i>290</i>	<i>-</i>	<i>467,689</i>	<i>364,260</i>
(b) Charitable Activities					
Bookstall	594	-	-	594	598
Magazine sales	2,181	-	-	2,181	1,709
Fees (Statutory)	24,441	-	-	24,441	9,703
Fees (Other - Pre-school)	135,427	-	-	135,427	121,314
Furlough claims	1,556	-	-	1,556	20,450
<i>Total</i>	<i>164,199</i>	<i>-</i>	<i>-</i>	<i>164,199</i>	<i>153,774</i>
(c) Other Trading Activities					
Bookstall	1,385	-	-	1,385	1,106
Magazine advertising	6,800	-	-	6,800	5,481
Church/Hall lettings	44,665	-	-	44,665	33,528
Social and similar events	2,621	-	-	2,621	4,054
<i>Total</i>	<i>55,471</i>	<i>-</i>	<i>-</i>	<i>55,471</i>	<i>44,169</i>
(d) Investments					
Dividends	66,108	3,776	-	69,884	70,954
Deposit account interest	3,152	16	-	3,168	1,261
Rent received	5,905	-	-	5,905	9,271
<i>Total</i>	<i>75,165</i>	<i>3,792</i>	<i>-</i>	<i>78,957</i>	<i>81,486</i>
<i>Total income and endowments from:</i>	<i>£762,234</i>	<i>£4,082</i>	<i>-</i>	<i>£766,316</i>	<i>£643,689</i>

Included in the 2020 total income of £643,689 was £639,883 unrestricted and £3,806 restricted fund.

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2021

Statement of Financial Activities (SOFA) (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2021 £	2020 £
(3) Expenditure on:					
(a) Raising funds					
Bookstall	853	-	-	853	1,033
Magazine	2,051	-	-	2,051	2,600
Hall running costs	56,164	-	-	56,164	64,195
Costs of fundraising events	167	-	-	167	1,279
Property management costs	709	-	-	709	963
<i>Total</i>	<i>59,944</i>	<i>-</i>	<i>-</i>	<i>59,944</i>	<i>70,070</i>
(b) Charitable activities:					
Ministry:					
Diocesan Common Fund	176,067	-	-	176,067	224,781
Clergy working expenses	6,206	-	-	6,206	4,812
Clergy housing	15,260	-	-	15,260	17,415
Charity - running expenses	55,307	-	-	55,307	54,333
Church maintenance	8,624	-	-	8,624	21,912
Upkeep of services	1,999	-	-	1,999	2,787
Upkeep of churchyard	5,296	-	-	5,296	5,762
Cost of sales	2,181	-	-	2,181	1,709
Support costs	3,692	-	-	3,692	7,883
Major repairs (boilers)	45,366	-	-	45,366	-
Salaries and wages	341,987	-	-	341,987	368,601
Administration	22,794	363	-	23,157	21,267
Missionary & charitable giving					
Church overseas	1,500	-	-	1,500	4,223
Relief & dev't agencies	-	-	-	-	100
Home missions &c	14,963	-	-	14,963	7,302
Secular charities	3,017	-	-	3,017	2,741
<i>Total</i>	<i>704,259</i>	<i>363</i>	<i>-</i>	<i>704,622</i>	<i>745,628</i>
<i>Total expenditure on:</i>	<i>£764,203</i>	<i>£363</i>	<i>-</i>	<i>£764,566</i>	<i>£815,698</i>

Included in the 2020 total expenditure of £815,698 was £815,698 unrestricted fund.

Notes to the financial statements (continued)

Statement of Financial Activities (SOFA) (continued)

Statement of Financial Activities (SFA) (continued)					
	Activities directly undertaken £	Grant funding of activities £	Support Costs £	TOTAL 2021 £	
<hr/>					
(4) Analysis of expenditure including allocation of support costs (2021)					
Raising funds	59,944			59,944	
Charitable activities					
Resourcing Ministry	658,293		26,849	685,142	
Resourcing Mission		19,480		19,480	
	<hr/> 718,237	<hr/> 19,480	<hr/> 26,849	<hr/> 764,566	
	Activities directly undertaken £	Grant funding of activities £	Support Costs £	TOTAL 2020 £	
	<hr/>	<hr/>	<hr/>	<hr/>	
Analysis of expenditure including allocation of support costs (2020)					
Raising funds	70,070			70,070	
Charitable activities					
Resourcing Ministry	702,112		29,150	731,262	
Resourcing Mission		14,366		14,366	
	<hr/> 772,182	<hr/> 14,366	<hr/> 29,150	<hr/> 815,698	
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS	
	<hr/>	<hr/>	<hr/>	2021 £	2020 £
<hr/>					
(5) Analysis of support costs					
Resourcing Ministry	3,692			3,692	7,883
Administration costs	17,514	363	-	17,877	15,987
Audit fee	5,280			5,280	5,280
	<hr/> 26,486	<hr/> 363	<hr/> -	<hr/> 26,849	<hr/> 29,150

(6) Auditors remuneration

The auditors remuneration amounts to an audit fee of £5,280 (2020: £5,280), which is included in administration costs.

(7) Trustees, key management personnel and related parties

Although there are a number of different funds, there is no one body or committee, other than the PCC itself, which has significant control or influence, financial or otherwise, over the running of the charity. There are, therefore, no key personnel, other than the trustees as a body.

Aggregate contributions to the charity's funds from all trustees amounted to £46,268 (2020: £44,707)

(8) Staff costs

	2021 £	2020 £
Wages and salaries	313,648	337,414
Social security costs	20,781	22,440
Pension costs	7,558	8,747
	<u>£341,987</u>	<u>£368,601</u>

During the year the PCC employed an average of 1 pioneer minister (2020-1), 3 youth and children's workers (2020-3), 10 pre-school staff (2020-13), 7 administration and support staff (2020-9), and 1 other (2020-1), the majority of whom worked part-time.

No Employee received remuneration in excess of £60,000.

(9) Pension

The PCC operates defined contribution pension schemes for eligible employees, making payments into the National Employment Savings Trust (NEST). The amount recognised as an expense in the period was £7,558 (2020: £8,747).

The Parochial Church Council of the Ecclesiastical Parish of Solihull

Year ended 31st December 2021

Balance Sheet

Fixed assets

(10) Tangible fixed assets

Cost

At 1 January 2021
At 31 December 2021

Depreciation

At 1 January 2021
At 31 December 2021

Net book value

At 31 December 2021
At 31 December 2020

Freehold property comprises:

Oliver Bird Hall, Solihull at cost
Church Hill Close, Solihull at cost
Middlewood Drive, Solihull at cost

Investment Assets

(11) Quoted investments

Market value

At 1 January 2021
Disposals

Gains on realisations and revaluations
At 31 December 2021

Quoted investments comprise:

Central Board of Finance of the Church of England (CBF):

- 79,671.44 Investment Fund income shares (Cost £763,462)
- 316,986.92 Property Fund shares (Cost £346,000)

COIF Charities:

- 4,427.52 Ethical Investment Fund shares (Cost £10,000)
- 2,820.23 Global Equity Fund shares ((Cost £5,000)
- 3,708.92 Fixed Interest Fund shares (Cost £5,000)

Total quoted investments

(12) Debtors: amounts falling due within one year

Income tax recoverable
Prepayments
Other debtors
Loan (repayable, with interest, by 31st December 2022)

Debtors: amounts falling due after one year

Loan (repayable, with interest, by 31st December 2026)

Total Debtors

(13) Creditors: amounts falling due within one year

Accruals
Trade creditors
Other creditors

(14) Analysis of net assets by type of fund

Tangible fixed assets
Investment assets
Current assets
Current liabilities

**(14) Analysis of net assets by type of fund
[Comparative figures for 2020]**

Tangible fixed assets
Investment assets
Current assets
Current liabilities

At 31st December 2021

Freehold property
£
Total
2021
£

918,695
918,695

-
-

£918,695
£918,695

230,551
375,000
313,144
£ 918,695

2021
£

2,130,261
(75,000)
2,055,261
296,304
£2,351,565

2021
£

1,863,252
461,469

13,857
8,061
4,926

£2,351,565
£2,130,261

2021
£

8,107
1,094
13,148
70,000
£92,349

2021
£

230,000
£230,000

£322,349

2021
£

15,438
18,895
88,518
£122,851

Unrestricted Funds
£
Restricted Funds
£
Endowment Funds
£
TOTAL FUNDS
2021
£

798,695
2,126,688
905,375
(157,851)
£3,672,907

120,000
148,613
10,494
35,000
£314,107

-
76,264
8,795
-

918,695
2,351,565
924,664
(122,851)
£4,072,073

£3,774,019

Unrestricted Funds
£
Restricted Funds
£
Endowment Funds
£
TOTAL FUNDS
2020
£

798,695
1,933,653
789,419
(114,926)
£3,406,841

120,000
129,931
41,775
-

-
66,677
8,795
-

918,695
2,130,261
839,989
(114,926)
£3,774,019

Notes to the financial statements (continued)

Balance Sheet

(15) Movement in Funds	Opening balance £	Incoming £	Gains and Losses £	Fund transfers £	Outgoing £	Closing balance £
(a) Endowment funds						
St Alphege:						
PW Harrison Bequest	75,472	-	9,587	-	-	85,059
Total endowment funds	75,472	-	9,587	-	-	85,059

Two Percy Harrison capital **endowment funds** arose from his 1967 legacies for non-routine maintenance of the churchyard. They were merged into a single fund in 1998.

(b) Restricted funds						
St Alphege:						
Fabric Fund	168,834	3,792	18,682	-	-	191,308
Small Restricted Funds	2,872	290	-	-	(363)	2,799
SMBC Grant Fund	120,000	-	-	-	-	120,000
Total restricted funds	291,706	4,082	18,682	-	(363)	314,107

Restricted funds have been set up to meet a specific purpose. The **Fabric Fund** exists for the repair and maintenance of the fabric of the Parish Church. The **Small Restricted Funds** consolidate the **New Door** and the long-established **Holbeche Memorial Fund**. The **SMBC Grant Fund** represents a grant received from Solihull Metropolitan Borough Council towards the cost of the Oliver Bird Hall extension.

(c) Unrestricted and designated funds						
Parish:						
St Francis Parish Fund	1,945,664	51,241	213,178	-	(149,507)	2,060,576
Parish News	24,534	8,993	-	-	(5,419)	28,108
Elizabeth Newton Fund	4,267	2	-	-	(250)	4,019
Staff Housing Fund	659,877	14,733	36,862	-	(11,089)	700,383
St Alphege Pre-School	112,413	139,620	2,285	(11,626)	(156,128)	86,564
St Alphege:						
Oliver Bird Hall	98,274	16,554	-	11,626	(44,493)	81,961
St Alphege Bookstall	6,475	1,980	-	-	(932)	7,523
Organ Repair Fund	1,052	1,030	-	1,000	(294)	2,788
PW Harrison Bequest	7,442	1,947	-	-	-	9,389
General Fund (consolidated)	335,642	379,063	-	(1,000)	(267,171)	446,534
St Helen's:						
General Fund (consolidated)	93,244	87,285	2,398	-	(76,018)	106,909
St Michael's:						
General Fund (consolidated)	117,957	59,786	13,312	-	(52,902)	138,153
Total unrestricted and designat	3,406,841	762,234	268,035	-	(764,203)	3,672,907
Total Funds	£3,774,019	£766,316	£296,304	-	(£764,566)	£4,072,073

Unrestricted funds can be used for any of the PCC's general purposes.

The **St Francis Parish Fund** represents the original net proceeds arising from the sale of the St Francis site and their subsequent investment. It is primarily to be used for parish mission purposes, including youth and childrens work.

The **Parish News** represents the operating fund of the Parish News, the monthly parish magazine.

The **Elizabeth Newton Fund** results from a legacy which has been used to support work with children, families, and young people from the parish.

The **Staff Housing Fund** generates income which is used to contribute towards the cost of running and maintaining clergy housing. Its assets are represented by various investments and the cost of Church Hill Close, Solihull.

The **St Alphege Pre-School Fund** represents the operating fund of the St Alphege Pre-School group.

The **General Funds** of each of the three churches are used for running their day-to-day affairs, as are the **Oliver Bird Hall** and the **St Alphege Bookstall** funds.

The **Organ Repair Fund** is designated for specific purposes.

Notes to the financial statements (continued)

Balance Sheet

	Opening balance £	Incoming £	Gains and Losses £	Fund transfers £	Outgoing £	Closing balance £
(16) Movement in Funds (Comparative figures for 2020)						
(a) Endowment funds						
St Alphege:						
PW Harrison Bequest	71,165	-	4,307	-	-	75,472
	71,165	-	4,307	-	-	75,472

Two Percy Harrison capital **endowment funds** arose from his 1967 legacies for non-routine maintenance of the churchyard. They were merged into a single fund in 1998.

(b) Restricted funds						
St Alphege:						
Fabric Fund	156,639	3,802	8,393	-	-	168,834
Small Restricted Funds	2,868	4	-	-	-	2,872
SMBC Grant Fund	120,000	-	-	-	-	120,000
	279,507	3,806	8,393	-	-	291,706

Restricted funds have been set up to meet a specific purpose. The **Fabric Fund** exists for the repair and maintenance of the fabric of the Parish Church. The **Small Restricted Funds** consolidate the **New Door**, the long-established **Holbeche Memorial Fund**. The **SMBC Grant Fund** represents a grant received from Solihull Metropolitan Borough Council towards the cost of the Oliver Bird Hall extension.

(c) Unrestricted and designated funds						
Parish:						
St Francis Parish Fund	1,986,820	53,226	60,802	-	(155,184)	1,945,664
Parish News	24,892	7,284	-	-	(7,642)	24,534
Elizabeth Newton Fund	4,249	18	-	-	-	4,267
Staff Housing Fund	645,947	18,080	9,093	-	(13,243)	659,877
St Alphege Pre-School	130,817	143,641	1,026	(7,787)	(155,284)	112,413
St Alphege:						
Oliver Bird Hall	129,638	11,034	-	7,787	(50,185)	98,274
St Alphege Bookstall	5,869	1,712	-	-	(1,106)	6,475
Organ Repair Fund	14,196	4,786	-	(4,000)	(13,930)	1,052
PW Harrison Benefit	5,506	1,936	-	-	-	7,442
General Fund(consolidated)	350,032	257,339	-	4,000	(275,729)	335,642
St Helen's:						
General Fund (consolidated)	93,235	83,916	2,011	-	(85,918)	93,244
St Michael's:						
General Fund (consolidated)	112,543	56,911	5,980	-	(57,477)	117,957
	3,503,744	639,883	78,912	-	(815,698)	3,406,841
Total funds(for 2020)	£3,854,416	£643,689	£91,612	-	(£815,698)	£3,774,019

Unrestricted funds can be used for any of the PCC's purposes.

The **St Francis Parish Fund** represents the original net proceeds arising from the sale of the St Francis site and their subsequent investment. It is primarily to be used for parish mission purposes, including youth and childrens work.

The **Parish News** represents the operating fund of the Parish News, the monthly parish magazine.

The **Elizabeth Newton Fund** results from a legacy which has been used to work with children, families, and young people from the parish.

The **Staff Housing Fund** generates income which is used to contribute towards the cost of running and maintaining clergy housing. Its assets are represented by various investments and the cost of Church Hill Close, Solihull.

The **St Alphege Pre-School Fund** represents the operating fund of the St Alphege Pre-School group.

The **General Funds** of each of the three churches are used for running their day-to-day affairs, as are the **Oliver Bird Hall** and the **St Alphege Bookstall** funds.

The **Organ Repair Fund** is designated for specific purposes.

(17) Reconciliation of net income to net cash flow from operating activities	2021 £	2020 £
Net (expenditure) / income for the period (as per the statement of financial activities)	298,054	(80,397)
Adjustments for		
(Gains) on investments	(296,304)	(91,612)
Income from investments	(78,957)	(81,486)
Decrease / (Increase) in stocks	44	(695)
(Increase) / Decrease in debtors	(300,930)	3,062
Increase in creditors	7,925	4,462
Net cash (used in) provided by operating activities	(370,168)	(246,666)
(18) Analysis of cash and cash equivalents	2021 £	2020 £
Short term deposits	206,097	439,520
Cash at bank and in hand	394,017	376,805
Total cash and cash equivalents	£600,114	£816,325