

**Report of The Trustees and
Audited Financial Statements
for the Year Ended 31 December 2020**

**Parochial Church Council Of
Christ Church Portswood
(known as Highfield Church) Southampton**

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Report of The Trustees for the year ended 31st December 2020

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' for FRS 102.

Reference and Administrative Details

Registered Charity Number: 1131770

Parish: Christ Church, Portswood (Highfield Church, Southampton)
Highfield Lane, Southampton, Hants, SO17 1RL

Trustees:

Name	Note		Name	Note
Mike Archer	Clergy		Becky Moss	From October 2020 (first term) (DS)
Ian Bartlett	Retired October 2020 (DS)		Phil Moss	Appointed Churchwarden 24 April 2021
Tim Billington	Retired April 2021 (second term)		Zoe Norton	From October 2020 (first term)
Stephen Chapman	Retired April 2021 (first term)		Mike Page	Churchwarden since 2018, resigned 24 April 2021
Jennie Cox	Retired October 2020		Janet Parker	Retired October 2020
Penny Cox	Retired October 2020 (Churchwarden)		James Pritchard	From October 2020 (first term) (DS)
Rebecca D'Silva	From October 2020 (first term)		Rebecca Proctor	Secretary, co-opted since October 2020, appointed on 24 April 2021
Max Davies	Co-opted from October 2020 and appointed on 24 April 2021		Lisa Roberts	From October 2020 (first term)

Alasdair Douglas	From October 2020 (first term)		Christine Sinclair	Appointed on 24 April 2021
Alan Finney	From October 2020 (first term)		Grant Stanley	From October 2020 (first term) (DS)
Amy Gaze	From April 2019 (first term) retired 24 April 2021		Hannah Stanley	From October 2020 (first term) (DS)
Robert Heather	From April 2019 (first term)		Rob Swindell	From October 2020 (first term)
Ben Heptinstall	From October 2020 (first term) (DS)		Barry Toward	Retired April 2021 (first term)
Keith Hooper	Retired October 2020 (DS)		David Tozer	Co-opted from October 2020 and appointed on 24 April 2021
Matt Hutchings	Co-opted from October 2020 and resigned on 24 April 2021		Doug Wakeling	From October 2020 (second term)
Benjamin Jackson	Retired April 2021 (first term)		Peter S Williams	Retired October 2020 (DS)
Pete Marston	Churchwarden since October 2020		Paula Willis	From April 2019 (first term)
Cynthia Martin	Retired October 2020 (DS)		Daisy Wood	From October 2020 (first term)

PCC members stand for 3-year terms, unless co-opted by the PIC, in which case they serve up to the next election and will have to re-stand. Churchwardens are elected annually and hold automatic positions on Standing Committee and PCC.

Deanery Synod representatives are denoted by "DS", and are elected for three-year terms as for other PCC members.

Members standing down in April 2021 were: Tim Billington, Max Davies, Matt Hutchings, Ben Jackson, Rebecca Proctor, Barry Toward and David Tozer. All were eligible for re-election apart from Tim Billington, who had served two consecutive three-year terms.

Auditor: Julie M Butler FCA,
Butler & Co.,
Chartered Accountants & Registered Auditors,
Bennett House,
The Dean, Alresford,
Hants.,
SO24 9BH

Bankers: Lloyds,
92-94 Above Bar Street,
Southampton,
SO14 7DT

Structure, Governance and Management

The Parochial Church Council ("PCC") of Highfield Church is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure and was required to register with the Charity Commission in 2009. The Registered Charity Number is 1131770. Accordingly, the Church operates as a Charity and members of the PCC are the Trustees.

New Trustees: Appointment, Induction and Training

Appointment of new Trustees (i.e. new PCC members) is governed by and set out in the Church Representation Rules. New PCC members are elected at the Annual Parochial Church Meeting in April each Year. The first PCC meeting involving new members is usually held in May. At this meeting, the Priest in Charge and Secretary explain the way the PCC works and responsibilities of PCC members as Trustees. Newly-elected members are issued with a Church of England booklet entitled "Trusteeship – An introduction for PCC Members." Annually, each PCC member completes a Trustee Eligibility Declaration and an HMRC Fit and Proper Persons Declaration.

Structure and Operation of the PCC

Highfield Church PCC is the governing body within the Church and assists the Priest-in-Charge to promote the Church mission including pastoral, evangelical, social and ecumenical matters in the Parish. It is also responsible for maintaining the Church, the Church Centre, and a house at 104 Upper Shaftesbury Avenue.

The PCC operates through various management sub-committees and ministry groups, also known as Action & Accountability ("AA") groups, which meet between full meetings of the PCC. There are between 6-8 meetings of PCC annually, and AA groups meet 5-6 times each year. AA groups may also have non-PCC members with expertise, gifts, or passion in their area of ministry. Devolution of business to AA groups helps PCC to concentrate on the most significant issues at meetings. AA Group minutes are circulated to PCC and, along with those of the management committees, form part of the business agenda for PCC meetings.

Compliance

Related Parties

No Trustee is paid for the role of PCC member. Trustees may be reasonably reimbursed for expenditure incurred on behalf of the charity. Trustees are required to declare any potential conflicts of interest within relevant meetings and confirm at least annually existence of potential related party transactions and these are monitored throughout the year. Related party transactions are disclosed in the financial statements.

Risk Management

Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error.

Risk assessment and action plans are reviewed annually by the PCC. Actions to help to mitigate key areas of risk have been identified, and the PCC will endeavour to include such in the routine work of key members to ensure that actions are completed.

Safeguarding

The Parochial Church Council is committed to encouraging an environment where all people, and especially those who may be vulnerable for any reason are able to worship and pursue their faith journey with encouragement and in safety. Everyone, including the young, will receive respectful pastoral ministry recognising any power imbalance within such a relationship. To pursue this aim, the Parochial Church Council follows the safeguarding policies and procedures of the Church of England as set out in guidelines provided by the Bishop's House in the following documents: -

"Protecting all God's Children - Policy for safeguarding children in the Church of England"

"Promoting a Safe Church: Policy for safeguarding adults in the Church of England"

Annually, the Parochial Church Council reviews and ratifies the Vulnerable Adults and Child Protection policies and associated guidance documents, revising these in the light of updated or new guidance issued by the Diocese.

GDPR

The Parochial Church Council oversaw measures to ensure compliance with General Data Protection Regulations of 2018. A Data Privacy Notice was drafted and a statutory Data Protection Policy was prepared and approved by PCC in July. Highfield Church is registered with the Office of the Information Commissioner.

Wider Network

The PCC includes in its membership Deanery Synod representatives who are elected to represent Highfield Church. The PCC also includes members of Diocesan Synod and General Synod who are on the electoral roll of Highfield Church. The PCC is thus part of the synodical structure of church government as established by the Church of England.

Aims and Purposes

Highfield Church's Parochial Church Council has responsibility for co-operating with the Vicar in promoting the whole mission of the Church - pastoral, evangelistic, social and ecumenical - in the ecclesiastical Parish. The PCC also has financial and maintenance responsibilities for the Church, the Church Centre and the residential dwelling at 104 Upper Shaftesbury Avenue.

In planning activities over the year, the Priest in Charge and the PCC consider the Charity Commission's guidance on public benefit and the specific guidance on charities for the advancement of religion. Thus, we aim to enable people in the Parish to live out their faith through **growing in GRACE** (Grace filled community, Reverent Worship, Authentic Discipleship, Christ like Service, and Empowered Witness).

Beyond its Parish boundary, Highfield Church promotes missionary and outreach work to city residents through its vision of "Loving Southampton, Embracing Portswood and Engaging the University." Annually it commits to sponsoring mission partners and projects both in the UK and overseas. This aim is also promoted through the church supporting the wider church by planting new congregations, helping to revitalise others and resourcing in other ways.

The Holy Pause (see secretary's report) at the start of 2020 provided an opportunity to reflect on the future direction and outlook of the church and while the pandemic year changed to a large extent how this is realised day to day, the core aims and purpose remained the same through 2020 and into 2021. The trustees continue to monitor the latest guidance to determine the impact upon activities and expect the next 12 months will be about resuming activity on a priority basis when safe to do so.

Management Committees

Standing Committee

The Standing Committee has authority to transact the business of the PCC between its meetings, subject to any directions given by the PCC. Along with the Churchwardens, it supports the Priest-in-Charge in stewarding and directing the life of the Church. Standing Committee prepares agendas for PCC meetings and for the APCM and Parishioners' Meeting. This Committee will discuss matters relating to policies and Church business from which it will prepare agendas for PCC meetings and for the APCM and Parishioners' Meeting. It has delegated authority from the PCC to make a single payment from PCC funds for any item of up to £3,000. Unless otherwise budgeted, larger amounts require the approval of the PCC.

Employment Group

Employment Group advises the priest-in-charge and PCC on employment and management of personnel employed by the PCC and is currently chaired by Pete Marston.

Fabric Group

Fabric Group manages the external and internal fabric of the Church, the Church Centre and any other PCC owned property such as 104 Upper Shaftesbury Avenue. It is responsible for implementing recommendations in the architect's quinquennial report on the Church, and for preparing any development plans for the Church and Church Centre, liaising with architects and Diocese, as necessary. The Fabric Group is currently chaired by David Tozer.

Finance Group

Finance Group oversees the finances of the Church on behalf of the PCC. In association with the Treasurer, the group monitors income and expenditure, advises on ways of increasing the Church's income, prepares the annual budget and is responsible for preparation of the annual accounts and audit. The Finance Group is currently chaired by Mike Page, and the Treasurer is Steve Chapman.

Action and Accountability Groups

Adult Discipleship & Prayer Together (ADAPT)

ADAPT is tasked by the PCC with oversight of adult discipleship and prayer together. It is responsible for stewarding small groups. Pete Hutchings currently chairs ADAPT.

Families and Schools

Young people's ministry comprises a 0-18 grouping, 'Families and Schools'. This AA Group has an overview and supports expanding growth and vision of the 0-18 grouping, meeting for discussion, planning and prayer. It manages priorities for the year and initiates or reviews any significant changes in policies etc. Families and Schools Ministries are led by Helen Thompson and Tim Taylor.

Older People's Ministry

The AA group for Older People encourages and develops ministries within the Church which provide on-going social and spiritual support for older members of our community. Through Erica Robert's role as City Chaplain for Older People in Southampton, it has a wide scope of activity and influence within the City of Southampton where it is well-established. Erica Roberts is the Chair for Older People's Ministry.

Mission in Action (MiA)

MiA is responsible for sharing the good news of Jesus Christ outside Highfield Church. It keeps the Church in contact with Mission Partners in Southampton and overseas and encourages support through prayer. The Group is responsible for allocating mission and social budgets, ten per cent of the Church's annual budget being committed in this way. The current chair for MiA is Rebecca D'Silva.

University Group

The University is a significant presence within the Parish of Highfield, having over 25,000 people working and studying across its campuses. Working alongside the CU and other churches, the University AA Group through its outreach activities seeks to be a Christian presence amongst its undergraduates, post-graduates, overseas students and the staff. Keith Fox currently chairs the University Group.

Worship Group

The Worship Group comprises members of the music ministry, service leaders and planners. It has a coordinating role for planning preaching, worship, and music for services in church throughout the year. Our Priest in Charge, Mike Archer, leads the Worship AA Group.

Reports from all these AA groups are published separately in a document sent out to local church members.

PCC Secretary's Report

2020 was a year of unforeseen situations, difficult decisions and ever-changing goalposts. It's been a challenge at every level for the PCC, personally and collectively. Despite everything, the PCC continued to meet during 2020: twice in person and six times via Zoom. All PCC meetings are minuted, and minutes are available to church members on request. Below is a brief selection of items discussed during 2020, to give a flavour of the PCC's activities.

Holy Pause and future developments

Paradoxically, the year began with a pause! Following prayer and reflection from the church leadership at the end of 2019, Highfield Church underwent a Holy Pause in January 2020, temporarily stopping many of the usual church activities. It was almost a focussed Lent period, where time saved from pausing was spent in prayer, asking God frank questions about where we should put our energies in future to best serve His purpose.

For many this was a challenge, but since the pandemic began, the practice of pausing helped, in a way, to adapt to lockdown and the limitations it brought on Church activities. In addition through lockdown, God has provided a very definite answer to many of our questions on direction. Many 'big picture' PCC matters that were due to move forward in 2020 have not, and the re-organisation of the staff team means many things have been forced to cease. It isn't the most comfortable of circumstances, but already PCC are thinking about what this means for the direction of Highfield post-lockdown, and where we should focus energies to best effect.

Highfield goes virtual

One of the biggest changes for all at Highfield this year was Sunday services. Since lockdown began in March, the staff team have worked their virtual fingers to their bones to continue with Sunday services online. Though it isn't the perfect solution, it's one that is accessible to the majority of our members. The PCC have heartedly supported the staff team in approving plans, agreeing budgets, offering opinions on service timings and styles, and in approving additional Gift Days to support with equipment purchases.

Staff restructure

Another big, and particularly difficult, change was the staff restructure in early summertime. Given the financial impact of the Church Centre being closed, and the continued decline in regular giving, the Standing Committee and PCC made the difficult decision to reduce the staff team. Details of this restructure can be found in the Employment section of this report. We cannot say enough how much we value and miss those who have left the team; however, we have to look forward and plan how to make the best use of the unique gifts and individuals remaining in this new Covid world.

Lockdown support

Apart from Sunday services, several new projects were started to support people during the March lockdown (and subsequent lockdown periods) in addition to existing teams. Prayer sixes, practical help, old people's ministry and pastoral support are all stellar examples of Church community in action; though some of these, pastoral support and old people's ministry most notably, were restricted due to lockdown measures, the volunteers involved all gave their time and energy to support those around them in prayer, food deliveries, phone calls and much more. Standing Committee and PCC approved each of these whole-heartedly, though due to evolving guidance risk assessments had to be reviewed regularly to make sure all involved were kept as safe as possible.

Finance

Here are a few highlights of our financial discussions in PCC this year. For more details see the Finance section below.

The deficit had increased in 2019, making tackling it a priority for 2020 at the start of the year. Unbeknownst to us, the pandemic would cause a loss of income from the Church Centre, and would further impact regular giving from church members, which was already in steady decline. This caused Highfield to make use of the government furlough scheme and triggered a staff restructure midway through the year.

To aid the budget situation, particularly in funding online church projects, Gift Days were held in spring and autumn. Our members gave generously, and the PCC had the unexpected and happy honour of deciding what to do with excess funds raised. Online giving was also given a boost, and grants applications were successful to help YTH CHRCH continue to reach young people at home and make plans for in-person services, when they return.

Report on the Electoral Roll

Currently outstanding

At the time of reporting for the APCM, there are 297 people on the ecclesiastical Electoral Roll for the Parish.

Church Attendances

Due to the pandemic, the annual attendance numbers (normally counted each Sunday in October and at Easter and Christmas services) look rather different this year. Please note that these numbers are for **in-person church services only** and are not reflective of the number of people attending our online services.

Church Attendance, calculated as an average of the four Sundays in October 2020, was 156 adults and 27 children under 16 years of age (comparable figures for October 2019 were 390 adults and 82 children). Due to the pandemic, half term presented no anomalies in attendance in 2020. These figures were taken from Sunday services only, as services during the week were on hold, and children from Highfield School did not attend their usual weekly church services either.

Easter services did not happen in person this year, due to the first national lockdown of the Covid-19 pandemic, therefore no numbers were reported for Easter 2020 attendance.

A total of 166 attended on Christmas Eve and Christmas Day (2019: 1,015); the number of services and the capacity was greatly reduced due to the pandemic and the need for social distancing. No services were held in person during Advent 2020, so no numbers were reported this year.

Our online services evolved throughout the year in style, number and timings, making trends in attendance difficult to measure. It's also worth noting that, as services were kept online after streaming, numbers increased each week following, as people tuned in to fit around their schedules. It is also difficult to know exactly how many individuals in a household are 'attending' virtual services. For the purposes of this report, the typical number of people participating in our Sunday services was 197 during the month of October.

Report from Operations Director

As ministries paused to listen to God during the Holy Pause in January 2020, the Operations and Office team spent significant time reviewing policies, processes, software and equipment needed to support our ministry staff and volunteers. Little did we expect the news of the pandemic, or that the next two months would be consumed with writing risk assessments and adopting action plans for the safe use of both the Church, Centre and Office.

As we entered the first Lockdown at the end of March, we closed the Church Office following instructions from the Government. Staff adapted to working at home quickly with the help of zoom calls, virtual team meetings and ChurchDesk all facilitating our remote set up. As Lockdown continued, our staff team's responsibilities and duties significantly changed, and a number of staff were furloughed. The remaining team quickly learnt new skills and software to enable the production of *Highfield at home* services and set up our *Prayer Sixes*, *Practical help* (our support system in the pandemic) and our *Love Thy Neighbour* campaign.

Following the restructure of the staff team and its related redundancies in July, we said thank you and farewell to *Dan Gardner, Jenny Hooke, Janet Hunt, Jo Ladkin, Abi Scrase, Rachel Wadhawan, Christine Bartram Torrance* and *Olivia Prentice* over the Summer. We are grateful for their diligence, skill and commitment to our team and the church for all their years of service; a special mention to Jenny Hooke who had served faithfully in the church office for 18 years.

The restructure impacted all of the staff team, with all of our job descriptions changing to include ministry admin, contributing to core church service requirements (e.g. video editing) and adjusting to the Vision Context in which we now find ourselves. Of the new roles created in the restructure, Emma Jackson was appointed Church Administrator and Gary Sankey as Facilities Manager. The new Facilities Manager role holds greater responsibility for working with clients, budget holding and promoting the Centre. The new Church Administrator role is focused on supporting key volunteers and governance (like supporting our Treasurer and our Safeguarding Officer).

After the success of staff working remotely and an increasing demand for space for our 0-18 provision on Sundays, we made some significant changes to our workspace during the Summer. The old office space is now the Lower Room, which is home to Rock Solid on a Sunday morning and will be a lettable space in the week. Our Facilities Manager works in the small office on the lower floor, our Facilities Office, so that he is easily accessible to our clients and their guests. Our Church Administrator works in the Hub, which is now fitted out as the Church Office, with two other hot desks (available when social distancing is no longer required). When not in Lockdown, the Church Office is open to the public Monday to Friday mornings between 10-12am. Particular thanks go to Sheila Fox and Keith Hooper, our office volunteers, who have continued to be available for us to call on with administrative duties during the year.

Significant preparation was needed to safely reopen our church building for services in the summer including; a thorough risk assessment, trials of multiple seating layouts, where chairs were appropriately socially distanced and limited in number, steward teams recruited, and the implementation of an online booking system to reserve seats. Once again, we valued our ChurchDesk software easing the administrative burden the new restrictions produced. The *forms* module (providing a ticket system) and the *calendar* module (providing a remote rota management system) have become a significant part of our administrative processes.

The Autumn continued to bring a number of firsts; in October we managed an APCM online over zoom as well as with church members participating in the building; in November we learnt to live stream our services from the Centre Hall while borrowing YTH CHRCH kit and at Christmas we held our first hybrid service where congregation in the building worshipped at the same service as those watching at home. All of them felt like big achievements and were down to willing staff and volunteers going the extra mile to learn new skills and new equipment in some rather challenging situations.

Reports from Management Committees

Employment Group Report

Employment Group's (EG) role is to support the Church's paid and voluntary staff and also provide accountability and governance to ensure the Church is a great employer, developing people and offering opportunity to fulfil their full potential. The group aims to "promote and protect good working conditions; support and encourage all staff in the stewardship of their role to ensure there is growth within the work and in their personal lives for the greater glory of God in the Parish of Highfield and under the direction of the Vicar and PCC."

Members of EG have skills such as workforce planning, recruitment, volunteer management, training, line management and safeguarding. We may advise PCC on matters such as recruitment, HR policy and employment law, assist by being involved in writing job descriptions, contracts and policies or taking part in recruitment, or scrutinise processes to ensure that we are a good employer. Most of this goes on behind the scenes. Several long-term EG members stood down in 2020 after serving for a number of years, and the PCC would like to thank Keith Hooper, Ian Bartlett and Penny Cox for their wisdom and time with EG and for the continued involvement on EG of Abi Baker and Rob Heather, Kelly Worthington and Mike Archer.

2020 was a year of big changes for both the staff team and the volunteers. For volunteers, where the Church has been closed or restricted for much of 2020, many usual Church functions weren't able to operate and so volunteers couldn't do their customary roles. With some changes to Church income, the Church was forced into reducing the staff team: several fixed-term employment contracts were not renewed, and we also underwent a redundancy process. Details of the process can be found in the PCC minutes in October 2020.

With these changes, we were extremely sad to say goodbye to Jo Ladkin, Jenny Hooke, Rachel Wadhawan, Abi Scrase, Janet Hunt, Olivia Prentice, Christine Bartram-Torrance and Dan Gardner. We are extremely grateful for all their hard work, commitment and support through their time of service. It was a difficult time for all involved and we are grateful to both existing and departing individuals for their grace during such a challenging period.

As part of the process, two new roles were created – Church Administrator, to which Emma Jackson was appointed, and Facilities Manager, to which Gary Sankey was appointed. The Staff team is much smaller now, but still operating as a high-performing dedicated group who have adapted to the ongoing changes forced upon the Church by the pandemic. The EG and the PCC wish to thank each member of the staff team for their dedication and hard work throughout 2020. Our staff team, led by Mike Archer, of Kelly Worthington, Pete Hutchings, Tim Taylor, Rhiannon Taylor, Helen Thompson, Will Reavell, Emma Jackson, Gary Sankey, Hannah Stewart, Erica Roberts and David Torrance do so much to keep the Church operating and following God's plans for Highfield.

There weren't any new additions to the team in 2020, though there was one post that was offered externally – Outreach Lead – which unfortunately wasn't filled on this occasion. There were candidates, but after prayer and listening to God, EG decided not to appoint at this time. This is a role that EG along with Mike Archer are looking at during 2021 as it is a critical role as part of the Church's vision and calling. We did commence a New Wine Discipleship course for the 4th time and had record breaking numbers – there are currently four from our Church plus a further 5 from other churches using Highfield as a Hub. It's been great to see the enthusiasm they all bring!

The PCC seeks to engage donated services from volunteers within the church wherever possible and practicable, recognising that nearly all its activities significantly depend on the goodwill and energy of volunteers. This is in accordance with the discipleship purpose of every member ministry. However, the PCC will supplement its donated services from volunteers through paid staff and/or outsourcing where there is necessary to provide further leadership direction, operational resources or specific expertise.

Remuneration policy

The goal of a charity's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver the charity's aims. In deciding levels of pay and rewards, trustees consider:

- a) the purposes, aims and values of the charity, and its beneficiaries' needs
- b) how this affects pay policy for all employees, and for the senior staff in particular, including whether a lower rate of pay compared to similar roles in other sectors is appropriate
- c) how pay is linked to the skills, experiences and competencies that the charity needs from its staff and the scope of their roles
- d) the charity's current business plan and how implementing it may affect the number of staff the charity needs to employ or recruit, and the nature of these roles
- e) the charity's ability to pay

Following the setting of the budget in January, the Employment Group of the PCC will review salaries every February with a view to an annual increase every April (where funds permit). The PCC will take note of the decision made by Winchester Diocese but not necessarily be bound by this. Where a member of staff has significantly outperformed their contract or has been asked to take on significant increased responsibility, the PCC reserves the right to award more than a cost of living increase after appraisal in July. This would come into effect in September.

Fabric Group Report

Despite the ravages of Covid-19, the team was able to continue to look after our buildings and grounds during 2020. Activities undertaken or managed by Fabric Group have included:

- repairing and reinforcing the Vestry door after an attempted break-in;
- replacement of the two central heating boilers in the Centre;
- re-pointing brickwork at rear of the Centre;
- repairs to the Church floor between the north and south porches;
- boxing in of cables in the ladies' toilet in the Church;
- improvement of the Church Centre front notice board;
- decoration of the Centre foyer;
- supporting re-location of the Office from the ground floor to The Hub, and creation of the Facilities Office adjacent to the Lower Room;

- re-decoration of The Hub (the new office), including ceiling repair, painting, carpet cleaning and relocation of telephone and IT systems from the Lower Room;
- re-decoration of the Lower Room (old office);
- IT upgrade to support streaming of services and YTH CHRCH;
- pruning of the trees overhanging the car park behind the Church Centre;
- trimming of the holly hedge which bounds the front car park, and fitting an edging to prevent soil from creeping across the tarmac;
- preparatory work for replacement of churchyard gates and gate posts;
- clearing and unblocking rainwater drains and gutters;
- reinforcement of the doors of the metal shed following an attempted break-in;
- awaiting further repair of the doors of the metal shed following another attempted break-in(!);
- lighting the spire red at Christmas.

One ongoing issue of note is that the Church Centre boiler room stairs have collapsed! The boiler room is therefore out-of-bounds to all except essential personnel until repair can be arranged.

In addition to these were our usual responsibilities maintaining 104 Upper Shaftesbury Avenue, which this year included replacement of the garage door, and repair of the lounge radiator.

We also continue with our work towards becoming a more eco-friendly church, with an ongoing review of our electricity and gas suppliers, replacement of light fittings and bulbs with energy efficient LEDs and continual consideration of how we can improve our environmental performance.

Facilities' Report

2020 was nothing close to what might be considered a 'normal' year in the life of the Church Centre. Once life began to change at the start of March, our regular clients began to cancel bookings until finally the first lockdown was implemented and the centre was closed altogether. However there were plenty of good news stories in the second half of the year – as soon as they were allowed, Little Acorns pre-school returned, and most of our regulars were keen to return in September. We were also delighted to welcome Highfield After School Club back, following an absence of several years. All of our Centre users have been happy to enter into the spirit of the Covid-secure guidelines – designated toilets and frantic cleaning regimes may have been unthinkable at the start of 2020, but the flexibility and willingness of our clients has been most encouraging. There is no way we would have been able to maintain even a semblance of normal operations without Cleaning Division going above and beyond the call of duty once again.

The departure of Jo Ladkin after many years of faithful and exemplary service means that Gary Sankey, now Facilities Manager, has sole responsibility for all client interaction, as well as liaising with David Tozer (Fabric Chair) regarding repairs and maintenance.

Financial Review (Finance Group Report)

Results for the year

The financial results for the year, which show a surplus of £27,948 (2019: deficit of £68,088), are considered a satisfactory outcome. An investment property is still held with a market value considered to be £450k.

In 2020 the decline in regular member donations seen in recent years continued and the effect of the Covid pandemic also reduced church centre income and income from services. This was mitigated by:

1. Significant increases in grant, gift day and digital income.
2. Significant decrease in staff numbers in Q3
3. Furlough receipts.
4. An agreed £10k decrease in the Diocesan Common Mission Fund payments.
5. Reduced activities caused by the lockdown.

This also enabled us to maintain our level of donations to Mission Partners and other organisations. Increases in the market values of property and income shares then transformed a small deficit into the surplus noted above. There was also an increase in cash reserves of £22,650 – this was largely due to grants received in 2020 relating to costs in 2021.

2021 will see the full year impact of the staff savings and a repeated cut in the Diocesan CMF. The PCC still holds a level of reserves, matched by liquidity, which should sustain its activities.

Reserves Policy

The reserves policy, established in 2019, is that the PCC should not allow unrestricted general funds to fall below three months of forecast, unfunded cost of employment for more than two consecutive quarters and that any forward 12-month forecast should not project those funds falling below one month forecast, unfunded cost of employment.

The PCC holds unrestricted funds, which are not designated, of £77,808 (2019: £78,364), which is above that limit. It should also be noted that there is also an Essential Maintenance Reserve in Designated Funds of £30,000 (2019: £34,808) that has reduced the unrestricted general funds.

The majority of PCC income continues to remain from unrestricted committed and regular personal giving, which is one of the strongest long term reserves the PCC could have. A sustained effort is under way to maintain overall income, and to ensure that adequate resources are available to meet planned activities.

The PCC believes this will enable it to maintain the correct balance between the outward looking strategy of the charity with the desire to achieve an appropriate level of reserves.

Principal Funding Sources

The staff salaries, activities and ministries of the church are mainly funded by the contributions received from members of the church and through the income tax recovered under the Gift Aid scheme. The trustees monitor income levels and where forecasted contributions are outside of expectation, the trustees respond by changing the spending plans, considering investments in place and communicating with members of the church as appropriate. In recent years this has been supplemented by grants from the Diocese and Christian organisations and by renting out the property in Upper Shaftesbury Avenue. Grants are sought and accepted where the trustees have concluded that the source of funds and any conditions align with the aims and purposes of the trust. The Church Centre is funded through the letting of its rooms to outside organisations and individuals, but any shortfall would be funded by the PCC.

Investment Policy and Objectives

Following due consideration of the social, environmental and ethical impacts, the PCC approved the investment policy to invest its funds via the Diocese of Winchester. This provides a lower rate of interest than could be obtained elsewhere, but the purpose of this investment is that it enables the Diocese to provide loans at a lower rate of interest to other parishes who need to borrow money. In this way the investments help the wider church. In 2020 the remaining monies deposited were withdrawn due to concerns relating to Covid and the general collapse in savings rates.

The PCC has also held the Investment Property for several years and continue to consider whether this is the most appropriate form of investment. The value and growth in value have remained in line with expectation and the asset can be practically used where needed by the church for continuing our work in the community and therefore continues to be an appropriate investment.

Statement of Trustees Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with 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).

Charity law requires the trustees 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 income and expenditure, of the for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

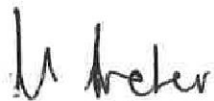
The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Parochial Church Council on 22 October 2024 and signed on their behalf by:



M Archer
Priest in Charge and Chair of Trustees

Summary of Financial Statements for 5 years

	2020 £k	2019 £k	2018 £k	2017 £k	2016 £k
INCOME					
Income from members including tax and other income	401	462	476	596	490
Gift days & Retiring Collections	64	57	13	36	22
Income from parish fees and grants	89	26	24	8	5
Church Centre and other departments	41	74	68	64	54
Weekend away	-	16	-	19	-
Income from investments and interest	17	18	18	9	1
Total Income	612	653	599	732	572
Mission Giving and Donations	66	64	69	66	70
Diocesan Parish Share	124	133	135	140	153
Staff Costs	299	295	259	245	203
Church activities	17	48	47	42	41
Church maintenance and houses	22	25	27	20	21
Cost of Church Centre and departments	45	54	61	64	56
Weekend away	-	20	-	24	-
Church administration	19	22	21	16	16
Depreciation	23	62	38	32	25
Total Expenditure	615	723	657	649	585
Net Surplus/(Deficit)	(3)	(70)	(58)	83	(13)
Investment gains/losses & b/f adjustments	31	(93)	-	314	1
Increase / (Decrease) in Funds	28	(163)	(58)	397	(12)
Funds at start at year	664	827	885	488	500
Funds at end of year	691	664	827	885	488

FINANCIAL POSITION	2020 £k	2019 £k	2018 £k	2017 £k	2016 £k
PCC NET ASSETS					
Fixed Assets	535	505	657	649	222
Investments, previous includes deposits	15	14	102	172	178
Bank balances, debtors & creditors	141	145	68	64	88
Total Assets	691	664	827	885	488
PCC FUNDS					
Premises and fixed assets	535	505	659	577	223
Endowment and Restricted Funds	48	46	13	106	75
Essential Maintenance Fund	30	35	20	-	-
General Fund	78	78	135	202	190
Total Funds	691	664	827	885	488

Independent Auditor's Report to the Trustees of the Parochial Church Council of Highfield Church, Southampton

Opinion

We have audited the financial statements of The Parochial Church Council of Highfield Church (the "Charity") for the year ended 31 December 2020 which comprise the Statement of Financial Activities and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and notes to the statement of cash flows and 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 Charity's affairs as at 31 December 2020 and of its income and expenditure 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 Charity 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.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity's ability to continue as a going concern for a period of at least twelve 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.

Auditors responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

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 our auditor's report 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or

- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, set out on pages 18-19, 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 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 trustees are responsible for assessing the Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect to fraud, are, to identify and assess the risk of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- The responsible individual selected staff for the audit who had the required competence and skills in the not-for-profit sector to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including due to fraud, management override was identified as a fraud risk from our assessment.
- Some income received is restricted in its use and a potential risk was identified regarding whether the appropriate classification between restricted and unrestricted funds had been made. The income had been correctly classified and the relevant expenditure against this income was in line with any restrictions.
- We obtained information and evidence to show how the charity complies with these requirements by discussion with management and those charged with governance. We inquired whether there were any known instances of non-compliance, or suspected non-compliance with laws and regulations.
- We assessed the internal controls in place, documenting the systems, controls and processes. Our audit approach incorporated a number of control tests, and both analytical and substantive procedures.

To address the risk of fraud through management override we:

- Performed analytical reviews to identify any unusual or unexpected relationships.
- Reviewed sensitive nominal ledger codes.
- Reviewed journals to identify unusual or unexpected transactions.
- Reviewed minutes of meetings, including evidence of dominance by certain individuals.
- Assessed whether judgements and estimates made, indicate and potential bias.

To address the risk of non-charitable expenditure we:

- Identified expenditure provided to overseas charities, individuals and organisations.
- Obtained an understanding of the controls implemented by the trustees to ensure such funding was used in accordance with the wishes of the charity.
- Obtained an understanding of what the trustees do to follow up that the funds have been used in accordance with the wishes of the charity.
- Tested a sample of overseas funding in accordance with the controls outlined to us to ensure the controls were being adhered to.
- Ensured the trustees had the knowledge to understand how failure to meet the criteria outlined by HM Revenue and Customs can result in income becoming taxable in the event that expenses are deemed non-charitable expenditure.
- Obtained representation from the trustees that non such breach of these rules have been identified

To address the classification of income and expenditure between restricted and unrestricted we:

- Completed analytical work, compared to prior years.
- Reviewed minutes of meetings to identify whether discussions gave light to other information not recorded in nominal ledger or associated documents.
- Agreed a sample of income per the nominal ledger to source documentation, to ensure any restrictions were correctly identified.
- Agreed a sample of expenditure per the nominal ledger to support documentation, confirming any restriction applied met the purpose for which the income was given.
- Reviewed the analysis of restricted funds for any obvious misallocation of income or expenditure.

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 misstatement 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 Councils website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our audit report

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 or Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in and auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion formed.



For and on behalf of Butler & Co Audit Limited

Statutory Auditor

Bennett House, The Dean,

Alresford, Hampshire

SO24 9BH

Dated: 22nd October 2021

Statement of Financial Activities and Statement of Total Recognised Gains and Losses

for the Year Ended 31 December 2020

		Unrestricted Funds £	Restricted Funds £	Endowme nt Funds £	TOTAL 2020	TOTAL 2019 £
INCOMING RESOURCES	Note					
Voluntary income	2(a)	434,689	82,830	-	517,519	540,071
Church activities	2(b)	40,675	284	-	40,959	94,906
Income from investments	2(c)	16,941	-	419	17,360	18,268
Other income	2(d)	36,390	-	-	36,390	-
TOTAL INCOMING RESOURCES		528,695	83,114	419	612,228	653,245
Transfer between funds	2(e)	419	-	(419)	-	-
INCOMING RESOURCES AFTER TRANSFER		529,115	83,114	-	612,228	653,245
RESOURCES USED						
Mission and charitable giving	3(a)	56,563	9,874	-	66,437	64,193
Church activities	3(b)	233,285	11,762	-	245,047	359,310
Governance costs	3(c)	4,800	-	-	4,800	4,898
Staff costs	3(d)	239,360	59,569	-	298,929	295,137
TOTAL RESOURCES USED		534,008	81,205	-	615,213	723,538
Transfer between funds		-	-	-	-	-
RESOURCES USED AFTER TRANSFER		534,008	81,205	-	615,213	723,538
NET INCOMING/(OUTGOING) RESOURCES		(4,894)	1,909	-	(2,985)	(70,293)
GAINS AND LOSSES ON INVESTMENTS						
- Gains on revaluation	7, 8	30,000	-	933	30,933	2,205
NET MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR	11a	25,106	1,909	933	27,948	(68,088)
FUNDS AT START OF YEAR		617,945	31,577	13,993	663,515	827,089
ADJUSTMENTS B/F – Fixed Assets	6	-	-	-	-	(95,486)
FUNDS AT END OF YEAR		643,051	33,486	14,926	691,463	663,515

Prior Year - SoFA

for the Year Ended 31 December 2019

		Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL 2019
	Note	£	£	£	£
INCOMING RESOURCES					
Voluntary income	2(a)	473,689	66,382	-	540,071
Church activities	2(b)	92,610	2,296	-	94,906
Income from investments	2(c)	17,861	-	407	18,268
TOTAL INCOMING RESOURCES		584,160	68,678	407	653,245
Transfer between funds	2(e)	407	-	(407)	-
INCOMING RESOURCES AFTER TRANSFER		584,567	68,678	-	653,245
RESOURCES USED					
Mission and charitable giving	3(a)	58,859	5,334	-	64,193
Church activities	3(b)	342,340	16,970	-	359,310
Governance costs	3(c)	4,898	-	-	4,898
Staff costs	3(d)	271,644	23,493	-	295,137
TOTAL RESOURCES USED		677,741	45,797	-	723,538
Transfer between funds		-	-	-	-
RESOURCES USED AFTER TRANSFER		677,741	45,797	-	723,538
NET INCOMING/(OUTGOING) RESOURCES		(93,174)	22,881	-	(70,293)
Transfer between funds		-	-	-	-
GAINS AND LOSSES ON INVESTMENTS					
- Gains on revaluation	7, 8	-	-	2,205	2,205
NET MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR	11a	(93,174)	22,881	2,205	(68,088)
FUNDS AT START OF YEAR		813,225	2,076	11,788	827,089
ADJUSTMENTS B/F – Fixed Assets	6	(95,486)	-	-	(95,486)
ADJUSTMENTS B/F – Funds	11a	(6,620)	6,620	-	-
FUNDS AT END OF YEAR		617,945	31,577	13,993	663,515

Balance Sheet

At 31 December 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2020 £	TOTAL FUNDS 2019 £
FIXED ASSETS						
Tangible assets	6	85,243	-	-	85,243	84,773
Investment property	7	450,000	-	-	450,000	420,000
Investments	8	-	-	14,926	14,926	13,993
		<u>535,243</u>	<u>-</u>	<u>14,926</u>	<u>550,169</u>	<u>518,766</u>
CURRENT ASSETS						
Debtors: amounts falling due within one year	9	11,464	-	-	11,464	23,153
Cash at bank & on deposit		<u>140,395</u>	<u>33,486</u>	<u>-</u>	<u>173,881</u>	<u>151,231</u>
		<u>151,859</u>	<u>33,486</u>	<u>-</u>	<u>185,345</u>	<u>174,384</u>
CREDITORS						
Amounts falling due within one year	10	(44,051)	-	-	(44,051)	(29,635)
NET CURRENT ASSETS		<u>107,808</u>	<u>33,486</u>	<u>-</u>	<u>141,294</u>	<u>144,749</u>
NET ASSETS		<u>643,051</u>	<u>33,486</u>	<u>14,926</u>	<u>691,463</u>	<u>663,515</u>
FUNDS						
Unrestricted funds						
General Funds	11				77,808	78,364
Designated Funds	12				<u>565,243</u>	<u>539,581</u>
					<u>643,051</u>	<u>617,945</u>
Restricted Funds	13				33,486	31,577
Endowment Funds					<u>14,926</u>	<u>13,993</u>
TOTAL FUNDS					<u>691,463</u>	<u>663,515</u>

The financial statements were approved by the Parochial Church Council on 22nd October 2020 and were signed on its behalf by:



M Archer
Chair of Trustees



S Chapman
PCC Treasurer

Statement of Cash Flows

for the Year Ended 31 December 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2020 £	TOTAL FUNDS 2019 £
Cash flows from operating activities						
Cash generated from/ (used in) operations	1	27,266	1,909	-	29,175	(22,803)
Net cash provided by/ (used in) operating activities		27,266	1,909	-	29,175	(22,803)
Cash flows from investing activities						
Dividends from Shares		419	-	-	419	407
Interest from Deposits		(141)	-	-	(141)	1,061
Rent from Investment Property		16,800	-	-	16,800	16,800
Purchase of Fixed Assets		(23,752)	-	-	(23,752)	(4,555)
Loss from disposal of Investments		149	-	-	149	-
Net cash provided by investing activities		(6,525)	-	-	(6,525)	13,713
Cash flows from financing activities						
Net inflows/(outflows) from borrowings and financing		-	-	-	-	-
Transfers (balance b/f)		-	-	-	-	-
Increase/(Decrease) in cash and cash equivalents		20,741	1,909	-	22,650	(9,090)
Cash and cash equivalents at beginning of year	2	119,654	31,577	-	151,231	160,321
Cash and cash equivalents at end of year	2	140,395	33,486	-	173,881	151,231

Notes to the Statement of Cash Flows

At 31 December 2020

1. Reconciliation of Surplus/(Deficit) To Cash Generated from Operations

	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL FUNDS 2020	TOTAL FUNDS 2019
	£	£	£	£	£
Surplus/(Deficit) from operations	25,107	1,909	933	27,949	(68,088)
Revaluations	(30,000)	-	(933)	(30,933)	(2,205)
Depreciation	23,132	-	-	23,132	61,544
Dividends from Investments	(419)	-	-	(419)	(407)
Interest from Investments	141	-	-	141	(1,061)
Rent from Investment Property	(16,800)	-	-	(16,800)	(16,800)
(Increase)/Decrease in Debtors	11,689	-	-	11,689	(139)
Increase/(Decrease) in Creditors	14,416	-	-	14,416	4,353
Net cash provided by operating activities	27,266	1,909	-	29,175	(22,803)

2. Cash and Cash Equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	Unrestricted Funds	Restricted Funds	Other Funds	TOTAL FUNDS 2020
	£	£	£	£
Year ended 31st December 2020				
Cash and cash equivalents	140,395	33,486	-	173,881
	140,395	33,486	-	173,881

	Unrestricted Funds	Restricted Funds	Other Funds	TOTAL FUNDS 2019
	£	£	£	£
Year ended 31st December 2019				
Cash and cash equivalents	69,654	31,577	-	101,231
Deposit with Diocese	50,000	-	-	50,000
	119,654	31,577	-	151,231

Notes to the Financial Statements

for the Year Ended 31 December 2020

1. ACCOUNTING POLICIES

Accounting convention

The Parochial Church Council of Highfield Church, Southampton is a charity with a registered charity number 1131770 which is registered and domiciled in England with the address of Highfield Lane, Highfield, Southampton, Hampshire, SO17 1RL

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets which are shown at market value. The financial statements include all transactions, assets and liabilities for which the PCC is responsible by 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. The financial statements are prepared in sterling which is the functional and presentational currency of the charity and rounded to the nearest pound.

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Church Accounting Regulations 2006 governing the individual accounts of PCCs, and with the Regulations' 'true and fair view' provisions, together with FRS 102 (2016) as the applicable accounting standards and the 2016 version of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP (FRS 102)).

Public benefit entity

The trustees have considered the definition of what constitutes a public benefit entity for charitable purposes. The trustees believe that the PCC advances religion to the wider community as part of our aims and the positive impact offered to the community of all faiths and beliefs. The trustees are mindful to consider the benefit being provided and look at potential issues which could conflict with this and discuss and where necessary take action to address this.

Critical judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The trustees consider the revaluation of the Investment Property to be a critical estimate given the value and nature.

Fund accounting

Endowment fund capital must be maintained permanently; only dividend income arising from investment of the endowment may be used for the purpose for which the endowment was established.

Restricted funds represent (a) income from trusts or endowments which may be expended only on those restricted objects provided in the terms of the trust or bequest, and (b) donations or grants received for a specific object or invited by the PCC for a specific object. The funds may only be expended on the specific object for which they were given. Any balance remaining unspent at the end of each year must be carried forward as a balance on that fund. Explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are general funds which remain unrestricted but are set aside by the PCC for use in the future. These funds cover investment property values and are also for the future depreciation of fixed assets and essential maintenance of premises.

Incoming resources

Planned gifts, collections and donations are recognised when received. Tax refunds are recognised when the incoming resource to which they relate is received. Grants and legacies are accounted for when the PCC is legally entitled to the amounts due. Investment income is accounted for when receivable. All other income, including church centre rental income, is recognised when it is receivable. Donated goods and services are not accounted for unless they are individually considered material to the accounts and then at the market value attributable.

Resources expended

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding or constructive obligation on the PCC. The diocesan parish share is accounted for when due. All other expenditure is generally recognised when it is payable.

Tangible fixed assets

Consecrated and beneficed property is excluded from the financial statements in accordance with the Charities Act 2011. No value is placed on moveable church furnishings held by the church wardens on special trust for the PCC and which require a faculty for disposal since the PCC considers this to be inalienable property and no reliable cost information is available. All expenditure incurred, whether maintenance or improvement, during the year on consecrated or benefice buildings is written off as expenditure in the Statement of Financial Activities and separately disclosed. Expenditure on moveable furniture and equipment is capitalised.

The Church Centre is managed by Highfield PCC but, in common with previous years, only Building Improvements, Fixtures and Fittings (including furniture) are capitalised and depreciated.

Equipment with a purchase price of £500 or less is written off when the asset is acquired. Depreciation is at the following annual rates in order to write off each asset over its useful economic life.

Church Centre Building Improvements	4% Straight line
Church Centre Fixtures & Fittings	10% Straight line
Church Services Fittings & Equipment	10% Straight line
Other Equipment including computers	25% first year, then 15% Straight line

Investment property

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation are, ordinarily, recorded in the Statement of Financial Activities and transferred at the year end to the designated funds.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment. The company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents in the balance sheet.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within 'Creditors: amounts falling due within one year' on the balance sheet.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Pension costs

The PCC participates in a defined contribution pension scheme. Contributions payable to the PCC pension scheme are charged as resources used in the period to which they relate.

Redundancy costs

The PCC will seek to ensure that budgeting around staffing is done on a conservative basis. In the event that a role has to be made redundant, the PCC will follow current HR advice and practice, and will at least provide the statutory minimum in redundancy pay. Redundancy payments are recognised when the decision to terminate an employee's contract is taken and is demonstrably committed and measured as the best estimate for amounts due to settle the obligation and where material, discounted.

Current assets

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

Leased assets: Lessor

Where assets are leased to a third party and give rights approximating to ownership (finance leases), the assets are treated as if they have been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to profit or loss. Finance lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

All other leases are treated as operating. Their annual rentals are credited to profit or loss on a straightline basis over the term of the lease.

Taxation

The charity is exempt from corporation tax, however the trustees monitor the nature of transactions to ensure these are appropriately disclosed to HM Revenue and Customs.

2. INCOMING RESOURCES

	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL FUNDS 2020	TOTAL FUNDS 2019
	£	£	£		£
2(a) Voluntary Income					
Planned gifts:					
Giving under Gift Aid	272,379	-	-	272,379	315,937
Tax recoverable	68,310	-	-	68,310	83,202
Other tax efficient giving	7,658	-	-	7,658	7,690
Non gift aid able giving	41,251	-	-	41,251	35,262
Collections at services	2,351	-	-	2,351	13,388
Gift Days & Retiring collections	37,221	29,574	-	66,795	57,412
Sundry donations	20	-	-	20	1,340
Legacies	5,500	-	-	5,500	5,000
Grant Income	-	53,256	-	53,256	20,840
	434,689	82,830	-	517,519	540,071
2(b) Church Activities					
Church Centre lettings etc	27,768	-	-	27,768	49,182
Restricted fund activities income	-	284	-	284	2,296
Self-funded activities income	11,406	-	-	11,406	38,425
Parish Fees	1,501	-	-	1,501	5,003
	40,675	284	-	40,959	94,906
2(c) Income from investments					
Dividends and interest	141	-	419	560	1,468
Rental Income	16,800	-	-	16,800	16,800
	16,941	-	419	17,360	18,268
2(d) Other Income					
Other state aid	36,390	-	-	36,390	-
	36,390	-	-	36,390	-
TOTAL INCOMING RESOURCES	528,695	83,114	419	612,228	653,245

2(e) Transfers to General Funds

An amount of £419 (2019: £407), being dividends received on the Endowment Fund shares, was transferred to General Funds to offset fabric related expenditure.

3. RESOURCES USED

	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL FUNDS 2020	TOTAL FUNDS 2019
	£	£	£	£	£
3(a) Missionary and charitable giving:					
Mission partners:					
- Church overseas	28,510	2,954	-	31,464	27,400
- Home missions & other organisations	23,243	6,920	-	30,163	23,617
Short term placements	-	-	-	-	5,339
Other donations	4,810	-	-	4,810	7,837
	56,563	9,874	-	66,437	64,193
3(b) Church Activities:					
Ministry:					
- Diocesan Common Mission Fund	123,818	-	-	123,818	133,038
- clergy expenses	1,304	-	-	1,304	3,364
Church:					
- services	3,100	-	-	3,100	8,113
- older people	1,842	-	-	1,842	739
- children, youth & students	4,211	-	-	4,211	11,121
- other activities	1,093	-	-	1,093	7,696
Training costs	359	-	-	359	5,488
Church running and maintenance	16,521	1,228	-	17,749	21,175
Investment property costs	3,839	-	-	3,839	3,927
Office costs	14,622	-	-	14,622	16,907
Depreciation	23,132	-	-	23,132	61,544
Distribution of Parish fees	152	-	-	152	1,400
Church Centre costs excluding staff costs	32,378	-	-	32,378	30,487
Restricted fund activities	(5,234)	10,534	-	4,951	16,970
Self-funded activities expenditure	12,147	-	-	12,147	37,341
	233,285	11,762	-	245,047	359,310
3(c) Governance costs					
Audit costs	4,800	-	-	4,800	4,898
3(d) Staff Costs (note 5)					
Salaries and employment costs	239,360	59,569	-	298,929	295,137
TOTAL RESOURCES USED	534,008	81,205	-	615,213	723,538

4. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	4,800	4,898
Depreciation - owned assets	23,132	61,544
Loss on disposal of fixed assets	150	-

5. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	248,058	258,034
Social Security Costs	18,317	14,775
Pension Costs	20,427	22,328
Redundancy Costs	12,126	-
	<u>298,929</u>	<u>295,137</u>

The average number of employees in the year was 15 (2019: 16).

No employees earned £60,000 pa or more.

See note 14 for disclosure of payments made to related parties.

Two members of clergy were paid by the Church Commissioners and not the PCC. The Common Mission Fund paid to the diocese was in part to cover these costs. Two clergy gave their time as non-stipendiary clergy, for no remuneration by either the Church Commissioners or PCC.

The charity trustees were not paid or received any other benefits from employment with the Church in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Social Security costs are shown gross of the employment allowance.

6. TANGIBLE FIXED ASSETS

	Church Centre £	Church Services £	Other Equipment £	TOTAL £
COST				
At 1 January 2020	384,197	156,802	12,204	553,203
Additions	14,808	2,250	6,694	23,752
Disposals	(19,500)	-	(500)	(20,000)
At 31 December 2020	379,505	159,052	18,398	556,955
DEPRECIATION				
At 1 January 2020	364,905	96,705	6,820	468,430
Charge for year	4,632	15,905	2,595	23,132
Disposals	(19,500)	-	(350)	19,850
At 31 December 2020	350,037	112,610	9,065	471,712
NET BOOK VALUE				
At 31 December 2020	29,468	46,442	9,333	85,243
At 31 December 2019	19,292	60,097	5,384	84,773

7. INVESTMENT PROPERTY

	104 USA
MARKET VALUE	£
At 1 January 2020	420,000
Changes in market value (see note below)	30,000
At 31 December 2020	450,000

The property, 104 Upper Shaftesbury Avenue (known as 104 USA) is rented on a market basis. The property was valued by an independent professional company at the year-ended 2019 and a £20,000 increase was considered, but not recognised on the basis of the uncertainty over the prospects in the housing market during the early stages of the Covid 19 pandemic. The property was valued by an independent professional estate agent for the year ended 2020 and with more certainty in the housing market, an additional £30,000 has been recognised in the current year. The trustees consider the estate agent has sufficient and appropriate experience of the local housing market to provide a reliable estimate for valuation purposes. The property is legally owned by the Diocese, but provided to the Charity to manage and use any funds arising from its sale for the benefit of the Charity.

8. FIXED ASSET INVESTMENTS

	Unlisted investments
MARKET VALUE	£
At 1 January 2020	13,993
Additions/(Disposals)	-
Transferred to current assets	-
Changes in mid-market value	933
At 31 December 2020	<u>14,926</u>

These were COIF income shares. There were no investment assets outside the UK. Value is advised by the Diocese.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Net resources are stated after charging/(crediting):

	2020	2019
	£	£
Gift Aid recoverable	8,153	3,385
Church centre debtors	551	5,920
Other debtors and prepayments	2,760	13,848
VAT recoverable	-	-
	<u>11,464</u>	<u>23,153</u>

VAT is recoverable from DCMS under Listed Places of Worship Government grant scheme.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Net resources are stated after charging/(crediting):

	2020	2019
	£	£
Trade and pension creditors	2,195	3,137
Social Security and other taxes	3,723	4,633
Grants received in advance	19,608	-
Other creditors	938	6,514
Accrued expenses	17,586	15,351
	<u>44,051</u>	<u>29,635</u>

The operating lease related to the investment property has non-cancellable income of £1,680 (2019: £1,680) due within one year. Post year end, the lease was renewed for a one year term. There are no contingent rents.

11. (a) FUNDS

Endowment funds comprise the Vicar and Church Warden's Fabric Fund, from which the income is to be used for the church fabric upkeep.

Restricted funds are in respect of:

- Group activities subsidised by the people involved and run at no extra cost to the PCC general fund.
- The 2019 Gift Day balances brought forwards were fully utilised during 2020. The remaining balance is fully derived from 2020 Gift days and associated grants.
- Gifts to specific causes.

Designated funds are for specific expenditure on, and the financing of, property and fixed assets. They include amounts that are designated for essential building maintenance and depreciation.

Unrestricted funds are available at the discretion of the PCC.

Net movement in funds in the year	2020 £	2019 £
General Funds	(556)	(57,613)
Designated Funds	25,662	(137,667)
Total for the year	<u>25,106</u>	<u>(195,280)</u>

General Fund movements	2020 £	2019 £
Balance b/f	78,364	135,977
Surplus/(deficit) for the year	18,238	(31,630)
Fixed asset purchases	(23,752)	(4,555)
Loss on disposal of fixed assets	150	-
Essential Maintenance Fund decrease/ (increase)	4,808	(14,808)
Adjustment to b/f balance	-	(6,620)
Balance c/f	<u>77,808</u>	<u>78,364</u>

Designated Fund movements	Fixed Assets	Investment Property	2020 TOTAL £	2019 TOTAL £
Balance at 1 January 2020	119,581	420,000	539,581	677,248
Additions/(Disposals)	23,752	-	23,752	4,555
Loss on disposal of fixed assets	(150)	-	(150)	-
Transfers/Corrections to b/f	-	-	-	(95,486)
Valuations	-	30,000	30,000	-
Depreciation	(23,132)	-	(23,132)	(61,544)
Essential Maintenance Fund (decrease) /increase	(4,808)	-	(4,808)	14,808
Balance at 31 December 2020	<u>115,243</u>	<u>450,000</u>	<u>565,243</u>	<u>539,581</u>

The investment property's year end market value increased, based on an independent professional organisation's valuation of £30,000. Any property repairs to that property are written off as incurred and included in the Statement of Financial Activities.

11. (b) ANALYSIS OF NET ASSETS BY FUNDS

	General Funds £ (Note 11a)	Designated Funds £ (Note 12)	Restricted Funds £ (Note 13)	Endowment Funds £ (Note 8)	TOTAL £
Tangible fixed assets	-	85,243	-	-	85,243
Investment property	-	450,000	-	-	450,000
Investment fixed assets	-	-	-	14,926	14,926
Current assets	121,308	30,000	33,486	-	185,345
Current liabilities	(44,051)	-	-	-	(44,051)
Balance at 31 December 2020	77,808	565,243	33,486	14,926	691,463

12. DESIGNATED FUNDS

	2020 £	2019 £
Investment property – Original cost of 104 Upper Shaftesbury Avenue	106,644	106,644
Investment property – Revaluations of 104 Upper Shaftesbury Avenue	343,356	313,356
Church Services fixed assets	46,442	60,097
Church Centre fixed assets	29,468	19,292
Other Equipment fixed assets	9,333	5,384
Essential Maintenance Fund	30,000	34,808
	<u>565,243</u>	<u>539,581</u>

There were no major capital additions in 2020. £8,944 (2019: £4,555) additions have been allocated to designated funds.

Essential Maintenance Fund (previously Cyclical Maintenance Fund). The PCC is required to undertake an inspection of the church building every five years. Plans for cyclical maintenance are then drawn up to maintain the building. The PCC sets aside money annually to cover the work required for the following year to cover such work and other essential repairs that, if not completed, would lead to further value loss. This does not cover any planned improvements.

13. RESTRICTED FUNDS

Restricted Fund movements	2020	2019
	£	£
Tea club activities income less expenditure	(1,881)	(195)
Balance b/f adjustment	-	6,620
Gift Day movements	7,160	22,538
Movements in other funds	(3,370)	538
	<u>1,909</u>	<u>29,501</u>

Restricted Funds at end of year

Tea club	-	1,881
Gift Day and associated grants – outstanding funds	29,698	22,538
Others (various)	3,788	7,158
	<u>33,486</u>	<u>31,577</u>

14. RELATED PARTY TRANSACTIONS

There were no trustees' expenses paid (2019: none).

The following relatives of trustees received payment for their services or as employees of the PCC:

M. Billington, E. Jackson and P. Hutchings

The total paid in the applicable period was £34,117.

PCC members are not involved in decisions concerning those with whom they are connected.

There were no conditions associated with donations from the Trustees which totalled £28,207 (2019: £31,157).

Volunteers play a significant role in the activities of the church which is described in the Trustees report. It is not possible to accurately or consistently value their contribution and therefore these accounts do not include a monetary value in this respect.

15. PENSIONS

Highfield Parochial Church Council participates in the Pension Builder Scheme of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. The PCC had 8 active members in the Pension Builder Classic section at 31 December 2020.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable of £20,427 (2019: £22,328).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, Highfield Parochial Church Council could become responsible for paying a share of that employer's pension liabilities.