

**Report of The Trustees and  
Financial Statements  
for the Year Ended 31 December 2021**

**Parochial Church Council The Ecclesiastical  
Parish of Highfield  
(known as Highfield Church) Southampton**

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## Report of The Trustees for the year ended 31 December 2021

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2021. 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		Zoe Norton	From October 2020 (first term)
Tim Billington	Retired April 2021		Mike Page	Churchwarden Retired April 2021
Stephen Chapman	Retired June 2021 (first term)		James Pritchard	From October 2020 (first term) (DS)
Rebecca D'Silva	Retired July 2021		Rebecca Proctor	Secretary, co-opted until April 2021
Max Davies	From April 2021 (first term)		Erica Roberts	Clergy
Alan Finney	From October 2020 (First Term)		Lisa Roberts	From October 2020 (first term)
Amy Gaze	Retired September 2021 (leaving one year)		Grant Stanley	From October 2020 (first term) (DS)
Robert Heather	From April 2019 (first term)		Hannah Stanley	From October 2020 (first term) (DS)
Ben Heptinstall	From October 2020 (first term) (DS)		Rob Swindell	From October 2020 (first term)

**Trustees (continued).**

Matt Hutchings	Retired April 2021		Christine Sinclair	From April 2021 (first term)
Benjamin Jackson	Retired April 2021		David B Torrance	Clergy until June 2021
Niv Lobo	Clergy from June 2021		Barry Toward	Co-opted October 2021
Pete Marston	Churchwarden since October 2020		David Tozer	From April 2021 (first term)
Becky Moss	From October 2020 (first term DS)		Doug Wakeling	From October 2020 (second term)
Phil Moss	Churchwarden since April 2021		Paula Willis	From April 2019 (first term)
Alasdair Douglas	From October 2020 (first term)		Daisy Wood	From October 2020 (first term)

PCC members stand for 3-year terms, unless co-opted by the PCC, 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 are: Tim Billington, Max Davies, Matt Hutchings, Stephen Chapman, Ben Jackson, Rebecca Proctor, Barry Toward and David Tozer. All are eligible for re-election apart from Tim Billington, who has served two consecutive three-year terms.

Independent Reviewer: Michaela Johns FCCA  
 Association of Chartered Certified Accountants  
 Hopper Williams & Bell Limited  
 Chartered Accountants,  
 Highland House,  
 Chandlers Ford, Eastleigh,  
 Hants.,  
 SO53 4AR

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 April or 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. 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 (2018). 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.

## 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 (Annual Parochial Church Meeting) 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 Independent Examination. The Finance Group is currently chaired by Philip Moss, and the Church is without a full-time Treasurer and in the Interim the Treasurer is Pete Marston and Philip Moss.

## 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.

### **Climate**

The AA group for Climate, focuses on working to the churches commitment to be Carbon Neutral by 2030. Keith Fox is the Chair for the Climate Action Group and the group is made up of PCC and members of the Church Community

### **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 Caroline Hutchings.

### **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 (Christian Union) 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, Rhiannon Taylor, 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**

If 2020 was the year where our world turned upside down, then 2021 was the year of not knowing what to do next. The pandemic was still the first topic on all of our minds, and certainly the main item at our PCC meetings. Highfield PCC met 7 times in 2021, and all of these remained on Zoom as the effects of COVID lingered in our community and personal circumstances.



As always, minutes of these meetings are available to church members on request. If you wish to read some highlights of our discussions please read on, and if you have any questions about what the PCC does, or how you can support, I'd love to hear from you.

### **Certain uncertainty**

Many of us were crestfallen to begin 2021 with another lockdown. With Christmases cancelled and New Years celebrations reduced to a subdued drink at home, many of us questioned what the year would have in store. The staff and volunteers at Highfield worked hard to continue to provide online ministry, using lessons and skills learned in 2020. I hope you will join me in thanking them for their dedication and energies during this time.

For PCC, the year began with a deep discussion on 'binding up the broken-hearted'; how we can help those in our church family, and wider community, who have been most deeply affected by the pandemic. This was a wonderful, but deeply difficult discussion to have. Almost every idea had a COVID- related barrier or complication. Even so, I left the meeting feeling encouraged and determined; the 'what' and the 'why' was clear, even if the 'how' was still shaky. As COVID restrictions evolved during the year, and as the staff team evolved to adapt to the post-pandemic situation, several of these ideas were absorbed by ministries and put into practice.

Throughout the year, key decisions had to be made regarding in-person services, such as whether or not to keep a booking system, to allow singing, or to resume communion. With so much unknown, and case numbers changing direction with every new variant, there were many opinions and no right answers. Balancing caution and protection of our most vulnerable, with freedom and a desire to worship, was perhaps our biggest challenge this year. I want to thank all the PCC members for their honesty and openness, and to all of you who have prayed over these decisions. Please continue to pray and support Mike and the PCC as this balancing act continues into 2022.

### **A digital world**

Thanks to the pandemic, many of our core services have stayed online so that we can continue to worship together, though apart. Though this method isn't perfect, it's come along in leaps and bounds since that first lockdown in 2020, with new equipment and training put in place. PCC has worked behind the scenes in terms of budgets and staffing, and we welcomed Theo, our first Digital Content and Production Officer, in summer 2021 to support this activity. Digital services show no sign of going away, and we want to use the tools and talents God has blessed us with to further His kingdom in this way as much as we can.

## **Service Times**

Several changes were made to Sunday services this year, after much deliberation by staff and PCC. This has been - and still is - a very complex matter, and we have seen strong opinions from all corners. However, since moving the family service to 10.30am and the traditional service back to 9am, we have seen many benefits, particular for families whose children are involved in YTH CHRCH. As we begin 2022, we aim to look at each of these services under the Simple Church process, so that they may better serve those who attend, and equip them to go forth into each new week.

## **Simple Church**

The concept of Simple Church was a recurring theme in PCC in 2021. With many of our activities forcibly stopped due to COVID, PCC explored what Simple Church looks like, and how Highfield can work in this way, eventually approving the approach in November.

## **Finance**

The PCC had much to discuss in 2021 around budgets and finance. The vacant seats of Finance Chair and Treasurer become more and more apparent as the year went on: our wardens Pete Marston and Phil Moss went above and beyond their already not insignificant duties to ensure that the church continued to function financially. Please do thank them next time you see them, as it certainly hasn't been easy, and they have both made great sacrifices behind the scenes to keep things going.

In 2020 we held two successful Gift Days, in which you all gave very generously to fund projects such as YTH CHRCH and equipment to support our digital services. This year we had no gift days, installed a contactless giving station in the church building, and saw an increase in the PGS (Parish Giving Scheme) (meaning that funds from the scheme are no longer in decline). This shows the beginnings of financial stability, however we know that there are more trials to come: PGS is still much lower than it was three years ago, and other income from sources such as the Church Centre are still being affected by the pandemic.

Please continue to pray and revisit giving throughout 2022, and refer to the Finance section of this report for more details. Still, we are in a good position and blessed indeed: on behalf of the PCC I want to thank you for all you have given to Highfield Church this year!

## **Looking Forward**

We continue through 2022, grateful for family and friends and hopeful for the future, but aware of the lingering effects of the pandemic among our friends, family and neighbours. As PCC continues to debate and decide upon matters, from hand gel to budgets, we strive to listen to God's direction and to be the best support we can to Mike and the Highfield staff team. In the same way let us all be a support to one another, both at church and at home, so that we keep our church body happy and healthy and ready to serve our God!

## **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 2021, was 237 (\*238) adults and 31(\*35) children under 16 years of age (comparable figures for October 2020 were 156 adults and 27 children) \*the number in brackets is the average over the 3 weeks without half term Sunday when fewer adults and children were present. Encouragingly attendance in children continues to grow in spring 2022.

Attendance at YTH CHRCH calculated as an average of the four Sundays in October 2021, was 12(\*11) adults and 17(\*17) children under 16 years of age. Note the third Sunday included a baptism and so number of adults present increased.

Mid-week church attendance, calculated as an average of the four weeks in October 2021 was 18 adults. There was one school service during the month. We are encouraged that with Covid restrictions changing, the school service will return to a weekly schedule in the summer term of 2022.

## Report from Operations Director

2021 has been another different and challenging year for our church operations. Having learned how to manage all what is needed for our first hybrid service (with our congregation worshipping in the building and online at the same time) at Christmas 2020, we unfortunately faced another lockdown and a season of online-only services in early 2021.

We took the opportunity that 'Lockdown 3' gave us, to purchase and install the remaining technical equipment (funded from our Gift Day in November 2020). As each piece of new equipment arrived, we learned new ways to film, edit and make improvements to our online services. This season also gave us weekly opportunities to train staff, service leaders, preachers, musicians, intercessors, and readers in front of the camera, as well as our visual and sound operators behind the camera in all that is necessary to create a recorded or livestreamed service. It was a wonderful time of teamwork, where we all supported one another in learning new skills and relied on good communication. Our pre-service meeting and prayer meetings became an essential part to any service we created, and we still value their importance now a year on.

Each month felt like another step forwards, moving from pre-recorded services from our homes to pre-recorded services in the building. In March we were able to live stream from the building on a Sunday morning and on Good Friday we hosted our first hybrid service of the year (with our congregation in the building and online). It was wonderful to be able to celebrate Easter as a church family whether we were present in person or at home at the same time.

As we opened the doors to the church, there were many COVID restrictions to ensure that our time together was as safe as it could be. I would like to take this opportunity to say a big thank you to our team of stewards and deputy wardens who have supported our services faithfully during this time, whether it be through completing registers, helping people to allocated seats or cleaning between services. Every volunteer has played an essential part in the smooth running of Sundays at Highfield.

Our online presence has been a significant priority this year and will continue to be as we emerge from the pandemic. Often learning from Tim Taylor and the YTH team, we have tried to embrace every opportunity the pandemic throws at us to find new creative ways to reach people online. One of the first this year was our Faith in Lockdown series in Lent, where Mike hosted online conversations with groups of our church family and led us in a lockdown reflection mid-week. As we continued to develop our digital strategy it became very clear that we needed staffing to support and enable us to grow in this area. In June, we recruited Theo Farrell to our new role, Digital Content and Production Officer (DCPO). You will see Theo working behind the scenes at every service on a Sunday facilitating the production of our services and supporting our visuals and sound operators. Mid-week, Theo supports ministries with their activities and services or is creating videos or posts for our social media channels; hopefully you saw our Advent calendar on social media this year created by Theo and our curate Niv Lobo.

In Spring 2021, while considering when and which ministries or activities to return or start for the first time (as pandemic restrictions allowed), we found the book Simple Church by Rainer and Geiger very challenging. It encourages us to ask, 'what kind of disciples do we want to grow within Highfield Church?' (Clarity). It then invites us to describe how people come to grow in that kind of discipleship as a process, and to understand how we're encouraging people to move through that process (Movement). Church life is then structured around encouraging that kind of discipleship (Alignment). Pruning then takes place where existing commitments and ministries do not fit the agreed process, or where there is duplication (Focus). Over the rest of the year, we have prayed and worked together to form our discipleship process Encountering God, Growing Together and Seeking the Kingdom. Understanding and developing each of these strands has been critical as we have moved into the next phase of church life in the pandemic and all of these areas will have both in person and online options as we continue to also prioritise our online presence. We shared more about this at our APCM and Vision Evening in April 2022

A few highlights of this work so far have been two digital developments. While working on our Encountering God strategy, which focuses on how we encounter God in our mid-week and Sunday services, we realised the need for an online- only short service. Published on YouTube and our social media channels, we hope to reach our unchurched family and friends, so they can hear the gospel and get a taste of how we are encountering God here at Highfield. Our hope is that this would be a first step in connecting with us, before perhaps joining our 10.30 hybrid congregation, and so each edition we intentionally invite them to connect with us again. hc15 launched in October 2021 starting with 1000 views and in December our hc15 Christmas edition had 6800 views on Facebook alone. We are excited about where God might lead this project; look out for our next edition in Lent 2022.

Similarly, while working on our Growing Together strategy, we developed our Devoted concept where each term we prioritise going deeper in our understanding of the Word and putting it into practise in the week together as one church family. We realised that not everyone is able to access small groups or commit to weekly groups and so we started Wednesday Night Gatherings during a Devoted series (normally 6 weeks long with a break for half term). We have prioritised making this a hybrid event, where together people in the church and online on Zoom are experiencing the same worship and hearing Mike's talk before breaking into smaller discussion groups. After hearing many testimonies of how God was growing us in our Devoted series in June, a second series followed in October, and we have plans for a third in February 2022.

Alongside the arrival of Theo as DCPO in the Summer, Emma Jackson our Church Administrator left for her maternity leave and Cate Lloyd joined the team to cover Emma's leave. Cate continues to support our Safeguarding Officer, Jude Atcherley, our PCC Secretary, Becky Proctor and together we support Pete Marston who has been acting interim Treasurer. We continue to develop our Xero accounting software to support this crucial part of our operations of the church, alongside our ChurchDesk management software which has been critical as we have built our volunteer teams and relied on online rotas.

## 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 achieve 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. EG has been a small, committed group of volunteers throughout 2021 and I am very grateful for the continued involvement on EG of Abi Baker and Rob Heather, as well as Kelly and Mike.

2021 was a fairly stable year of employment where we were able to retain many of our key members of staff, although there were a few farewells. Will Reavell stood down as the Student Pastor after a number of years of service, but remains part of our worship community. Hannah Stewart left our employment in May 2022. Hannah had been in a

part time role of Grants and Stewardship Officer. This role was not replaced. For the last period of Hannah's employment, Hannah assisted the operations team with some administrative work. In December 2021, our facilities manager, Gary Sankey, after 5 years of service, discerned that God was calling him to a new challenge and handed in his notice. Gary finished with us in February 2022. I would like to thank Hannah, Will and Gary for their commitment and hard work throughout their employment with Highfield Church.

We were fortunate to recruit Tim Daulby into the Student Pastor role, who commenced full time in September 2021, after a brief handover before Will left. Tim has settled in well, listening to God and shaping our student ministry, as well as assisting in other church areas such as leading worship. We also welcomed Theo Farrell from June 2021 into the newly created role of Digital Content and Production Officer. Theo was a welcome addition to the team, as he took on many of the extra responsibilities that had arisen with our online congregation and were being held by Kelly, Rhiannon and Tim Taylor.

Emma Jackson, our part time Church Administrator and Youth Worker went on maternity leave from September 2021 and we had two new staff members join us to cover these two positions. In the office, Cate Lloyd joined as maternity cover for the Administrator role and has settled in well to keeping our complex church running efficiently. Emily Daulby joined Tim Taylor in YTH CHRCH as maternity cover for the Youth Worker role and has become a key part of the YTH team.

Volunteers make up many key roles at the church, they allow us to operate the way we do on a day to day and week to week. The Church operates with approximately 120 volunteers, working in a range of roles from supporting services on a Sunday to painting and tidying up the buildings during the week.

We would like to thank Steve Chapman, who was in the key volunteer role of Treasurer, retired in July 2021. Steve undertook a huge task of sorting out the church finances and forensically uncovering many historical items hidden away. I'd like to thank Steve for his amazing work as treasurer.

To finish, I wish to inform you that I have stood down as Chair of Employment Group in April 2022 and will be handing on the baton to Polly Cross, who has agreed to take on the role of supporting Mike, Kelly and our staff and volunteers.

## Fabric Group Report

As with so many other activities, COVID limited what we were able to achieve during 2021 in terms of maintenance and development of facilities in and around the church buildings.

Many of the more mundane activities continued as usual – clearing drains and gutters, trimming trees and hedges, fixing chairs, tables, curtains, light bulbs etc, and I am grateful to those whose dedication to these tasks was steadfast despite the social isolation limitations under which work needed to be carried out throughout most of the year.

Here are some of the particularly notable highlights of 2021:

Despite the ravages of Covid-19, the team was able to continue to look after our buildings and grounds during 2021. Activities undertaken or managed by Fabric Group have included:

- Mar-21 New equipment installed to facilitate sound and visuals recording and live streaming of services, etc in Church and the Church Centre.
- Apr-21 Chris Andrews is leading the project to restore the church clock, ensuring its longevity and ensuring the safety of the team of people who, weekly, wind the clock and “keep it ticking”.
- Apr-21 Ryan Bunce appointed as our new Quinquennial Inspector, following James Lunn-Rockliffe’s retirement.
- Apr-21 New “stage lights” installed in church to improve performance and reduce power consumption.
- Apr-21 Church Centre Hall lath and plaster ceiling has developed cracks. Hall made safe by fitting of a debris net until repair can be undertaken during summer 2022.
- Jun-21 Centre boiler room stairs repaired following collapse of upper treads in Nov 2020.
- Jun-21 Replacement of flashing at north edge of Hall roof.
- Jun-21 Additional electrical points in Hall, to reduce trip hazard now YTH CHRCH is using the Hall.
- Sep-21 New key safe for keys to the tower and boiler room.
- Sep-21 Part of the front car park wall demolished by a vehicle.
- Nov-21 Storage in the Church. Consideration of how to increase storage capacity within the Church building.



- Nov-21 Rain water hoppers at west end of church roof are, once again, blocked. Now tried fitting a length of “hedgehog”.
- Nov-21 Repair or replacement of some of the curtain rails in the Hall.
- Nov-21 Many of the double glazed units at the front of the Centre are “blown” (i.e. misty).
- Nov-21 Wall between Lower Room and the adjacent copier space removed to make one space which is more suitable for groups and for hire.
- Nov-21 Leaking radiator in Centre rear corridor. Radiator and valves replaced.
- Nov-21 Path alongside the Hall is uneven. Slabs re-laid.
- Nov-21 Formation of new “Climate Action Group”, reporting to the PCC. Keith Fox appointed as chair of the new group. Chair of Fabric is a member of this group.
- Nov-21 PCC approved proposal that “the Walker (pipe) organ be removed and disposed of and a new upper floor installed”

### **Facilities’ Report**

After the turbulence of 2020, initially 2021 felt like more of the same in the Church Centre. The travails of lockdown 3 in the first few months of the year meant that Little Acorns and our partners at Highfield School were the only users for a significant chunk of time, providing a vital service for children whose parents and guardians are key workers. However, life in the Centre very quickly returned to the new ‘normal’ as restrictions eased in the Spring, and all of the clients who stuck with us through 2020 very quickly returned, followed soon after by some new faces, as no less than four local residents’ associations decided to make the Church Centre the home for their now in-person meetings and AGM’s. (Note: if you run a local residents’ association, book early to avoid disappointment!).

In addition to these we now have a new exercise class running in the Upper Room, and welcomed Southampton Solent University (other universities are available at similar prices) for the first time, who are currently running a group teaching English to speakers of other languages (TESOL for short). All of our external clients once again adapted to the COVID protocols very quickly and efficiently, and a huge thanks to all of those who have continued to embrace both the spirit and letter of COVID restrictions – at time of writing, we have not had a single contact call from test & trace. A huge thanks once again to Jagi and Tom at Cleaning Division – without them there would have been several occasions when we wouldn’t have been able to open the buildings safely.

As promised in last year's report, what was the church office has now become the 'lower room' (so named because it's directly under the upper room). It's now being used predominantly for one of our Highfield Kids' groups on Sundays and one -to -one meetings mid-week, as it is currently doubling as a storage area for YTH CHRCH (this is a situation we hope to remedy in 2022). Tony Ridley has been responsible for redecorating this area – Tony is another unsung hero of the wider Fabric team, so huge thanks to him. Bob Dudley of course continues to help hold the place together – rarely does a week go by when he's not on site with his head in a toilet, or somewhere up a ladder.

And as also promised last year, and no doubt many of you will have seen online, livestreaming is now up and running, thanks to many hours of input from staff, and some very fast-paced installing from our friends at Connected Electrical and Absolute Music. Plenty of Highfield services during 2021 were viewed by more people online than were present in the building, and so this is a vital means to help our church members to continue to encounter God.

As most of you will be aware by now, the end of 2021 heralded a significant change in the Facilities team, with Gary handing his notice in with a view to departing at the end of February 2022, (staying just long enough to write this report) after 5 ½ years in the role in one form or another. The ultimate format of the new team is still a work in progress, however that's a story for the 2022 report.

## Financial Review (Finance Group Report)

### Results for the year

The financial results for the year, which show a surplus of £75,307 (2020: surplus of £27,948), are considered a positive outcome and an achievement of our financial objectives. Please note these figures are from our Xero accounts software and have been reviewed independently by our accountants. An investment property is still held with a market value considered to be £470k. (2020 £450K).

In 2021 the regular member donations fluctuated throughout the year and continued to be difficult to accurately predict, but there was evidence in the final quarter of a steady increase to the Parish Giving Scheme. In addition, digital giving via Stripe has been a stable source of income. The effect of the Covid pandemic continued to create reduced church centre income and income from services, but again, in quarter four, this improved as clients returned to using the church centre and more in-person services commenced.

Grant Funding has been a significant source of income for us over the last 3 years. The Resource Church monthly grant from the Diocese ended in December 2021 and the Student Ambassador Grant finishes in 2022. The Henry Smith grant that supports our Yth Church continues until the end of 2023.

Major expenditure of staff employment costs was managed carefully throughout 2021 and we were able to maintain our commitments to the Common Mission Fund and Mission Partners throughout the year. Fabric and property costs have been low in 2021, but to ensure we are maintaining the church and the centre, we are anticipating and preparing for some major costs in 2022.

With our fluctuating giving and the end of grants, 2022 is benefiting from a build-up in general funds over 2020 and 2021 (which were part of our financial objectives) as we aim to transition financially to our income and our expenditure being balanced, to enable us to maintain the level of staff and other commitments for 2023 and beyond. 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 £121,540 (2020: £77,808), which is above that limit. It should be noted that there is also an Essential Maintenance Reserve in Designated Funds of £30,000 (2020: £30,000) that is likely to be used in 2022 and the PCC are aiming to move some funds from the General Fund in 2022 to ensure there is provision for future essential repairs.

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. 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. 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**

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.

### **Independent Examiners**

Steve Chapman, when he held the Treasurer role, identified that the church was not required to undertake a full audit and that we could undertake an Independent Examination. Independent examination is a form of external scrutiny suitable for smaller charities. The role of the examiner is to provide an independent scrutiny of the accounts, and, in this way, help maintain public trust and confidence in charities. The benefit to the church is that it is a less time consuming and costly process.

With the PCC's agreement, the current Auditors Butler and Co have been terminated and the Wardens (acting as Chair of Finance and interim Treasurer) have met with prospective chartered accountants to assess their suitability to undertake an independent examination of our accounts. The Wardens have since made a recommendation to the PCC which has been accepted.

Approved by the Parochial Church Council on **13/10/2022** ..... and signed on their behalf by:

*M. Archer*

M Archer  
Priest in Charge and Chair of Trustees  
Date

## Summary of Financial Statements for 5 years

RESULT FOR THE YEAR	2021 £k	2020 £k	2019 £k	2018 £k	2017 £k
Income from members including tax	417	401	462	476	596
Gift days & Retiring Collections	-	64	57	13	36
Income from parish fees and grants	82	53	21	24	8
Church Centre and other departments	42	41	79	68	64
Weekend away	-	-	16	-	19
Income from investments and interest (inc. furlough)	14	53	18	18	9
<b>Total Income</b>	<b>525</b>	<b>612</b>	<b>653</b>	<b>599</b>	<b>732</b>
Mission Giving and Donations	48	66	64	69	66
Diocesan Parish Share	120	124	133	135	140
Staff Costs	213	299	295	259	245
Church activities	10	17	48	47	42
Church maintenance and houses	23	22	25	27	20
Cost of Church Centre and departments	48	45	54	61	64
Weekend away	-	-	20	-	24
Church administration	19	20	22	21	16
Depreciation	20	23	62	38	32
<b>Total Expenditure</b>	<b>501</b>	<b>616</b>	<b>723</b>	<b>657</b>	<b>649</b>
<b>Net Surplus/(Deficit)</b>	<b>54</b>	<b>(4)</b>	<b>(70)</b>	<b>(58)</b>	<b>83</b>
Investment gains/losses & b/f adjustments	22	31	(93)	-	314
Increase / (Decrease) in Funds	76	27	(163)	(58)	397
Funds at start at year	691	664	827	885	488
<b>Funds at end of year</b>	<b>767</b>	<b>691</b>	<b>664</b>	<b>827</b>	<b>885</b>

FINANCIAL POSITION	2021 £k	2020 £k	2019 £k	2018 £k	2017 £k
<b>PCC NET ASSETS</b>					
Fixed Assets	558	535	505	657	649
Investments, previous includes deposits	17	15	14	102	172
Bank balances, debtors & creditors	192	141	145	68	64
<b>Total Net Assets</b>	<b>767</b>	<b>691</b>	<b>664</b>	<b>827</b>	<b>885</b>
<b>PCC FUNDS</b>					
Premises and fixed assets	558	535	505	659	577
Endowment and Restricted Funds	58	48	46	13	106
Essential Maintenance Fund	30	30	35	20	-
General Fund	121	78	78	135	202
<b>Total Funds</b>	<b>767</b>	<b>691</b>	<b>664</b>	<b>827</b>	<b>885</b>

## Independent Examination to the Trustees of The Parochial Church Council of the Ecclesiastical Parish of Highfield, Southampton

### **Independent examiner's report to the trustees of The Parochial Church Council of the Ecclesiastical Parish of Highfield, Southampton**

I report to the charity trustees on my examination of the accounts of The Parochial Church Council of the Ecclesiastical Parish of Highfield, Southampton (the Trust) for the year ended 31 December 2021.

#### **Responsibilities and basis of report**

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

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

#### **Independent examiner's statement**

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of Association of Chartered Certified Accountants which is one of the listed bodies.

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

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

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

*Michaela Johns*

Michaela Johns FCCA  
Association of Chartered Certified Accountants  
Hopper Williams & Bell Limited  
Chartered Accountants  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

13/10/2022  
Date: .....

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

## for the Year Ended 31 December 2021

		Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL 2021	TOTAL 2020
	Note	£	£	£	£	£
<b>INCOMING RESOURCES</b>						
Voluntary income	2(a)	407,535	90,449	-	497,984	517,519
Church activities	2(b)	42,256	-	-	42,256	40,959
Income from investments	2(c)	14,336	-	434	14,770	17,360
Other income	2(d)	-	-	-	-	36,390
<b>TOTAL INCOMING RESOURCES</b>		464,127	90,449	434	555,010	612,228
Transfer between funds	2(e)	434	-	(434)	-	-
<b>INCOMING RESOURCES AFTER TRANSFER</b>		464,561	90,449	-	555,010	612,228
<b>RESOURCES USED</b>						
Mission and charitable giving	3(a)	46,343	1,355	-	47,698	66,437
Church activities	3(b)	233,513	2,853	-	236,366	245,047
Governance costs	3(c)	4,410	-	-	4,410	4,800
Staff costs	3(d)	153,348	60,050	-	213,398	298,929
<b>TOTAL RESOURCES USED</b>		437,614	64,258	-	501,872	615,213
Transfer between funds		-	-	-	-	-
<b>RESOURCES USED AFTER TRANSFER</b>		437,614	64,258	-	501,872	615,213
<b>NET INCOMING/(OUTGOING) RESOURCES</b>		26,947	26,191	-	53,138	(2,985)
<b>GAINS AND LOSSES ON INVESTMENTS</b>						
- unrealised	7, 8	20,000	-	2,169	22,169	30,933
<b>NET MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR</b>	11a	46,947	26,191	2,169	75,307	27,948
<b>FUNDS AT START OF YEAR</b>		643,051	33,486	14,926	691,463	663,515
<b>Adjust Restricted Fixed Assets</b>	6	19,175	(19,175)	-	-	-
<b>FUNDS AT END OF YEAR</b>		709,173	40,502	17,095	766,770	691,463



## Prior Year - Statement of Financial Activities and Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2020

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL 2020
<b>INCOMING RESOURCES</b>	<b>Note</b>				
Voluntary income	2(a)	434,690	82,830	-	517,519
Church activities	2(b)	40,675	284	-	40,959
Income from investments	2(c)	16,941	-	419	17,360
Other income	2(d)	36,390	-	-	36,390
<b>TOTAL INCOMING RESOURCES</b>		<b>528,695</b>	<b>83,114</b>	<b>419</b>	<b>612,228</b>
Transfer between funds	2(e)	419	-	(419)	-
<b>INCOMING RESOURCES AFTER TRANSFER</b>		<b>529,115</b>	<b>83,114</b>	<b>-</b>	<b>612,228</b>
<b>RESOURCES USED</b>					
Mission and charitable giving	3(a)	56,563	9,874	-	66,437
Church activities	3(b)	233,285	11,762	-	245,047
Governance costs	3(c)	4,800	-	-	4,800
Staff costs	3(d)	239,360	59,569	-	298,929
<b>TOTAL RESOURCES USED</b>		<b>534,008</b>	<b>81,205</b>	<b>-</b>	<b>615,213</b>
Transfer between funds		-	-	-	-
<b>RESOURCES USED AFTER TRANSFER</b>		<b>534,008</b>	<b>81,205</b>	<b>-</b>	<b>615,213</b>
<b>NET INCOMING/(OUTGOING) RESOURCES</b>		<b>(4,894)</b>	<b>1,909</b>	<b>-</b>	<b>(2,985)</b>
<b>GAINS AND LOSSES ON INVESTMENTS</b>					
- unrealised	7, 8	30,000	-	933	30,933
<b>NET MOVEMENT IN FUNDS AND TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR</b>	11a	<b>25,106</b>	<b>1,909</b>	<b>933</b>	<b>27,948</b>
<b>FUNDS AT START OF YEAR</b>		<b>617,945</b>	<b>31,577</b>	<b>13,993</b>	<b>663,515</b>
<b>Adjust Restricted Fixed Assets</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUNDS AT END OF YEAR</b>		<b>643,051</b>	<b>33,486</b>	<b>14,926</b>	<b>691,463</b>

## Balance Sheet

At 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2021 £	TOTAL FUNDS 2020 £
<b>FIXED ASSETS</b>						
Tangible assets	6	87,633	-	-	87,633	85,243
Investment property	7	470,000	-	-	470,000	450,000
Investments	8	-	-	17,095	17,095	14,926
		557,633	-	17,095	574,728	550,169
<b>CURRENT ASSETS</b>						
Debtors: amounts falling due within one year	9	7,110	12,800	-	19,910	11,464
Cash at bank & on deposit		164,766	27,702	-	192,468	173,881
		171,876	40,502	-	212,378	185,345
<b>CREDITORS</b>						
Amounts falling due within one year	10	(20,336)	-	-	(20,336)	(44,051)
<b>NET CURRENT ASSETS</b>		151,540	40,502	-	192,042	141,294
<b>NET ASSETS</b>		709,173	40,502	17,095	766,770	691,463
<b>FUNDS</b>						
Unrestricted funds						
General Funds	11				121,540	77,808
Designated Funds	12				587,633	565,243
					709,173	643,051
Restricted Funds	13				40,502	33,486
Endowment Funds	8				17,095	14,926
<b>TOTAL FUNDS</b>		-	-	-	766,770	691,463

The financial statements were approved by the Parochial Church Council on

.....13/10/2022.....and were signed on its behalf by:

M Archer

M Archer  
Chair of Trustees

P.J. Moss  
P.J. Moss (Oct 13, 2022 13:06 GMT+1)



P Moss & P Marston  
PCC Treasurer

## Statement of Cash Flows

for the Year Ended 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL FUNDS 2021 £	TOTAL FUNDS 2020 £
<b>Cash flows from operating activities</b>						
Cash generated from/ (used in) operations	1	12,692	13,391	-	26,083	29,175
Net cash provided by/ (used in) operating activities		<b>12,692</b>	<b>13,391</b>	<b>-</b>	<b>26,083</b>	<b>29,175</b>
<b>Cash flows from investing activities</b>						
Dividends from Shares		434	-	-	434	419
Interest from Deposits		-	-	-	-	(141)
Rent from Investment Property		14,336	-	-	14,336	16,800
Purchase of Fixed Assets		(3,091)	(19,175)	-	(22,266)	(23,752)
Loss from disposal of Fixed Assets		-	-	-	-	149
Net cash provided by investing activities		<b>11,679</b>	<b>(19,175)</b>	<b>-</b>	<b>(7,496)</b>	<b>(6,525)</b>
<b>Cash flows from financing activities</b>						
Net inflows/(outflows) from borrowings and financing		-	-	-	-	-
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>24,371</b>	<b>(5,784)</b>	<b>-</b>	<b>18,587</b>	<b>22,650</b>
<b>Cash and cash equivalents at beginning of year</b>	2	140,395	33,486	-	173,881	151,231
<b>Cash and cash equivalents at end of year</b>	2	<b>164,766</b>	<b>27,702</b>	<b>-</b>	<b>192,468</b>	<b>173,881</b>

# Notes to the Statement of Cash Flows

## for the Year Ended 31 December 2021

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

	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL FUNDS 2021	TOTAL FUNDS 2020
	£	£	£	£	£
Surplus/(Deficit) from operations	46,947	26,191	2,169	75,307	27,949
Revaluations	(20,000)	-	(2,169)	(22,169)	(30,933)
Depreciation	19,876	-	-	19,876	23,132
Dividends from Investments	(434)	-	-	(434)	(419)
Interest from Investments	-	-	-	-	141
Rent from Investment Property	(14,336)	-	-	(14,336)	(16,800)
(Increase)/Decrease in Debtors	4,354	(12,800)	-	(8,446)	11,689
Increase/(Decrease) in Creditors	(23,715)	-	-	(23,715)	14,416
<b>Net cash provided by operating activities</b>	<b>12,692</b>	<b>13,391</b>	<b>-</b>	<b>26,083</b>	<b>29,175</b>

### 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 2021
	£	£	£	£
<b>Year ended 31st December 2021</b>				
Cash and cash equivalents	164,766	27,702	-	192,468
	164,766	27,702	-	192,468
	Unrestricted Funds	Restricted Funds	Other Funds	TOTAL FUNDS 2020
	£	£	£	£
<b>Year ended 31st December 2020</b>				
Cash and cash equivalents	140,395	33,486	-	173,881
	140,395	33,486	-	173,881

## Notes to the Financial Statements

for the Year Ended 31 December 2021

### 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.

#### **Public benefit entity**

The PCC is a public benefit entity within the meaning of FRS 102. 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)).

#### **Critical accounting policies**

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. There are no material judgements that are considered by the trustees to have an impact upon these financial statements.

### **Fund accounting**

Endowment fund capital must be maintained permanently; only dividend income arising from investment of the endowment may be used either as restricted funds based on 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.

### **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	20% 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.

**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 2021	TOTAL FUNDS 2020
	£	£	£		£
<b>2(a) Voluntary Income</b>					
Planned gifts:					
Giving under Gift Aid	278,950	-	-	278,950	272,379
Tax recoverable	71,709	-	-	71,709	68,310
Other tax efficient giving	8,033	-	-	8,033	7,658
Non gift aid able giving	47,229	-	-	47,229	41,251
Collections at services	79	-	-	79	2,351
Gift Days & Retiring collections	535	741	-	1,276	66,795
Sundry donations	-	-	-	-	20
Legacies	1,000	-	-	1,000	5,500
Grant income	-	89,708	-	89,708	53,256
	407,535	90,449	-	497,984	517,519
<b>2(b) Church Activities</b>					
Church Centre lettings etc	31,913	-	-	31,913	27,768
Restricted fund activities income	-	-	-	-	284
Self-funded activities income	8,672	-	-	8,672	11,406
Parish Fees	1,671	-	-	1,671	1,501
	42,256	-	-	42,256	40,959
<b>2(c) Income from investments</b>					
Dividends and interest	-	-	434	434	560
Rental Income	14,336	-	-	14,336	16,800
	14,336	-	434	14,770	17,360
<b>2(d) Other Income</b>					
Other State Aid	-	-	-	-	36,390
	-	-	-	-	36,390
<b>TOTAL INCOMING RESOURCES</b>	<b>464,127</b>	<b>90,449</b>	<b>434</b>	<b>555,010</b>	<b>612,228</b>

### 2(e) Transfers to General Funds

An amount of £434 (2020: £419), being dividends received on the Endowment Fund shares, was transferred to General Funds to offset fabric related expenditure.

### 3. RESOURCES USED

	Unrestricted Funds	Restrict ed Funds	Endowmen t Funds	TOTAL FUNDS 2021	TOTAL FUNDS 2020
	£	£	£	£	£
<b>3(a) Missionary and charitable giving:</b>					
Mission partners:					
- Church overseas	26,084	-	-	26,084	31,464
- Home missions & other charities	20,259	1,355	-	21,614	30,163
Other donations	-	-	-	-	4,810
	46,343	1,355	-	47,698	66,437
<b>3(b) Church Activities:</b>					
Ministry:					
- Diocesan Common Mission Fund	119,892	-	-	119,892	123,818
- Clergy expenses	1,387	-	-	1,387	1,304
Church services	10,357	1,123	-	11,480	3,100
Church ministries	9,839	472	-	10,311	7,146
Training costs	1,133	74	-	1,207	359
Church running and maintenance (inc. Church Centre)	49,643	59	-	49,702	50,127
Investment property costs	-	-	-	-	3,839
Office costs	11,725	675	-	12,400	14,622
Depreciation	19,876	-	-	19,876	23,132
Distribution of Parish fees	340	-	-	340	152
Restricted fund activities	-	450	-	450	5,301
Self-funded activities expenditure	9,321	-	-	9,321	12,148
	233,513	2,853	-	236,366	245,047
<b>3(c) Governance costs</b>					
Independent examination / Audit costs	4,410	-	-	4,410	4,800
	4,410	-	-	4,410	4,800
<b>3(d) Staff Costs (note 5)</b>					
Salaries and employment costs	153,348	60,050	-	213,398	298,929
	153,348	60,050	-	213,398	298,929
<b>TOTAL RESOURCES USED</b>	<b>437,614</b>	<b>64,258</b>	<b>-</b>	<b>501,872</b>	<b>615,213</b>

#### 4. **NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Independent Examination/Auditors' remuneration	4,410	4,800
Depreciation - owned assets	19,876	23,132
Loss on disposal of fixed assets	0	150

#### 5. **STAFF COSTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	187,746	248,058
Social Security Costs	10,596	18,317
Pension Costs	15,057	20,427
Redundancy Costs	-	12,126
	<u>213,399</u>	<u>298,928</u>

The average number of employees in the year was 13 (2020: 15).

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 (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

## 6. TANGIBLE FIXED ASSETS

	Church Centre £	Church Services £	Other Equipment £	TOTAL £
<b>COST</b>				
At 1 January 2021	379,505	159,052	18,398	556,955
Additions	-	1,509	20,757	22,266
Disposals				
At 31 December 2021	379,505	160,561	39,155	579,221
<b>DEPRECIATION</b>				
At 1 January 2021	350,036	112,611	9,065	471,712
Charge for year	4,264	13,247	2,365	19,876
Disposals				
At 31 December 2021	354,300	125,858	11,430	491,588
<b>NET BOOK VALUE</b>				
At 31 December 2021	25,205	34,703	27,725	87,633
At 31 December 2020	29,469	46,441	9,333	85,243

Restricted adjustment shown in the Statement of Financial Activities relates to £19,175 capital spend in 2021. This reduced the 2020 Restricted Fund for the streaming and youth projects raised in December 2020.

## 7. INVESTMENT PROPERTY

	104 USA £
<b>MARKET VALUE</b>	
At 1 January 2021	450,000
Changes in market value (see note below)	20,000
At 31 December 2021	470,000

The property, 104 Upper Shaftesbury Avenue (known as 104 USA) is rented on a market basis. The property was valued in May 2022 by an independent professional company and was valued at £500,000 with more certainty in the housing market, an additional £20,000 has been added to the valuation for 2021.

## 8. **FIXED ASSET INVESTMENTS**

	<b>Unlisted investments</b>
	<b>£</b>
<b>MARKET VALUE</b>	
At 1 January 2021	14,926
Additions/(Disposals)	-
Transferred to current assets	-
Changes in mid-market value	2,169
At 31 December 2021	<u>17,095</u>

These were COIF income shares. There were no investment assets outside the UK. Value is advised by the Diocese. These are known as the Endowment Funds

## 9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Net resources are stated after crediting/(charging):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Gift Aid recoverable	-	8,153
Church centre debtors	-	551
Other debtors and prepayments	19,910	2,760
VAT recoverable	-	-
	<u>19,910</u>	<u>11,464</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):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade and pension creditors	2,896	2,195
Social Security and other taxes	5,670	3,723
Grants received in advance	3,020	19,608
Other creditors	2,640	938
Accrued expenses	6,110	17,587
	<u>20,336</u>	<u>44,051</u>

## 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 2020 Gift Day balance partly utilised during 2021.
- 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.

<b>Net movement in funds in the year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
General Funds	43,732	(556)
Designated Funds	22,390	25,662
Total for the year	<u>66,122</u>	<u>25,106</u>

<b>General Fund movements</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Balance b/f	77,808	78,364
Surplus/(deficit) for the year (add back depreciation)	46,823	18,238
Fixed asset purchases	(3,091)	(23,752)
Loss on disposal of fixed assets	-	150
Essential Maintenance Fund decrease/ (increase)	-	4,808
Balance c/f	<u>121,540</u>	<u>77,808</u>

<b>Designated Fund movements</b>	<b>Fixed Assets</b>	<b>Investment Property</b>	<b>2021 TOTAL</b>	<b>2020 TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2021	115,243	450,000	565,243	539,581
Additions/(Disposals)	22,266	-	22,266	23,752
Loss on disposal of fixed assets	-	-	-	(150)
Transfers/Corrections to b/f	-	-	-	-
Revaluations	-	20,000	20,000	30,000
Depreciation	(19,876)	-	(19,876)	(23,132)
Essential Maintenance Fund (decrease) /increase	-	-	-	(4,808)
Balance at 31 December 2021	<u>117,633</u>	<u>470,000</u>	<u>587,633</u>	<u>565,243</u>

The investment property's year end market value increased, as previously stated, by £20,000. 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

	<b>General Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	(Note 11a)	(Note 12)	(Note 13)	(Note 8)	
Tangible fixed assets	-	87,633	-	-	87,633
Investment property	-	470,000	-	-	470,000
Investment fixed assets	-	-	-	17,095	17,095
Current assets	141,876	30,000	40,502	-	212,378
Current liabilities	(20,336)	-	-	-	(20,336)
Balance at 31 December 2021	121,540	587,633	40,502	17,095	766,770

## 12. DESIGNATED FUNDS

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Investment property – part cost of 104 Upper Shaftesbury Avenue	470,000	450,000
Church Services assets	34,703	46,442
Church Centre assets	25,205	29,468
Other Equipment assets	27,725	9,333
Essential Maintenance Fund	30,000	30,000
	<b>587,633</b>	<b>565,243</b>

There were no major capital additions in 2021. Additions of £22,266 (2020: £23,752) 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	2021 £	2020 £
Tea club activities income less expenditure	-	(1,881)
Gift Day movements	(29,698)	7,160
Movements in other funds	36,714	(3,370)
	<u>7,016</u>	<u>1,909</u>
<b>Restricted Funds at end of year</b>		
Gift Day and associated grants	-	29,698
Others (various)	40,502	3,788
	<u>40,502</u>	<u>33,486</u>

The restricted funds are made up from three separate grants received by Highfield Church; the first being the Henry Smith grant which part funds our Youth Worker, the Student Ambassador grant which part funds our Student Ministry and finally the Resource Church grant which part funds our Worship Pastor and Associate Pastor roles.

### 14. RELATED PARTY TRANSACTIONS

There were no trustees' expenses paid for the year ended 31 December 2021 or for the year ended 31 December 2020, other than those expenses which were reimbursed to trustees for expenditure incurred on behalf of the charity.

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

*P Hutchings*

*M Billington*

The total paid in the applicable period for 2021 was £3,125 (2020: £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 £34,200 (2020: £28,207)

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 9 active members in the Pension Builder Classic section at 31 December 2021.



### **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 (2021: £15,057, 2020: £20,427).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m 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, the employer could become responsible for paying a share of the failed employer's pension liabilities.

Hopper Williams & Bell Limited  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
SO53 4AR

Dear Sirs,

During the course of your independent examination of our financial statements for the year ended 31 December 2021, the following representations were made to you by management and trustees.

1. We have fulfilled our responsibilities as trustees under the Companies Act 2006 for preparing financial statements, in accordance with UK Generally Accepted Accounting Practice that give a true and fair view and for making accurate representations to you as our independent examiner and for the financial statements which you have prepared on our behalf for the charity.
2. We confirm that all accounting records have been made available to you for the purpose of your accounts preparation, in accordance with your terms of engagement, and that all the transactions undertaken by the charity have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management, trustees', and members' meetings, have been made available to you. We have given you unrestricted access to persons within the charity in order to obtain evidence and have provided any additional information that you have requested for the purposes of your accounts preparation.
3. We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework.
5. We confirm that there had been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements, other than those already disclosed or included in the financial statements.
6. We confirm that we are aware that a related party of the charity is a person or organisation which either (directly or indirectly) controls, has joint control of, or significantly influences the charity or vice versa and as a result will include trustees, other key management, close family and other current and previous business interests. We confirm that that we are not aware of any related parties transactions.
7. We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.

8. We confirm that the charity has had, at no time during the year, any arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the charity) for trustees, nor to provide guarantees of any kind on behalf of the trustees.

9. We confirm that the charity has not contracted for any capital expenditure other than as disclosed in the financial statements.

10. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the company conducts its activities and which are central to the charity's ability to conduct its activities, except as explained to you and as disclosed in the financial statements.

11. We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have disclosed to you the results of our own risk assessment that the financial statements may be misstated as a result of fraud.

12. We confirm that there have been no actual or suspected instances of fraud involving trustees, management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former trustees, employees, regulators or others.

13. We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the charity is a going concern.

14. We confirm that all grants, donations and other income, including those subject to special terms or conditions or received for restricted purposes, have been notified to you. There have been no breaches of terms or conditions during the period regarding the application of such income.

15. We confirm that we are not aware of any matters of material significance that should be reported to the Charity Commission.

16. We confirm that although the title of the Investment Property and the Investment Fund are not in the name of the Charity, but in the name of Winchester Diocesan Board of Finance, it has been agreed that ownership lies with the Charity and therefore correct to include in the charity financial statements.

17. The trustees have considered the impact on the charity of COVID-19 and the charity's prospects, recognising the high degree of uncertainty. The trustees have concluded that the charity is a going concern for at least 12 months following the signature of these financial statements. Accordingly, the trustees have prepared the financial statements on this basis.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the trustees during the course of your accounts preparation.

Yours faithfully,

Signed on behalf of the board of directors by:

M. Archer

Director .....

Date .....13/10/2022.....