

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL
PARISH OF ST GEORGE HANOVER SQUARE
(AND THE GROSVENOR CHAPEL)**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2022**

Charity No 1134811

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL
PARISH OF ST GEORGE HANOVER SQUARE
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**ANNUAL REPORT
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31 DECEMBER 2022**

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OFFICERS AND ADVISORS

Rector	The Reverend R N S Leece
Priest-in-Charge	The Reverend Dr R M Fermer
Correspondence Addresses	St George's Vestry 2A Mill Street London W1S 1FX Grosvenor Chapel Office 24 South Audley Street London W1K 2PA
Bankers	The Royal Bank of Scotland plc London Drummonds Branch 49 Charing Cross London SW1A 2DX CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
Independent Auditor	Rothmans Audit LLP Chartered Accountants Chilworth Point 1 Chilworth Road Southampton SO16 7JQ
Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT
Parish Reference	0311 - St George's Hanover Square 0311A - Grosvenor Chapel
Charity No	1134811

ANNUAL REPORT

The Parochial Church Council of the Ecclesiastical Parish of St George Hanover Square (PCC) has pleasure in presenting its report and the financial statements of the church for the year ended 31st December 2022.

Reference and administrative information

Trustees

The following were trustees from 1 January 2022 to the date of this report.

Mark Hewitt
Rev Roderick Neil Stephen Leece
Graham Edward Barnes
Gary Nigel Eaborn
Diana Mary Dennis
Rev Alan Robert Lennox Piggot
Gavin Charles J Arendt
The Revd Dr Alan William McCormack
Janet St John-Austen
George Charles the Earl of Lucan
Revd Dr Richard Malcolm Fermer
Charles Chamberlain Stephens
Alicia Mather
Stewart James Munro
Andrew Alexander Jones
Pamela Yayra Atekpe
Alistair Henry Milward
John Crichton
Sally Rieu
M C
Simon John Roberts (appointed May 2023)
Christopher Scott (appointed July 2023)

Council Membership

Members of the PCC are either ex officio or elected by the Annual Parochial Church Meeting (APCM) in accordance with the Church Representation Rules. Following the elections of PCC members at the APCM on 22nd May 2022, and re-elected at the APCM on 28th May 2023, the PCC was constituted as follows:

Rector of St George's, Hanover Square:	The Reverend Roderick N S Leece
Priest-in-Charge of the Grosvenor Chapel:	The Reverend Dr Richard M Fermer
Non-stipendiary Assistant Priest at St George's:	The Reverend Dr Alan McCormack
Non-stipendiary Assistant Priest at Grosvenor Chapel:	The Reverend Dr Alan Piggot
Church Wardens:	Mr Mark A Hewitt Mr Graham E Barnes
Grosvenor Chapel Wardens:	Ms Kate Godfrey (appointed in May 2022) Mr Oliver Chubb (appointed in May 2022) Mrs Denise Scots-Knight (not reappointed) Mr Philip Eyre (not reappointed)

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Deputy Church Wardens: Mr Alistair Milward
Mr Stewart Munro
Ms Kate Godfrey (appointed in May 2022)
Mr Oliver Chubb (appointed in May 2022)

Mr Philip Eyre (not reappointed)
Mrs Denise Scots-Knight (not reappointed)

Other Elected Members: Mr George Bingham
Mr Andrew Jones
Mr Charles Stephens
Ms Pamela Atekpe
Mr Alistair Milward
Mr M C
Mr Stewart Munro

Deanery Synod Representatives: Mr John Crichton
Mrs Diana Dennis
Mrs Alicia Mather
Mrs Janet St John-Austen (Chapel representative)
Mr Gary Eaborn (Chapel Representative)
Ms Sally Rieu (Chapel Representative)

Secretary to the PCC: Mr John-Paul de Soissons

Hon. Secretary to the Chapel Committee: Ms Irene Agnell (appointed May 2023)
Mrs Jennifer Eyre (not reappointed)

Parish Treasurer: Mr Mark Hewitt

Lay Vice Chairman of the PCC: Mr Mark Hewitt

Standing Committee: Rector, Church Wardens, (Treasurer), Messrs Alistair Milward & Stewart Munro, the Priest-in-Charge & the Chapel Wardens

Finance & Fundraising Committee: Mr Mark Hewitt (Chairman & Treasurer), Rector, Messrs George Bingham, Stewart Munro, Charles Stephens & Janine Manning (Chapel Treasurer)

Fabric Committee: Mr Graham Barnes (Chairman), Rector, Ms Pamela Atekpe, Messrs Andrew Jones, Alistair Milward & Charles Stephens

Grosvenor Chapel Committee: The Revd Dr Richard Fermer (Priest-in-Charge) (not reappointed), The Revd Dr Alan Piggot, Mr Oliver Chubb (Chapel Warden), Ms Kate Godfrey (Chapel Warden), Ms Irene Agnell (Hon Secretary), Ms Janine Manning (Hon Treasurer), Ms Janet St John-Austen (Deanery Synod representative), Mr Gary Eaborn (Chapel Representative), Ms Sally Rieu (Chapel Representative), Mr Richard Hobson (Ex officio), Messrs Rory Gordon, Robert Coleman, Godfrey Barker & Edward Hasted, Mrs Denise Scots-Knight, Ms Elizabeth Tee & Ms Harriet Hedden

Safeguarding Officers: Mr Graham Barnes (SG's Safeguarding Officer)
Mrs Sarah Jackson-Stevens (SG's Children's Champion)
Ms Harriet Hedden (GC Safeguarding Officer)
Ms Virginia Allel Mazar and Ms Fumiko Sekiguchi
(GC Children's Champions)

Stewardship Records Officers: Mr John-Paul de Soissons
Ms Janet St John-Austen

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Electoral Roll Officers: Mr John-Paul de Soissons
Ms Lorraine Fraser

Main Office: The Vestry, St. George's Church, 2a Mill Street, London W1S 1FX
Tel. 020 7629 0874

Structure, Governance and Management

The Parochial Church Council (PCC) is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure. The PCC is a Registered Charity.

The method of appointment of PCC members is set out in the Church Representation Rules. All Church attendees are encouraged to register on the Electoral Roll and stand for election to the PCC.

Committees

The Standing Committee is the only committee of the PCC which is required by Law. It has power to transact the business of the PCC between its meetings, subject to any directions given by the Council.

Three other committees continued to co-ordinate key areas of PCC business. The Finance Committee and the Fabric Committee at St George's and the Grosvenor Chapel Committee met periodically throughout the year. The Standing Committee met as required.

Appointment and induction of PCC members

PCC members are elected at the Annual Parochial Council Meeting and are eligible for re-election annually.

New PCC members are required to familiarise themselves with the day-to-day running of the Parish which may include an induction to brief them on their legal obligations under charity and church law, the Council and the decision making processes and the recent performance of the church. They meet key employees and the other PCC members.

Risk assessment policy

The PCC and sub-committees, which meet on a regular basis, consider any risks as and when necessary. From these Committee meetings appropriate recommendations are made to the PCC members. At its meeting on 22nd April 2015 the PCC adopted a comprehensive Risk Register. This analysed governance, existential, financial and operational risks and was able to give details of measures to mitigate all the risks identified.

The Risk Register is reviewed annually and updated as necessary.

The key strategic risks include:

- Substantial damage to buildings and the associated repair costs.
- Failure to generate income.
- Fraud – both internal and external.

To mitigate the risk of substantial damage to the buildings, the PCC maintains a programme of ongoing repairs to the church buildings. The PCC maintains sufficient reserves to cover any urgent repairs, and will seek donations to assist with any major repairs. For example, the PCC has received donations to cover the damage sustained to the portico discussed more fully in the accounts.

The PCC is required to generate income to cover the operations of the churches, including the repair costs as mentioned above. To achieve this the PCC receives income from a wide range of sources, including fees for events, hire costs, rental income, investment income, voluntary donations and grants. The diversified nature of these helped to maintain income during COVID lockdowns, for example, when in person events reduced significantly.

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The PCC ensures its staff are aware of the risks of external fraud and has appropriate approval procedures in place to mitigate the risk of unauthorised bank payments. The PCC prepares quarterly management accounts, which are reviewed by the members for any unexpected transactions.

Organisational policy

The PCC members meet every three months and there are sub-committees covering issues relating to Fabric, Finance, the Grosvenor Chapel and Standing Committee (as required). Other sub-committees are formed as and when required. Administrators are appointed to manage the day-to-day operations of the parish.

To facilitate effective operations, the Parish Administrator at St George's and the Administrator, Chapel Wardens and Honorary Treasurer at Grosvenor Chapel have delegated authority, within the terms of delegation approved by the PCC members, for operational matters including finance, employment and other elements of the charitable work of the parish and its places of worship. As such they are deemed to be Key Management Personnel along with the Rector and Churchwardens and the Priest-in-Charge of Grosvenor Chapel.

The Administrators' remuneration is disclosed in note 4 to the Financial Statements. The pay of all staff is reviewed annually and normally increased in accordance with average earnings. No formal bench marking with salaries paid by similar charities is in place. The PCC is committed to paying all staff in excess of the agreed London Living Wage.

As is the case with most churches, the Parish of St George is heavily dependent on the input of volunteers.

Objectives and activities

St George's PCC has the responsibility of co-operating with the incumbent, The Revd Roderick Leece, and the Priest-in-Charge of the Grosvenor Chapel in promoting within and beyond the ecclesiastical parish the whole mission of the Church: spiritual, pastoral, social and ecumenical. It also has responsibilities for maintaining the Church of St George, Hanover Square and the Grosvenor Chapel, South Audley Street. The PCC confirms that it has had due regard to the guidance on public benefit issued by the Charity Commission when planning its objectives and activities for the year.

Policy of the Church

The policy of the Parish is to promote the Gospel of our Lord Jesus Christ according to the doctrines and practices of the Church of England. The PCC endeavours to cooperate with the priests in the whole mission of the Church: spiritual, pastoral, social and ecumenical. The strategies it has adopted to fulfil this are to provide regular services of worship, access to the holy sacraments, teaching through the Sunday school and spiritual guidance for the parishioners and visitors to the Parish. The church seeks to be a Christian Community in the catholic tradition of the Church standing as a beacon of faith in the heart of Mayfair, with a welcoming, friendly and supporting congregation.

The number of parishioners on the Church Electoral Roll at the 2022 APCM was 298 (276), of whom 27 (27) were resident in the parish. These figures break down as follows: St George's Church 155 (150) of whom 8 (8) were resident in the parish; & Grosvenor Chapel, 143 (126) of whom 19 (19) were resident in the parish. The figures for 2021 are in brackets.

The usual Sunday attendance at St George's, during October 2022, was 52 (2021: 62).

At the Grosvenor Chapel the usual Sunday attendance, during October 2022, was 35 (2021: 40).

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A. Special Services held in the year (2021 in brackets)

	St George's	Grosvenor Chapel
Baptisms	8 (7)	12 (11)
Weddings & marriage blessings	13 (6)	12 (12)
Funerals & memorials	10 (4)	3 (2)
Confirmations	0 (0)	0 (0)
Admission to Holy Communion	0 (0)	0 (0)

Review of operations for the year

2022 was once again a busy year for both churches in the parish. Messrs Mark Hewitt and Graham Barnes were re-elected Church Wardens at the Annual Parochial Church Meeting held on 22nd May 2022.

The PCC met four times during the year with a good attendance at all meetings. The February 2022 PCC, continuing the pattern during the pandemic, was on Zoom, but in May a combination of in person attendance and zoom was adopted and this was the practice for all committee meetings through the year, but with increasing in person attendance as the year progressed - a positive development. During the year, the PCC approved a new Fire Policy and Procedures document as well as a new Safeguarding Action Plan and the annual review of the Safeguarding Policy Statement. The meeting of the PCC in May was also the date of the Archdeacon's Triennial Visitation, and the PCC meeting, attended by the Archdeacon, was followed by a separate meeting between the PCC and the Archdeacon.

As in previous years, the Parish remains a net contributor to the Diocesan Common Fund (£52,080 in 2022, the same level as in 2021).

During the year the PCC sub-committees continued to meet regularly, each one meeting shortly before the PCC meetings, with reports then provided to the PCC. The Finance Committee under the chairmanship of Mr Mark Hewitt approved a budget for 2022 and monitored its implementation throughout the year. The Fabric Committee, chaired by Mr Graham Barnes, with Charles Stephens as Deputy Chairman, continued the task of maintaining St George's wonderful building, notably in the context of the Quinquennial inspection report which was finalised during the year, scheduling works highlighted as being necessary in the coming months and years, and taking into immediate hand the more pressing matters.

St George's Hanover Square

Neither attendance numbers nor donation income during the year recovered to pre-Covid levels.

Importantly during the year, the Resolution by Rector and Church wardens in February to the Charity Commission to authorise the sale of £450,000 of the Parish's listed investments was approved. This enabled St George's to put into effect important refurbishment projects in its two flats in Grosvenor Hill Court, as well as the Verger's flat in South Street, and exterior renovation works at 49 South Street. It also enabled the Parish to avail itself of its statutory right to extend the leases on the two flats in Grosvenor Hill Court. Most of the works were accomplished during the year, and new tenants found for the Grosvenor Hill Court flats late in 2022 at substantially higher rents than before the renovations. The leases were also duly extended as planned.

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In the latter part of 2022, it was discovered that our heating boiler could no longer be used, because of insufficient ventilation in the boiler room. We were thus without central heating throughout the winter of 2022-2023. Fortunately, a new much more efficient heating system has been installed during 2023, and is ready for use during the coming Autumn and Winter. We are extremely grateful to the Hyde Park Place Estate Charity for providing the c. £80,000 funding required by way of grants

2022 showed a strong level of wedding activity, with 10 weddings and 3 wedding blessings. This reflected a catch-up post-Covid, and this level is unlikely to be replicated in 2023. We also had 6 funerals and 4 memorial services in 2022, again, a strong post-Covid recovery. Concert income in 2022 was also strong, materially higher than pre-Covid levels.

What is the outlook into the coming year?

The level of weddings and blessings as noted above of 2022 is unlikely to be replicated in 2023.

Nonetheless concert activity is continuing strongly and we have a very full diary of events in the run up to Christmas 2023.

The major event at the end of 2022, affecting our prospects in 2023, is that on the evening of 19th December 2022, just before Christmas a section of the church portico at the front of St George's collapsed. Thankfully, nobody was hurt but the church had to take immediate action to install scaffolding to ensure the safety of the public and to enable the church to remain open for Christmas services. The cost of the expected repairs and restoration of the portico ceiling and the lead roof above the portico is estimated to be in the region of £400,000. At the time of writing, the repair and preservation works are under way and it is hoped that they will be completed and the hoarding and scaffold all taken down in time for Christmas 2023. A major fundraising initiative is in progress to fund these repairs.

During 2022, with the prospect of the new **Elizabeth Line station** opening in **Hanover Square**, there was some expectation that there would be a dramatic increase in footfall, and an opportunity for increased midweek ministry. This has not yet materialised, and in addition working patterns have changed dramatically – and some adjustment to the liturgical structure of the week at St George's may be called for.

The PCC continues to keep a tight rein on expenditure.

St George's, Hanover Square School – School Speech Day in July 2022 was well organised once again and took place in church. The partnership with three other schools is going well.

The school began the academic year with a celebration of the Eucharist for staff in September, with the Head of School Elizabeth Barnes, Harvey Webb the Executive Head and a number of other new staff.

Unfortunately numbers on the school roll dropped yet again, partly as a result of demographic changes throughout Westminster, and the school remains under threat, with another two years to get numbers back up. The signs are that numbers will hold up next academic year as word of mouth about how good the school now is continues to spread.

The Undercroft – after lengthy negotiations during 2022, stage 2 of the redevelopment of the Undercroft and the related investment by SGHS Enterprises was presented to and approved by the PCC on 3rd May 2023. At the time of writing, it is expected that a licence agreement will shortly be signed with our restaurateur partner, now called Undercroft Mayfair Ltd, and it is hoped that trading may be able to commence in the Spring of 2024.

Churches Together in Westminster, of which the Rector is an executive member, continued its meetings online, but with live face-to-face events, and a restoration of more regular interdenominational worship. The Annual Meeting held at Methodist Central Hall in January considered the issue of homelessness and involved agencies and organisations sharing information about support. The ecumenical Advent service was held at St James's Piccadilly.

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The London Prisons Mission: The Safer Homes for Women Leaving Prison initiative, which successfully gathered together a range of partners, has been followed through and wound down so that there are concrete results in both Houses of Parliament and also the London Assembly. London Prisons Mission is undergoing a process of reflection and regrouping for the future. The links with Churches Together in Westminster remain.

St George's links with **The Royal Society of St George** were celebrated on Sunday 30th October 2022 with their Annual Parade Service celebrating the feast of All Saints. With the **Réunion des Gastronomes** we celebrated their Annual Church Service at Sung Eucharist on Sunday 4th December.

The **Food Voucher** scheme redeemable at the Cabmens' Shelter café in Hanover Square remained in abeyance throughout 2022. Now that the new Elizabeth Line stop in Hanover Square has opened, and the remodelling of Hanover Square is complete, it is hoped that with the re-opening of the café, we will be able to re-launch the scheme.

Holy Cocktails have been held regularly at the Rectory and this open house gathering has expanded significantly in terms of numbers, including students from around the world at Goodenough College.

New Director of Music: in the autumn of 2022, Simon Williams our Director of Music for 22 years (the 11th to hold the post since St George's was consecrated in 1725), stepped down to take up a new post in Cheltenham. Amongst an extremely strong field of musicians who applied for the post as Simon Williams's successor as 12th Director of Music (Organist) of St George's, Richard Gowers was appointed to that position.

Grosvenor Chapel

2022 saw continued good recovery following the pandemic. Attendance varied week-in and week-out averaging c. 35 weekly, with higher numbers at Easter and Christmas of between 80-140. Occasional offices in the calendar year: 11 marriages, 5 baptisms and 3 funerals.

Community Events included participation in the Mount Street Gardens Summer Fair, hosting of the Thursday Lunch Club for the Homeless (in partnership with local law firm Forsters LLP) for refugees and international homeless with no recourse to public funds, Carol Singing in Shepherd Market (in support of the Healthcare Workers Foundation), and a well-attended Community Carol Service. Ecumenical services were also held with Farm Street Church and the Ukrainian Catholic Cathedral.

A new fire system was installed in the Chapel, and Phase Two of the long-overdue external repairs and redecoration of the Chapel's South and East Elevations was undertaken in 2022, with relevant permissions to proceed granted from the Diocese. A major undertaking, 90% of the work was completed by November, with the remaining work delayed due to weather conditions. This will be completed during the final phase three of the project (repair and redecoration of the North Elevation) in 2023.

Farewells

In December Fr Richard Fermer announced his farewell to the community following his appointment as Dean of St Christopher's Cathedral, Manama in the Kingdom of Bahrain. Fr Richard has been Priest-in-Charge of the Grosvenor Chapel for the last ten years. His many years of service to the community have been marked by community focus and outreach. He was a Steering Group Member of the Mayfair Neighbourhood Forum, which produced the first Mayfair Local Plan. In partnership with local law firm Forsters LLP, he set up the "Thursday Lunch Club", and with Lis Hasted a pioneering dementia programme called "Hymns & Pimms". He also oversaw major fabric projects that included: a new nave door, designed by Craig Hamilton, with a bas relief sculpture by Alexander Stoddart; the installation of the Constantinidi-Betjeman plaque, containing Betjeman's poem "Lenten Thoughts in Grosvenor Chapel"; and the redecoration of the exterior of the Chapel. Fr Richard and Giseli moved to Bahrain in January 2023.

In October Nigel Percival stood down from his post as Chapel Administrator after many years' valuable service and contribution to the Chapel both as Administrator and Hiring and Site Manager. Nigel continued to oversee the decoration of the North Elevation and the Chapel acknowledges and thanks him for his help and guidance.

ANNUAL REPORT (continued)

Committee news

Kate Godfrey and Oliver Chubb were elected Chapel Wardens as Philip Eyre and Denise Scots-Knight stood down from their positions. Jennifer Eyre stood down as Secretary and Safeguarding Officer. Irene Agnell and Harriet Hedden took on the role of Secretary and Safeguarding Officer respectively, and Janine Manning the role of Treasurer.

New appointments

Lydia Fernandez was engaged as pastoral assistant in charge of the Sunday school, and Rosslyn Okumu as the new Chapel Administrator.

Financial review

The parish is dependent on funding from charitable trusts, regular giving by members of the congregation, income from events and special services, and income generated by investments, rental properties, room hire and parking bays plus occasional legacies.

Additionally, as mentioned above, the effect of both tenants in Grosvenor Hill Court ending their tenancies, and the need to invest in the upgrading of both properties reduced the annual rental income to the church for the year as a whole marginally, but both were re-let following completion of the works.

Finally, the issues with the portico at the front of St George's, highlighted above, had a significant negative effect on the financial performance during the year as a cost accrual needed to be made in relation to those costs that were known as at the year end, which resulted in an overdrawn restricted fund of £270,190 as at 31 December 2022, for which fundraising is ongoing. Together with the costs of the works to the Verger's accommodation, the two investment properties, the external works at South Street and the boiler, mentioned above, costs related to such repairs and maintenance totalled more than £½m for the year.

As a result, tight control on costs and expenses was maintained throughout the year, with reduced expenditure on music and continuing reduced contribution to the Diocesan Common Fund.

As a direct result of all these factors, before the non-cash effects of revaluation of the Parish's investments, 2022 saw a net loss of expenditure over income of £362,043 in the year. The comparable figure in 2021 was a small deficit of £72,657. Details of these movements can be found on page 18 of these accounts. This loss was partly offset by a non-cash uplift adjustment in the value of the parish's investments, but the Balance Sheet still suffered a net reduction of £315,956.

During the year it became apparent that the cost of the annual audit by Mazars had become unsustainable. As a result, following a benchmarking exercise and tender process, a resolution was proposed and passed by the PCC to remove Mazars as the Parish's auditor and replace them with Rothmans LLP.

Investment policy

It is the Church's policy to invest funds with the CBF Church of England Investment Fund and M&G Securities Charifund. The Church has made such investments to generate a return and has no social investments currently in place. During the year, following the general uncertainty in the financial markets, 2022 saw a marginal fall in the value of the quoted investments. In order to fund the required investments in the Church's fixed asset investments, permission was received from the Charity Commission in April 2022 to utilise up to £450,000 of the investment funds held at M&G. As a direct result of both these factors the value of the quoted investments fell to £1,040,582

This reduction was partly offset by an uplift in the valuation of the investment properties, which were further boosted by the renovation works completed on them.

As a long-term investor, the PCC has no plans to change its investment policy, and details of the assets held can be found in note 6 to these accounts.

ANNUAL REPORT (continued)

Reserves policy

The Council considers that it is appropriate to maintain a level of income reserves equivalent to approximately six months' expenditure of unrestricted funds in order to meet its needs, including its legal and constructive obligations.

Following both the excess expenditure over income recorded in the year and the reduction in the investments, both detailed above, during the course of the year under review the total reserves reduced from the previous year and stood at £4,699,589 of which £4,222,348 are set aside for restricted and endowment purposes. Of these, £3,393,116 is included in the Rector and Churchwardens' Property Fund, which could be realised on the disposal of investment properties, and the Endowment Fund of £989,177, which could be realised on the disposal of the M&G Securities Charifund income units. Within the overall amount there are accrued costs of the required portico costs of £270,190.

The level of unrestricted free funds at the year end, shown in Note 12 below, amounted to assets of £477,241 (including investments).

Related parties

The Hyde Park Place Estate Charity is a grant making charity. The Rector, the Revd R N S Leece, and the Churchwardens, Mr M A Hewitt, and Mr G E Barnes are Trustees of this charity. The Church receives grant funding and loans from this charity.

The St George's Hanover Square Foundation, is a charity whose objective is the repair, restoration and enhancement of St George's Church Hanover Square. The Rector, the Revd. R N S Leece, and the Churchwardens, Mr M A Hewitt, and Mr G E Barnes are Trustees of this charity. The Church receives grant funding and loans from this charity.

SGHS Enterprises Limited, is a company registered in England and Wales (number 10023760). The activities of this company are the restoration of the fabric of St George's Undercroft and, once this is complete, the Undercroft's operation as a semi-autonomous revenue-generating facility in the building. The Revd R N S Leece, Mr W M C Beckett, and Mr M A Hewitt are Directors of this company. The Church has made loans to this company during the year.

Details of transactions taking place between the Church and its related parties, including the St George's Hanover Square Foundation, the Hyde Park Place Estate Charity and SGHS Enterprises Limited are shown in note 9 to the financial statements.

Plans for the future

Subsequent to the Church's year end, there has been a continuing recovery of congregation numbers, though still not to pre-COVID levels and collection proceeds remain lower. Wedding and baptism numbers have increased, as has concert activity, and barring further setback, this is expected to continue.

The events diary in the run up to Christmas 2023 is virtually full, which is gratifying.

As referenced above, both of the Grosvenor Hill Court flats became income producing again towards the end of the year, following refurbishment. The PCC plans to sell one of these properties to release capital to repay the majority of the loan outstanding, mindful of the unexpected and dramatic increase in interest rates. This is expected to reduce the rental income by around half once completed, likely to be in 2024. During 2024 it is anticipated that this reduction in income will be partly offset by the start of an income stream from SGHS Enterprises with the planned opening of the Undercroft under licence.

ANNUAL REPORT (continued)

Both Church and Chapel have in recent years been obliged to devote significant energy to restoring the fabric of their respective buildings. The intention is to develop a costed, phased programme of packages of refurbishment works to be delivered between 2023 and 2024 at St George's to mark the Church's Tercentenary, including a focussed, phased response to the recently issued Quinquennial Inspection Report.

Both elements of the Parish continue to concentrate on their mission to the community in which they are situated.

Auditors

A resolution was proposed and passed at a Special Parochial Church Council meeting on 29th October 2023 that Rothmans LLP be appointed as auditors.

PCC members' responsibilities

The PCC members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the PCC members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the church and of its financial activities for that period.

In preparing those financial statements, the PCC members are required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to 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 activities of the church will continue.

The PCC members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the church and enables them to ensure that the financial statements comply with the Charities Act 2011 and the Church Accounting Regulations 2006. They are also responsible for safeguarding the assets of the church and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the PCC members are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the PCC members 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.

ON BEHALF OF THE COUNCIL

Dated: 31st October 2023



M A Hewitt
Church Warden

INDEPENDENT AUDITOR'S REPORT TO THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF ST GEORGE HANOVER SQUARE

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the PCC members', as 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 PCC's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

INDEPENDENT AUDITOR'S REPORT TO THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF ST GEORGE HANOVER SQUARE (continued)

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 PCC and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the PCC members

As explained more fully in PCC members' responsibilities statement set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 144 Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

The objectives of our audit, in respect of fraud or error are:

- > To identify and assess the risks 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 respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF ST GEORGE HANOVER SQUARE (continued)

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

> Enquiring of management, including obtaining and reviewing supporting documentation, concerning the PCC's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

> Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

> Obtaining an understanding of the legal and regulatory frameworks that the PCC operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on operations. These included the Charities Act 2011, sanctions and conflicts checks and relevant UK tax and employment legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the valuation of investments, the recognition of income and the override of controls by management. To address the risk of fraud in these areas, we:

> reviewed investment costs and the impairment model and compared our expected valuation to the PCC's assessment;

> reviewed material sources of income, including investment income, and compared expected income to that recorded in the financial statements;

> performed analytical procedures to identify any unusual or unexpected relationships;

> tested journal entries during the year and at the year-end to identify unusual transactions;

> investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE PAROCHIAL CHURCH COUNCIL OF THE
ECCLESIASTICAL PARISH OF ST GEORGE HANOVER SQUARE (continued)**

Use of our report

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



Lisa Wilson FCA (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Chilworth Point
1 Chilworth Road
Southampton
SO16 7JQ

Date: 31 October 2023

Rothmans Audit LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	Unrestricted	Restricted	Endowment	Total Funds	Unrestricted Funds (as restated)	Restricted Funds (as restated)	Endowment Funds (as restated)	Total Funds 2021 (as restated)
		Funds £	Funds £	Funds £	2022 £	£	£	£	£
Income from:									
Donations and legacies	2a	303,643	28,556	-	333,449	265,421	16,293	-	281,714
Investment income	2b	125,455	70,008	-	195,463	99,500	72,069	-	171,569
Church activities income	2c	271,519	-	-	271,519	143,108	-	-	143,108
Other income	2d	6,420	20,959	-	27,379	21,815	20,075	-	41,890
Total income		707,037	120,773	-	827,810	529,844	108,437	-	638,281
Expenditure on:									
Church activities expenditure	3a	428,994	645,083	-	1,074,077	516,061	127,426	-	643,487
Raising funds	3b	115,776	-	-	115,776	67,451	-	-	67,451
Total expenditure		544,770	645,083	-	1,189,853	583,512	127,426	-	710,938
Gain on revaluation of investment property	6	-	129,663	-	129,663	-	226,000	-	226,000
Gain/(Loss) on investments		(7,169)	-	(76,407)	(83,576)	7,292	-	178,837	186,129
Net income/(expenditure)									
Income before transfers		155,097	(394,647)	(76,407)	(315,956)	(46,376)	207,011	178,837	339,472
Transfer of funds		47,076	497,076	(450,000)	-	(13,394)	13,394	-	-
Net movement in funds		108,023	102,429	(526,407)	(315,956)	(59,770)	220,405	178,837	339,472
Reconciliation of funds:									
Total funds brought forward		369,218	3,130,743	1,515,584	5,015,545	428,988	2,910,338	1,336,747	4,676,073
Total funds carried forward		477,240	3,233,172	989,177	4,699,589	369,218	3,130,743	1,515,584	5,015,545

All activities are continuing. There were no recognised gains or losses other than those shown above.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
BALANCE SHEET
AS AT 31 DECEMBER 2022

	<i>Notes</i>	2022 £	2021 (as restated) £
FIXED ASSETS			
Tangible fixed assets	6	53,752	48,740
Investments	7	4,433,698	4,584,158
		4,487,450	4,632,898
LONG TERM DEBTORS			
	8	2,127,500	1,952,659
CURRENT ASSETS			
Debtors	8	66,985	47,606
Short term deposits		45,031	44,447
Cash at bank and in hand		271,342	216,075
		383,358	308,128
CREDITORS: amounts falling due within one year	9	(2,028,529)	(142,360)
NET CURRENT ASSETS		(1,641,171)	165,768
TOTAL ASSETS LESS CURRENT LIABILITIES		4,969,779	6,811,325
CREDITORS: amounts falling due more than one year	9	-	(1,735,780)
Provisions	10	(270,190)	-
NET ASSETS	13	4,699,589	5,015,545
FUNDS:			
Unrestricted funds	15	477,240	369,218
Restricted funds	14	3,233,172	3,130,743
Endowment funds	14	989,177	1,515,584
		4,699,589	5,015,545

Approved by the Parochial Church Council on 29th October 2023 and signed on its behalf by:



M A Hewitt
Church Warden

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022		2021 (as restated)	
	£	£	£	£
Cash (used in) operating activities (see below)		(281,234)		(209,614)
Cash flows from investing activities				
Interest and dividends received	152,516		114,955	
Payments to acquire tangible fixed assets	(11,976)		(6,823)	
Additions to investment property	(253,454)		-	
Proceeds from disposal of investments	450,000		-	
Cash provided by investing activities		337,086		108,132
Net cash (outflow)		55,852		(101,482)
Cash and cash equivalents at 1 January 2022		260,522		362,004
Cash and cash equivalents at 31 December 2022		316,373		260,522
Cash flows from operating activities:				
Net income/(expenditure)		(315,956)		(339,472)
Interest and dividends received shown in investing activities	(152,516)		(125,077)	
Depreciation	6,965		3,827	
Unrealised (gain) on revaluation of investment property	(129,663)		(226,000)	
Unrealised (gain)/loss on revaluation of investments	83,576		(186,129)	
(Increase) in debtors	(194,220)		(30,075)	
Increase/(decrease) in creditors	420,579		(14,368)	
Cash (used in) for operating activities		(281,234)		(209,614)

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 and in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102). They have been prepared on the accruals basis and under the historical cost convention except for the valuation of investments, which are shown at fair value. The financial statements have not been consolidated, as the PCC has taken advantage of exemption from preparing consolidated accounts on the basis that its total income is below £1m. The PCC meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The presentation currency of the financial statements is the Pound Sterling (£).

Going concern

The Parochial Church Council of the Ecclesiastical Parish of St George Hanover Square (And The Grosvenor Chapel) (the PCC) has reviewed the circumstances of the Church and considers that adequate resources continue to be available to meet its financial obligations as they fall due in the coming 12 months.

In light of the above, based on the most recent budgeting exercise, the PCC believes that there will be adequate resources available to fund the activities of the Church for the foreseeable future. The PCC is therefore of the view that the Church is a going concern.

Significant judgements and estimates

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for trustees to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of income and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the charity are set out below and should be read in conjunction with the information provided in the Notes to the financial statements:

Critical Judgements

- Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

1 ACCOUNTING POLICIES (continued)

Significant Estimates

- To determine the fair value of the charity's investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- To determine whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Funds

General funds represent the funds of the PCC that are not subject to any restrictions regarding their use and are available for application on the general purposes of the PCC.

Funds designated by the PCC for a specific purpose are also unrestricted.

Restricted funds are those subject to specific trusts, which may be declared by the donor or with their authority. The restricted funds of the PCC, are restricted income funds which are expendable at the discretion of the PCC in furtherance of some particular aspects of the activities of the church.

A permanent endowment fund is a particular type of restricted fund which must be held permanently.

The accounts include the transactions, assets and liabilities for which the PCC is responsible in law. They do not include the accounts of church groups that owe their main affiliation to another body nor those that are informal gatherings of Church members.

Income

Donations and legacies

- Donations and legacies (including collections and income tax recoverable under Gift Aid) are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured.
- Conditional grants receivable are recognised as restricted income on the date the contract agreement is signed, reflecting the full amount expected to spend or claim by the end of the grant period.

Income from investments

- Interest and dividends from investments are accounted for when receivable.
- Rental income from the letting of investment properties is recognised in accordance with the terms of the rental leases when the rental is due.

Other trading activities and other income

- The churches charge fees for events held in the churches, which are recognised when the event takes place.
- The churches also hire out the various rooms and car parking spaces available, which are recognised in accordance with the licencing agreements, over the period of hire.
- The PCC makes claims through the Listed Places of Worship VAT recovery scheme, which is recognised in the period the related expenditure is incurred.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

1 ACCOUNTING POLICIES (continued)

Expenditure is allocated to the activities the Charity undertakes in proportion to the level of resources used by each activity. During the current and previous years all expenditure has related to the single activity of furthering the Mission of the PCC.

Church activities

- Gifts and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC.
- The diocesan parish quota is accounted for when payable. Any quota unpaid at 31 December is provided for in these accounts as an operational (though not a legal) liability and is shown as a creditor in the balance sheet.
- All costs in support of achieving the church's objectives are accounted for in this category. This includes governance costs which represent all costs in ensuring that the church complies with all legal and regulatory requirements that are relevant to it.

Fixed assets

Consecrated land and buildings and movable church furnishings

Consecrated or beneficed property is excluded from the accounts by section 10(2)(a) of the Charities Act 2011. Movable church furnishings held by the Rector and Church Wardens on special trust for the PCC and which require a faculty for disposal, are accounted as inalienable property unless consecrated. They are listed in the Church's Inventory which can be inspected (at any reasonable time). For inalienable property acquired prior to 31 December 2000 there is insufficient cost information available and therefore such assets are not valued in the accounts. All expenditure incurred during the year on consecrated or benefice buildings, whether maintenance or improvement, is written off as expenditure in the SOFA and separately disclosed.

Other fixtures, fittings and office equipment and ministry equipment

Equipment used within the church premises is depreciated on a straight-line basis over 4 to 5 years with the exception of a boiler which is depreciated over 20 years. Individual items of equipment with a purchase price of £250 or less are written off when the asset is acquired. The piano is depreciated on a straight-line basis over 10 years.

Investments

Investments include investment shares in the Central Bond of Finance of the Church of England and M&G Securities Charifund income units (together the "portfolio investments") and two investment properties. Portfolio investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not acquire put options, derivatives or other complex financial instruments. Investment properties are valued at fair value at the year-end based on available market data on or close to the year end date, taking into account any variables that may arise in the intervening period.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on portfolio investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year-end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

1 ACCOUNTING POLICIES (continued)

Current assets

Income tax recoverable and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid. Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit.

Current liabilities

Creditors and provisions are recognised where the Church has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation

The PCC is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity's activities are exempt from VAT and accordingly irrecoverable VAT is charged to the Statement of Financial Activities when incurred and included within the expenditure category to which it relates or capitalised under tangible fixed assets if relating to capital expenditure.

The charity is however eligible to recover VAT relating to repairs of over £1,000 to listed buildings used as places of worship by way of a grant under the Listed Places of Worship grant scheme and receipts from this are treated as other income as described above.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

2 INCOME

	Unrestricted funds £	Restricted funds £	Endowment funds £	2022 Total £	2021 (as restated) Total £
a] Donations and legacies					
Gift Aid and tax recoverable	12,213	-	-	12,213	18,777
Collections	64,898	80	-	64,978	45,388
Grants	173,002	-	-	173,002	128,960
Donations	54,780	28,476	-	83,257	83,339
Legacies	-	-	-	-	5,250
	<u>304,893</u>	<u>28,556</u>	<u>-</u>	<u>333,449</u>	<u>281,714</u>
b] Investment income					
Interest	80,977	-	-	80,977	51,530
Dividends	1,529	70,008	-	71,537	73,547
Rents receivable	42,948	-	-	42,948	46,492
	<u>125,455</u>	<u>70,008</u>	<u>-</u>	<u>195,464</u>	<u>171,569</u>
c] Church activities					
Fees	91,389	-	-	91,389	56,087
Music and concerts	51,805	-	-	51,805	35,651
Church Hall lettings	30,188	-	-	30,188	16,050
Flower stall and car parking	98,137	-	-	98,137	35,320
	<u>271,519</u>	<u>-</u>	<u>-</u>	<u>271,519</u>	<u>143,108</u>
d] Other income					
Cost recoveries	1,300	-	-	1,300	16,642
VAT recoverable	-	25,694	-	25,694	20,075
Other income	385	-	-	385	5,173
	<u>1,685</u>	<u>25,694</u>	<u>-</u>	<u>27,379</u>	<u>41,890</u>
Total income	<u>703,552</u>	<u>124,259</u>	<u>-</u>	<u>827,810</u>	<u>638,281</u>

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

3 EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total £	2021 Total £
a] Church activities					
<u>Direct costs</u>					
Ministry: Diocesan quota	112,080	-	-	112,080	100,883
Ministry: Rector's and verger's accommodation	115,244	9,798	-	125,042	50,937
Church running costs	117,988	-	-	117,988	87,287
Church maintenance	22,548	431,243	-	453,791	143,833
Choir and organist	44,368	89,626	-	133,994	89,627
Staff and other staff related costs	99,247	-	-	99,247	112,772
Grants and other giving	-	-	-	-	13,684
Total direct costs	511,475	530,667	-	1,042,142	599,023
<u>Support costs</u>					
Office running costs	6,880	-	-	6,880	11,327
Accountancy fees	7,192	-	-	7,192	10,687
Audit fees	12,263	-	-	12,263	10,747
Professional fees	5,600	-	-	5,600	11,703
Total support costs	31,935	-	-	31,935	44,464
	543,410	530,667	-	1,074,077	643,487
b] Raising funds					
Investment property costs	49,128	-	-	49,128	23,197
Interest on loan from Hyde Park Place Estate Charity	66,648	-	-	66,648	44,254
	115,776	-	-	115,776	67,451
Total expenditure	659,186	530,667	-	1,189,853	710,938

Governance costs comprise audit and accountancy fees and totalled £19,455 (2021: £21,434).

Grants and other giving made mainly comprise the onwards transmission of Special Offerings and Homelessness Vouchers received.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

3 EXPENDITURE (continued)

Total expenditure is stated after charging:

	2022	2021
	£	£
Auditor's remuneration in respect of auditing the accounts	12,263	10,747
Auditor's remuneration in respect of non-audit related compliance services	-	10,687
Depreciation charges for the year	6,965	3,827
	<hr/>	<hr/>
	19,228	25,261
	<hr/> <hr/>	<hr/> <hr/>

4 STAFF COSTS

	2022	2021
	£	£
Total staff costs comprise the following:		
Wages and salaries	82,298	93,302
Social security costs	7,585	2,954
Pension costs	1,374	1,229
Other staff costs	7,990	15,287
	<hr/>	<hr/>
	99,247	112,772
	<hr/> <hr/>	<hr/> <hr/>
Numbers of employees by headcount	<hr/> <hr/> 3	<hr/> <hr/> 4
During the year none of the employees were paid more than £60,000 per year.		
Aggregate employee benefits of the Key Management Personnel were	<hr/> 59,507	<hr/> 55,112

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
ST GEORGE HANOVER SQUARE (AND THE GROSVENOR CHAPEL)**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

5 TRUSTEE'S REMUNERATION AND EXPENSES

The trustees received no remuneration or other benefits during the year ended 31 December 2022 (2021: £nil).

Out of pocket expenses were reimbursed to trustees as follows:

	2022		2021	
	£	No. of trustees	£	No. of trustees
Verger and clergy fees	3,447	2	-	-
Administration	110	1	-	-
Rectory costs	6,541	2	1,237	1
Travel	326	1	232	1
Subsistence & office costs	8,461	3	3,843	2
	<hr/> 18,884		<hr/> 5,313	
	<hr/> <hr/>		<hr/> <hr/>	

6 TANGIBLE FIXED ASSETS

	Ministry equipment £	Valuables £	Piano £	Computer equipment £	Fixtures & Fittings	Total £
COST						
Brought forward 1 January 2022	49,575	7,435	15,250	21,062		93,322
Additions	414	-	-	-	11,562	11,976
Carried forward 31 December 2022	<hr/> 49,989	<hr/> 7,435	<hr/> 15,250	<hr/> 21,062	<hr/> 11,562	<hr/> 105,298
ACCUMULATED DEPRECIATION						
Brought forward 1 January 2022	8,499	-	15,250	20,833	-	44,582
Charge for the year	3,844	-	-	229	2,891	6,964
Carried forward 31 December 2022	<hr/> 12,343	<hr/> -	<hr/> 15,250	<hr/> 21,063	<hr/> 2,891	<hr/> 51,546
Net book value – 31 December 2022	<hr/> 37,646	<hr/> 7,435	<hr/> -	<hr/> -	<hr/> 8,672	<hr/> 53,752
Net book value – 31 December 2021	<hr/> 41,076	<hr/> 7,435	<hr/> -	<hr/> 229	<hr/> -	<hr/> 48,740

The Church also own 2 charitable properties which are shown at £nil (2021: £nil).

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7 INVESTMENTS

	Investment property £	Quoted investments £	Total £
Market value at 1 January 2022	3,010,000	1,574,158	4,584,158
Additions	253,453		253,453
Disposals		(450,000)	(450,000)
Unrealised gain / (loss)		(83,576)	(83,576)
Gain on revaluation of investment property	129,663	-	129,663
Market value at 31 December 2022	3,393,116	1,040,582	4,433,698

There were no additions or disposals of investments in the year.

Investments comprise the following:-

	2022 £
Investment shares in the Central Bond of Finance of the Church of England	51,406
M&G Securities Charifund income units	989,176
Flats 3 & 7 Grosvenor Hill Court, London, W1	3,393,116
	4,433,698

The flats at 3 and 7 Grosvenor Hill Court were re-valued as at 31 December 2022 by review of post year-end sale agreements for one of the flats for a total of £3,393,116. The PCC is not aware of any material change since this valuation.

During 2023, the PCC took the decision to sell one of the two flats which make up the investment properties above. As this decision was taken after the year-end, this is a non-adjusting post balance sheet event and the flat has not been moved to current asset investments.

The quoted investments were valued on the basis of the available market data.

Permission was received to access and utilise up to £450,000 from the M&G Securities Charifund income units to fund the required investment in Flats 3 & 7 Grosvenor Hill Court, London, W1 together with the other properties held.

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8 DEBTORS

	2022 £	2021 (as restated) £
Debtors due after more than one year:		
Amounts owed by SGHS Enterprises	2,127,500	1,952,659
Debtors due in less than one year:		
Prepayments and accrued income	61,306	20,202
Other debtors	5,679	27,404
	66,985	47,606
Total debtors	2,194,485	2,000,265

The loan balance above is owed by a trading subsidiary, receives interest at the Barclays base rate plus 2.75% and is repayable on demand. The balance is included in debtors due in more than one year because the charity does not intend to recall this until the trading subsidiary has begun trading.

9 CREDITORS

	2022 £	2021 £
Creditors due within one year:		
Other creditors	59,036	33,959
Accruals and deferred income	69,785	46,390
Loan from the Hyde Park Place Estate Charity	1,897,427	60,000
HMRC creditors	2,281	2,011
	2,028,529	142,360
Creditors due after more than one year:		
Loan from the Hyde Park Place Estate Charity	-	1,735,780
Total creditors	2,298,719	1,878,140

The deferred income relates to rental income relating to a property sold in 2023.

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10 PROVISIONS

	2022	2021
	£	£
Portico repair costs	270,190	-
	<u>270,190</u>	<u>-</u>

During the year the portico of St George Hanover Square sustained significant damage, as the PCC has an obligation to repair this, a provision was recognised. The provision has been calculated on the basis of actual and estimated costs calculated prior to the date of signing this report.

The PCC expects to receive donations during 2023 to cover the full cost of repairs.

11 PRIOR YEAR ADJUSTMENTS

Included in long term debtors is an amount due from SGHS Enterprises Limited, a trading subsidiary. A recalculation of this loan balance based on the terms as set out in the loan agreement was performed in the year, and this identified that interest income had not been fully recognised in prior periods.

The comparative figures have been restated as follows, as at 31 December 2021 long term debtors have increased by £33,765 and unrestricted funds brought forward have increased by £23,643. Investment income for the year ended 31 December 2021 has increased by £10,122.

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12 RELATED PARTY TRANSACTIONS AND SUBSIDIARY UNDERTAKINGS

PCC Members

Reimbursed expenses of £15,328 (2021: £6,697) for parish expenses and utility bills were reimbursed to 2 PCC members. No expenses were paid to third parties on behalf of the PCC.

During the year, total unrestricted income of £10,600 (2021: £9,300) was received from PCC members.

This is in the trustees expenses note

The PCC has two subsidiaries, the St George's Hanover Square Foundation and SGHS Enterprises Limited. A summary of these together with the transactions with the two entities follows:

The St George's Hanover Square Foundation – an entity which provides support to the church

Address: St George's Vestry, 2a Mill Street, London, W1S 1FX

Gross assets:	£ 268,035
Liabilities:	£ (2,100)
Turnover:	£ 48,655
Expenditure:	£ 60,445
Surplus (deficit):	£ (11,790)

During the year, the Church

- received grants of £60,000 (2021: £60,000) from the Foundation.

At the year end the Church owed the Foundation £nil (2021: £nil).

SGHS Enterprises Limited – a trading subsidiary of the church

Address: St George's Vestry, 2a Mill Street, London, W1S 1FX

Gross assets:	£ 1,844,189
Liabilities:	£ (2,188,638)
Turnover:	£ 97
Expenditure:	£ 73,220
Profit (loss):	£ (73,123)

During the year, the Church

- made a loan of £120,000 (2021: nil) to the company, and
- charged interest of £79,842 (2021: £51,490 as restated) to the company.

At the year end the Church was owed £2,127,500 (2021: £1,952,659 as restated) by the company.

As stated in the accounting policy the financial statements have not been consolidated, as PCC have taken advantage of exemption from the "Charities Act 2011 and the PCC", not to prepare consolidated accounts on the basis that its total income is below £1m.

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12 RELATED PARTY TRANSACTIONS AND SUBSIDIARY UNDERTAKINGS (continued)

The Hyde Park Place Estate Charity (HPPEC) – an entity under common control

During the year, the Church

- received grants of £113,002 (2021: £68,960) from HPPEC, and
- unpaid interest due of £66,648 (2021: £44,254) to HPPEC.

HPPEC arranged a loan for the PCC at an annual interest rate of 2.75% over base. At the beginning of the year an amount of £1,795,780 was owed, and after a further £95,000 had been drawn down and interest of £66,648 charged, an amount of £1,897,427 was owed.

13 ANALYSIS OF NET ASSETS BY FUND

Current year

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
Tangible fixed assets	53,752	-	-	53,752
Investments	51,405	3,393,116	989,177	4,433,698
Long term debtor	2,127,500	-	-	2,127,500
Net current (liabilities)/assets	(1,755,417)	(159,944)	-	(1,915,361)
Total	477,240	3,233,172	989,177	4,699,589

Prior year (as restated)

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
Tangible fixed assets	48,740	-	-	48,740
Investments	58,574	3,010,000	1,515,584	4,584,158
Long term debtor	1,918,894	-	-	1,918,894
Net current (liabilities)/assets	45,025	120,743	-	165,768
Long term liability	(1,702,015)	-	-	(1,702,015)
Total	369,218	3,130,743	1,515,584	5,015,545

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14 RESTRICTED AND ENDOWMENT FUNDS

**Restricted Funds
Current year**

	1 January 2022 (as restated)	Income	Expenditure	Unrealised gain	Transfers	31 December 2022
	£	£	£	£	£	£
Burial Ground Fund	22,469	70,008	(96,424)	-	3,947	-
Chapel external redecoration	27,814	29,979	(159,365)	-	101,571	-
Chapel Priest in charge discretion	25,452	-	-	-	-	25,452
Chapel Special collections	-	2,652	-	-	-	2,652
Church Organ Fund	13,750	1,250	-	-	1,250	16,250
Church Special collections	605	1,363	(1,363)	-	-	605
Homeless vouchers	18,726	9,100	-	-	-	27,826
Hymns and Pimms	3,196	-	-	-	-	3,196
Music for special services	1,500	2,470	-	-	-	3,970
Organ Scholar Fund	3,640	-	(3,000)	-	-	640
Pilgrimage	120	3,951	(325)	-	-	3,746
RAA Art Project	951	-	-	-	-	951
Rector & Church Wardens						
Property	3,010,000	-	-	129,663	253,453	3,393,116
Vestments Fund	2,520	-	-	-	-	2,520
Portico	-	-	(270,190)	-	-	(270,190)
South Street	-	-	(114,416)	-	136,855	22,436
Total	3,130,743	120,773	(645,083)	129,663	497,076	3,233,172

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14 RESTRICTED AND ENDOWMENT FUNDS (continued)

Prior year

	1 January 2021 £	Income £	Expenditure £	Unrealised gain £	Transfers £	31 December 2021 £
Burial Ground Fund	11,759	72,069	(61,359)	-	-	22,469
Chapel external redecoration	1,349	25,575	-	-	890	27,814
Chapel Organ fund	5,441	250	(250)	-	(5,441)	-
Chapel Priest in charge discretion	25,452	-	-	-	-	25,452
Chapel Special collections	3,841	30	(3,871)	-	-	-
Church Organ Fund	11,250	1,250	-	-	1,250	13,750
Church Special collections	626	983	(1,004)	-	-	605
Homeless vouchers	18,626	100	-	-	-	18,726
Hymns and Pimms	3,196	-	-	-	-	3,196
Music for special services	9,366	4,680	(12,546)	-	-	1,500
Organ Scholar Fund	1,640	3,000	(1,000)	-	-	3,640
Pilgrimage	120	-	-	-	-	120
RAA Art Project	951	-	-	-	-	951
Rector & Church Wardens Property	2,784,000	-	-	226,000	-	3,010,000
Sound System Fund	210	-	(210)	-	-	-
South Street Fund	30,189	-	(46,884)	-	16,695	-
Vestments Fund	2,020	500	-	-	-	2,520
Westminster Foundation	302	-	(302)	-	-	-
Total	2,910,338	108,437	(127,426)	226,000	13,394	3,130,743

The purposes of the funds are:

Burial Ground Fund – Income from the funds from the sale of the old Burial Ground of St George's Church which is applied to the following:

- provision of living accommodation for the Rector and his successors
- the preservation and maintenance of the fabric and organ of the parish church
- the formation of a fund, the income of which shall be used for the maintenance of the parish church and its services.

Chapel external redecoration – Grosvenor Chapel donations for external redecoration of the chapel. A transfer of £101,757 was made from unrestricted funds to restricted funds to cover the deficit on this fund.

Chapel Priest-in-Charge discretion – Grosvenor Chapel donations given to be used at the discretion of the Priest-in-Charge.

Chapel Special Collections Fund – Chapel collections to be paid to other charities and causes.

Church Organ Fund – Donations received to preserve the new organ in St George's through a planned schedule of maintenance by the makers. A transfer of £1,250 was made from the general fund, to match the £1,250 grant received from HPPEC.

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14 RESTRICTED AND ENDOWMENT FUNDS (continued)

Church Special Collections Fund – Church collections to be paid to other charities and causes.

Homeless vouchers – Donations received to support a food programme for the Homeless.

Hymns and Pimms – An outreach programme serving those with dementia and their carers.

Music for Special Services – includes grant received from the Champriss Foundation to fund the Choir.

Organ Scholar Fund – Donations to assist with the expenses of an Organ Scholar at the Chapel.

RAA Art Project – Donations to pay for costs and professional time in connection with the 'Gardens of the Imagination' project and exhibition at the Chapel.

Rector & Church Wardens Property – Funds held for the provision of accommodation for the Rector and Verger.

Sound System Fund – Donations towards a sound system for the Chapel.

South Street Fund – Funds received for the repair, maintenance and upkeep of the properties at 49 and 49A South Street, London W1. A transfer of £136,852 was made from the endowment fund and as at the year-end the fund included an amount to be paid next year.

Vestments Fund – Donations for maintenance and repair of Chapel vestments.

Westminster Foundation – A charitable grant from the Foundation to offset the cost of employing a Community and Events Officer at Grosvenor Chapel.

Portico – To repair damage suffered to the St George Square Hanover church at the end of 2022. The PCC intend to collect donations to fund the required repair works and thereby cover the deficit on this balance, which arose because the PCC has an obligation to make these repairs.

The PCC expects to receive adequate income to cover this, so it is acceptable to record this as a negative fund balance. Any potential shortfall in the fundraising will be made up from the general fund.

**Endowment Fund
Current year**

	1 January 2022 £	Income £	Expenditure £	Gain on Investments £	Transfer Transfer	31 December 2022 £
Endowment fund	1,515,584			(76,407)	(450,000)	989,177

Prior year

	1 January 2021 £	Income £	Expenditure £	Gain on Investments £	31 December 2021 £
Endowment fund	1,336,747	-	-	178,837	1,515,584

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14 RESTRICTED AND ENDOWMENT FUNDS (continued)

Endowment Fund

Burial Ground Fund

Funds from the sale of the old Burial Ground of St. George's Church which in accordance with the St. George Hanover Square Burial Ground Act 1964 section 6 (3) is to be applied as to capital and the income from which is to be applied as noted above, as a permanent endowment fund.

As disclosed above, permission was received to transfer £450,000 out of this fund for the maintenance of properties. £253,453 was transferred to the Rector and Churchwardens fund for the maintenance of the investment property and £136,855 was transferred to the South Street fund for the maintenance of the properties described above. The remaining £59,692 was transferred to the unrestricted general fund to reimburse costs incurred in the prior year.

15 UNRESTRICTED FUNDS

Current year	1 January 2022 £	Income £	Expenditure £	Gains on investments £	Transfers £	31 December 2022 £
General Funds	369,218	707,037	(544,770)	(7,169)	(47,076)	477,240
	<u>369,218</u>	<u>707,037</u>	<u>(544,770)</u>	<u>(7,169)</u>	<u>(47,076)</u>	<u>477,240</u>
	<u>369,218</u>	<u>707,037</u>	<u>(544,770)</u>	<u>(7,169)</u>	<u>(47,076)</u>	<u>477,240</u>
Prior year (as restated)	1 January 2021 £	Income £	Expenditure £	Gains on investments £	Transfers £	31 December 2021 £
General Funds	308,988	529,844	(464,402)	7,292	(12,504)	335,453
Designated Funds						
Chapel external redecoration	120,000	-	(119,110)	-	(890)	-
	<u>428,988</u>	<u>529,844</u>	<u>(583,512)</u>	<u>7,292</u>	<u>(13,394)</u>	<u>335,453</u>
	<u>428,988</u>	<u>529,844</u>	<u>(583,512)</u>	<u>7,292</u>	<u>(13,394)</u>	<u>335,453</u>

16 CAPITAL COMMITMENTS

At the year end, the charity had no capital commitments (2021: £nil).