

Parish of Merstham

PCC report  
and financial statements



*for the year ended 31 December 2020*

[The Parochial Church Council of the Ecclesiastical Parish of Merstham]

Charity No. 1139490

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## PCC report

The members of the PCC present their annual report and financial statements of the Parish of Merstham for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the governing documents, Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

## Objectives and Activities

The primary object of the PCC is the promotion of the Gospel of the Lord Jesus Christ according to the doctrines and practices of the Church of England. The PCC is tasked with co-operating with the minister in promoting in the parish the whole mission of the Church; pastoral, evangelistic, social and ecumenical.

As a Parish Church within the Church of England's Diocese of Southwark, St Katharine's Church exists for the benefit of the wider community as well as for those who form part of the week-by-week worshipping community. With this in mind our activities have been a combination of those for the worshipping community together with others aimed at the wider community through pastoral care or missionary and outreach.

In order to accomplish these objectives it is important that we maintain the fabric of the church buildings.

The members of the PCC have complied with the duty in Section 4 of the 2006 Charities Act to have due regard to guidance published by the Charity Commission, including public benefit guidance.

## The parish

The parish of Merstham is in the Diocese of Southwark and is within Reigate Deanery. The parish is part of the Merstham and Gatton Team Ministry under the terms of a Pastoral Scheme pursuant to the Pastoral Measure 1983 made by the Church Commissioners on 29 March 2010 and which came into effect on 1 April 2010.

Following the closure of the Church of the Epiphany in January 2015 the parish has only one place of worship: the Parish Church is St Katharine, on Church Hill, Merstham, RH1 3BJ.

Merstham & Gatton Team Ministry is composed of the parishes of Merstham (St Katharine), Gatton (St Andrew), and South Merstham (All Saints). There is a Team Council which has representatives from the three parishes; it meets up to four times per year and reports back to the respective PCCs.

## Team Rector

Revd Mark Pullinger

The Rectory, Battlebridge Lane, Merstham, RH1 3LH.

## Team Vicar

Revd Ben Brown

Appletree House, 16 London Road South, Merstham, RH1 3DT.

## Honorary Curate

Revd Val Williams (*retired from the Team at the beginning of September 2020 – now holds PTO*)

Merstham Lodge, Harps Oak Lane, Merstham, RH1 3AN.

## Readers

Mrs Kirsty Anderson

Mrs Christiana Agwuegbo

## Churchwardens

Mrs Gillian Buchanan

Mr Simon Beirne

## **Achievements and Performance**

### **Worship and prayer**

Within the parish the PCC aims to offer a variety of services during the week and throughout the year to cater for different groups within the community. These range from organised services such as our regular Sunday worship, including Holy Communion, to less formal and less structured meetings such as study groups and prayer meetings. The Parish provides a range of regular and extra festival and seasonal services over the course of the year that our community has found both beneficial and spiritually fulfilling. And regularly provide hospitality for special Team Services.

### **Regular Service Pattern**

The main Sunday service at St Katharine's is Holy Communion at 10.00 a.m. On the first Sunday of each month a service of Holy Communion (BCP) is held at 8.00 a.m., and the 10.00 a.m. service is Morning Worship. In addition, Team Morning Prayer is said each Tuesday at 9.15 a.m. at St Katharine's.

Our monthly Café Church service met twice at Furzefield School, at 11.00 a.m. on the first Sunday of February and March, before the Covid restrictions denied its possibility.

Sunday Club, for junior church members, takes place in St Katharine's Church Room throughout term-time in conjunction with the services there and provides the opportunity for young people to engage in more outgoing activities and worship. The children also participate in arts and crafts, plays, songs and quizzes. This group is led by teams of volunteers, all of whom have up-to-date DBS clearance. The list of volunteers is also updated annually in accordance with the Diocesan policy. General planning for Sunday Club takes place jointly with All Saints. The Team Youth Group, established in 2016, continues at All Saints, South Merstham.

All these activities have been disrupted by shutdowns and church closures during the year caused by the Coronavirus Pandemic. At times when activities were possible, all due caution, social distancing and sanitization were adhered to according to national church and government regulations.

### **Church Festivals**

As noted above, due to the pandemic disruption only a few church festivals and special events were able to be enjoyed across the 2020. These were: Ash Wednesday, Harvest Festival, and a Christingle service held online. It was unfortunate that Passion Week, Good Friday and Easter, as well as Remembrance, Carol, and Christmas services could not be held physically, but celebrated online where possible.

### **Occasional Offices**

During 2020 there were no baptisms, and two weddings were celebrated at St Katharine's church.

Two funeral services were held in the church; and twelve cremations for residents of the parish took place at local Crematoria.

### **Electoral Roll and Church Attendance Report**

In December 2020 there were 41 members on the roll. The Electoral Roll will next be due for revision in April 2021.

### **Pastoral Care**

St Katharine's has a Pastoral Team that maintains awareness of those members of the parish unable to attend services due to sickness or old age, and makes arrangements for visits to look after their spiritual needs and allow them to celebrate communion in their own homes if requested. The Pastoral Team also aims to visit everyone on the electoral roll within a two-year cycle as well as visiting the housebound and those in nursing homes more regularly. The clergy and licensed volunteers also regularly take communion to Nursing and Residential homes within the parish.

The Merstham Estate is an area where there are extensive plans for regeneration, and it is deemed a 'priority area' by Surrey County Council due to levels of deprivation in pockets of the estate.

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The provision of community facilities at the corner of Bletchingley Road and Portland Drive within the estate is now completed, offering a wide range of resources to the community, and amongst the Library and a café houses the Merstham Community Facilities Project. The Team Ministry and the PCC continue to engage with the Council and the diocese with regard to the plans for further development in the area.

The Pastoral Ministry Group meet regularly as it seeks the welfare of parishioners and arranges to visit where needed. It has also benefited from a series of training mornings led by the Team's Southwark Pastoral Auxiliary (SPA), Mrs Sue Clarke.

St Katharine's Church Room is used for various activities, including PCC meetings and after-service coffee on Sundays. The Church Room is also booked by non-church groups, both for occasional events and regular weekly hires. In 2020 use of the Church Room was intermittent due to the pandemic.

The Women's Support Group is now in its twenty-second year and is held every Thursday morning, meeting at All Saints, South Merstham. It is led by a member of the St Katharine's congregation who is an Occupational Therapist by training. This group provides its members with opportunities to discuss personal issues in a confidential and mutually supportive environment and to develop skills such as self-awareness, assertiveness and relaxation techniques.

The St Katharine's Emmaus Group, for fellowship, prayer and study, has been meeting one evening a month since 2000, and is still going strong. Recently they have been reading and discussing books suggested by group members. There is also a group of church members exploring the Christian faith and discipleship.

## Safeguarding Report

The church implements the 'Safe Church' diocesan policy. A copy of the policy is displayed in the church porch and a copy is also kept in the vestry. Regular updates are inserted into the policy and where appropriate members of the PCC are encouraged to attend the Safeguarding and Vulnerable adults training provided by the Diocese. Regular newsletters are shared with PCC and Junior church leaders. All DBS checks are up to date or being renewed. We are grateful for the work of Mr Simon Beirne and Revd Val Williams as Safeguarding officers. Following the retirement of the Revd Val Williams Mrs Maggie Kippen took on the role of Safeguarding Officer.

## Mission and outreach

The Team Ministry endeavours to provide information and communication to parishioners and the general public by several means.

The *Messenger*, the parish magazine for Merstham and Gatton, is produced monthly and distributed by volunteers from the congregation, though for much of the year it was necessary to publish it online. It contains information regarding church-associated events held within the Team Ministry together with general local services and charity/alternative events held within the wider community.

The website for the Team Ministry is at [www.mgtmchurches.org.uk](http://www.mgtmchurches.org.uk) and provides details of church services and activities, as well as information about weddings, marriages and funerals and how to make contact with Parish Staff. During 2020 the website also provided regular devotional and worship resources for use at home during lockdown periods.

Information is also displayed on notice boards at the church and, when possible, St Katharine's church is open daily between about 9.30 a.m. and 4.30 p.m. (though these hours may be reduced during the winter).

Unfortunately, some of our usual and traditional events, especially those which combine fundraising with outreach, such as our regular Quality Street Fair in Quality Street, and St Katharine's Supper in the Church Room, were not able to take place in 2020, again due to the pandemic strictures. As has become the custom, Lent Lunches were held in aid of the Bishop of Southwark's Lent Call – three of these were able to take place before the first lockdown commenced on 18<sup>th</sup> March. Also, a weekly ecumenical prayer meeting has been established at the Community Hub. This is well supported by the Team, and has been held weekly online since the lockdown.

## Ecumenical relationships

The Churches are actively involved in ecumenical activities both as part of the *Churches Together in Merstham* group and usually would hold joint activities such as the Women's World Day of Prayer, Lent Groups and Lent Lunches, Good Friday Walk of Witness, and Carol singing at Christmas. Many of these were not possible in 2020.

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## **Fabric**

Amongst other duties, the PCC is responsible for the maintenance of our buildings, which include the historic church of St Katharine (Merstham Parish Church) and St Katharine's Church Room. The last Quinquennial Inspection was carried out in March 2018 by Thomas Ford & Partners. The architect's conclusion was that the church was well looked after by the PCC and significant repairs had been undertaken in the last ten years.

Although there are a number of repair issues these do not reflect poor care or management on the part of the Parish.

## **The Epiphany site**

The PCC remains grieved to report that there has still been no tangible progress on the sale of the site of our former church: however, some actions have been taken and our Diocesan advisors, who are handling this process, seek to move this forward urgently, and hope for significant progress in 2021.

## **Fundraising events**

Unfortunately, as noted under Mission and Outreach, due to the Coronavirus pandemic none of our usual fundraising events were held in 2020.

## **The Deanery Synod**

The Deanery Synod is the link between the parishes and the Diocese. Merstham Parish is part of Reigate Deanery Synod and is represented there by Alasdair Anderson and John Turner until September 2020, after which Jill Gunn and Judith Hanson were elected as Deanery Synod Representatives. The Synod not only provides a link with the governance structures of the Church of England in the Diocese and nationally but also provides a link for the PCC to raise matters at a Deanery level and potentially higher. Libby Green resigned as a representative on Diocesan Synod during the year.

## **Financial Review**

With three lockdowns during the year because of Covid-19, the church building has been closed for much of the year, though for a short time during the summer a Sunday service was held under the appropriate restrictions. No fundraising events have been possible, meaning that the annual Quality Street Fair had to be cancelled for the first time in almost half a century. Cancellation of most church services resulted in considerably smaller casual offerings, not least because all but two of the weddings booked for the year had to be cancelled or postponed. In addition, because of a ruling by the Church commissioners, the church now receives no financial benefit from funerals taken by the Team clergy. The Church Room also had to be closed for much of the year.

The various effects of Covid-19 resulted in a decrease in income over the previous year of £21,737. Associated expenditure was reduced in some areas (paying organists, heating the church, cleaning) and overall there was a net deficit of £5,078 over the year.

However, investments increased in value after a bumpy start to the year and after taking these into account the net assets increased by £14,400.

During the year we were able to pay our Parish Pledge in full, and we also paid the Pledge payments outstanding from the previous year.

There has still been no financial outcome from the sale of the Epiphany site.

## **Reserves policy**

It is the policy of the PCC to seek to maintain adequate, but not excessive, reserves, to be used for the specific purposes for which they are identified. Cash representing reserves not immediately required is invested with the CBF Church of England Deposit Fund.

## Plans for the future

Since the closure of the Epiphany church (in January 2015) and the subsequent closure of its Church Hall (in July 2015) the plan has been to sell the entire site for development. This is in the hands of the Diocese, and progress remains very slow.

Closely allied to the above, and financially dependent on it, is the plan to build a small extension to the north of St Katharine's church, replacing the existing Victorian vestries. This will contain a meeting room, a small kitchen and toilets, none of which are present in the current church, together with a clergy vestry area. Plans for this are now established and agreed through the DAC and other interested bodies and await execution once funds are available through the sale of the Epiphany.

## Other Information

There have been no transactions between the PCC and related parties (as defined by the Charities Act 2011 and the Charities SORP) nor has the PCC identified any major risks (other than the availability of continued funding, a topic of continued consideration by the PCC) which impact the work of the Church in the parish.

## Structure, governance and management

### Governing Documents

The Governing Documents relating to the operation of the PCC are:

- The Parochial Church Councils (Powers) Measure 1956 as amended
- The Church Representation Rules (contained in Schedule 3 to the Synodical Government Measure 1969 as amended with the 2009 Statutory Instrument and the 2009 update to the Code of Recommended Practice to the Pastoral Measure 1983)

### Membership of the PCC

The Parochial Church Council (PCC) is a corporate body established by the Church of England. Members of the PCC, who are also Trustees for the purposes of charity law, are either elected by the Annual Parochial Church Meeting in strict accordance with the Church Representation Rules or serve as *ex officio* members. The PCC can also exercise its right to co-opt members as it deems fit.

During the year the Council received regular reports on the following topics, amongst other matters:

Finance	Team Council	Fabric and Churchyard
Mission and Outreach projects	Deanery Synod	Safe Church Policy

The PCC usually meets each alternate month. During 2020 this sequence was disrupted.

### PCC membership following the 2020 APCM (*which was delayed and held online*)

*Ex Officio* Members:

Revd P Mark Pullinger	Team Rector
Revd Ben Brown	Team Vicar

Mrs Gill Buchanan	Churchwarden (from April 2015)
Mr Simon Beirne	Churchwarden (from April 2016)
Mrs Jill Gunn	Deanery Synod Representative
Mrs Judith Hanson	Deanery Synod Representative
Mrs Christiana Agwuegbo	Reader
Mrs Kirsty Anderson	Reader

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## Elected members:

Mr Chris Green	(from 2019)
Mrs Libby Green	(from 2020)
Mr Daniel Hopcroft	(from 2018)
Mrs Margaret Kippen	(from 2018)
Mrs Roz Robinson	(co-opted from 2019)
Mr John Turner	(from 2020)

## The following left the PCC during the year:

Revd Val Williams	retired as Hon. Curate in September
Mr Alasdair Anderson	was <i>ex officio</i> as Deanery Synod representative (term expired)
Mrs Tracey Agnew	term expired and did not stand for re-election
Mrs Fiona Exley	term expired and did not stand for re-election
Mr Paul Ryder	resigned from the PCC during the summer

## PCC Secretary

Mrs Ann Beirne  
28 Harestone Hill, Caterham, Surrey, CR3 6DG

## Independent Examiner

Alison Sargent FCA Sargent & Co.  
219 Croydon Road, Caterham, Surrey, CR3 6PH

## Bankers

The Central Board of Finance of the Church of England: Cheapside, London, EC2Y 5AQ  
Charities Aid Foundation  
NatWest Bank Ltd.: Station Road, Redhill, RH1 1QN

## Correspondence

All correspondence should be sent to the PCC Secretary: 28 Harestone Hill, Caterham, Surrey, CR3 6DG

## Registered Charity Number

The Parochial Church Council of the Ecclesiastical Parish of Merstham (Merstham PCC) is a charity registered with the Charity Commission under registration number 1139490.

## Safeguarding Officers

Mrs Margaret Kippen, Mr Simon Beirne

## Standing Committee

The Standing Committee (normally comprising the Rector, churchwardens, treasurer and secretary of the PCC) is the only committee required by law. It exists to transact the business of the PCC between meetings and may construct the agenda for meetings of the PCC.

## Team Council

This was set up at the creation of the Team Ministry. It consists of the clergy, churchwardens and secretaries from across the churches. During 2020 it has not met. Its purpose is to share news and sustain an overview of Team life, help determine what activities may be achieved better across the team (e.g. various training), and support one other particularly in the mission and outreach of the Team churches.

## Other Sub-committees

Other groups are formed on an *ad hoc* basis to address particular needs.



## Statement of Parochial Church Council Responsibilities

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

In preparing those financial statements the Parochial Church Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the church will continue in business.

The Parochial Church Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Church and enables PCC members to ensure that the financial statements comply with regulations made under the Church Accounting Regulations 2006. It is 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.

Approved by the Parochial Church Council and signed on its behalf by

B. B. M. Brown

Revd Ben Brown (Team Vicar)

Simon

Simon Beirne (Churchwarden)

Date. 28/4/21

## Independent Examiner's Report to the members of the PCC of the Parish of Merstham

I report to the members of the Parochial Church Council (PCC), being the charity's trustees, on my examination of the accounts of the charity for the year ended 31 December 2020, which are set out on page 9 to 20.

### Responsibilities and basis of report

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

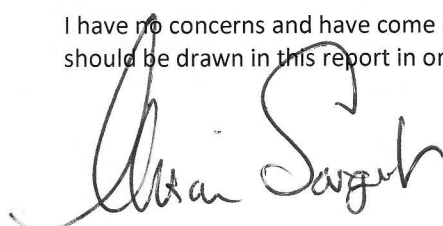
I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

### Independent examiner's statement

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 charity 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.



Alison Sargent FCA  
Sargent & Co  
Chartered Accountants  
219 Croydon Road  
Caterham  
Surrey  
CR3 6PH

Date: April 2021

## Statement of Financial Activities for the year ended 31 December 2020


	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
<b><u>Incoming resources</u></b>						
Voluntary income	2(a)	27,831	1,730	-	29,561	39,012
Activities for generating funds	2(b)	-	-	-	-	7,519
Income from investments	2(c)	4,847	3,630	-	8,478	8,233
Church activities	2(d)	4,388	-	-	4,388	9,399
<b>Total incoming resources</b>		<b>37,066</b>	<b>5,360</b>	<b>-</b>	<b>42,426</b>	<b>64,163</b>
<b><u>Resources expended</u></b>						
Fundraising costs	3(b)	-	-	-	-	2,050
Church activities	3(a)	43,826	2,149	-	45,974	51,353
Governance costs	3(c)	1,530	-	-	1,530	1,590
<b>Total resources expended</b>		<b>45,356</b>	<b>2,149</b>	<b>-</b>	<b>47,504</b>	<b>54,993</b>
<b>Net income before transfers</b>		<b>(8,290)</b>	<b>3,212</b>	<b>-</b>	<b>(5,078)</b>	<b>9,170</b>
Gross transfers between funds		-	-	-	-	-
<b>Net income (expense) and net movement in funds</b>						
<i>before gains and losses on investments</i>		<b>(8,290)</b>	<b>3,212</b>	<b>-</b>	<b>(5,078)</b>	<b>9,170</b>
Net investment gains (losses)	4	894	-	18,588	19,482	44,595
<b>Net movement in funds</b>		<b>(7,396)</b>	<b>3,212</b>	<b>18,588</b>	<b>14,405</b>	<b>53,765</b>
<b><u>Reconciliation of funds</u></b>						
Total funds brought forward		75,902	52,355	269,901	398,158	344,393
Total funds carried forward		68,506	55,567	288,489	412,563	398,158

The notes on pages 11 to 20 form part of these accounts.

## Balance sheet as at 31 December 2020

	Note	Total funds 2020	Total funds 2019
<b><u>Fixed assets</u></b>			
Tangible assets	6	83,640	83,640
Investments			
Mrs Puckle's bequest	7(a)	129,346	120,991
Expendable endowment	7(b)	159,129	148,890
Other	7(c)	13,917	13,028
<b>Total fixed assets</b>		<b>386,031</b>	<b>366,549</b>
<b><u>Current assets</u></b>			
Debtors	8	990	1,196
Cash at bank and in hand		27,100	32,002
		28,090	33,198
<b><u>Liabilities</u></b>			
Creditors			
due in 1 year	9	(1,560)	(1,590)
Net current assets		26,530	31,608
<b>Total net assets</b>		<b>412,561</b>	<b>398,157</b>
<b><u>Parish funds</u></b>			
unrestricted	12	68,507	75,902
restricted	10	55,566	52,354
endowment	11	288,488	269,901
<b>Total funds</b>		<b>412,561</b>	<b>398,157</b>

The accounts were approved by the PCC on 22 April 2021 and signed on behalf of the PCC by

  
 .....  
 Simon Beirne – member of the PCC

24/4/2021  
 .....  
 Date

The notes on pages 11 to 20 form part of these accounts.

## Notes to the accounts for the year ended 31 December 2020

### 1. Accounting Policies

#### (a) Basis of Preparation

The accounts have been prepared under the current Church Accounting Regulations and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) - (Charities SORP (FRS102)) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011.

The accounts have been prepared on a going concern basis on the grounds that no material uncertainties exist and under the historical cost convention modified to include certain items at fair value as stated in the relevant notes to the accounts. The accounts are presented in Sterling and rounded to the nearest £.

The Church constitutes a public benefit entity as defined by FRS102.

#### (b) Income recognition

All income is recognised once the Church has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The income of the Church includes income from Church activities, donations, grants, known legacies and letting income for Church premises.

All incoming resources have been recognised on a receivable basis except for voluntary donations and income from investments which is accounted for when received.

Legacy gifts are recorded on a case by case basis following the granting of probate when the administrator/executor of the estate has communicated in writing both the amount and settlement date.

#### (c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Expenditure is directly attributable to various Church activities and has been included in the relevant cost categories.

Fundraising costs comprise the costs associated with any fundraising event.

#### (d) Tangible Fixed Assets

Epiphany House has been included on the basis of historical cost less the accumulated diminution in value (see note 6 below).

The Church silver has been included at market value based on an independent valuation report in a previous year.

Under the PCC's (Powers) Measure 1956, all PCCs are trustees of income and expenditure but not necessarily of assets, so that any expenditure whether maintenance or improvement, incurred on consecrated or benefice buildings or moveable church fittings, is written off as expenditure during the year.

**(e) Investment Fixed Assets**

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.

**(f) Debtors and creditors receivable/payable within one year**

Debtors and creditors receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**(g) Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid assets with a short-term maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**(h) Realised Gains and Losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale 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.

**(i) Funds**

Permanent endowment funds are funds which have been given to the Parish of Merstham in trust with the restriction that the funds are invested to generate income for specific Church activities.

Expendable endowments are those funds which are mainly to be used as permanent endowments but the capital can also be used for the purposes of the Church in certain circumstances.

Restricted funds relate to income which is made available to the Parish of Merstham for specific purposes and which must be used solely for those purposes. The aim and use of the restricted fund is set out in the notes to the financial statements.

Unrestricted funds relate to the income which is available to meet the general objectives of the Parish of Merstham. General funds are unrestricted funds which are available for use at the discretion of the Members of the PCC in the furtherance of the general objectives of the Church and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the members of the PCC for particular purposes. The aim and use of the designated funds are set out in the notes to the financial statements.

## 2. Incoming Resources

Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
2a					
<b>Voluntary income</b>					
Regular giving					
Gift Aid donations	20,369	1,300		21,669	24,231
Income tax recovered	5,626	225		5,851	6,566
Weekly collections	1,158			1,158	1,648
Grants	-	-		-	-
Donations & legacies	660	175		835	6,313
Sundry income	19	30		49	254
	<u>27,831</u>	<u>1,730</u>	<u>-</u>	<u>29,561</u>	<u>39,012</u>
2b					
<b>Activities for generating funds</b>					
Quality Street Fair	-	-		-	7,444
Other (parish) fundraising	-			-	75
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,519</u>
2c					
<b>Income from investments</b>					
UK dividends and investment	4,847	3,630		8,478	8,233
2d					
<b>Income from church activities</b>					
Church Room/Hall lets	1,490			1,490	4,205
Parish magazine	300			300	512
Fees for services	2,598	-		2,598	4,682
	<u>4,388</u>	<u>-</u>	<u>-</u>	<u>4,388</u>	<u>9,399</u>
<b>Total incoming resources</b>	<b>37,066</b>	<b>5,360</b>	<b>-</b>	<b>42,426</b>	<b>64,163</b>

## 3. Resources Expended

Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
<b>3(a) Church activities</b>					
Diocesan Parish Share	33,167	-	-	33,167	30,833
Reigate Deanery	-	-	-	-	47
Other ministry costs	226	-	-	226	137
Grants and donations	-	-	-	-	2,294
Church running & maintenance	7,256	2,136	-	9,392	9,374
Church Room & Hall costs	947	-	-	947	1,593
Music & Organists	717	-	-	717	2,281
Junior Church / Sunday Club	-	-	-	-	-
Parish magazine costs	132	-	-	132	684
Churchyard upkeep	9	12	-	21	1,403
Cost of services	1,091	-	-	1,091	2,385
Mission Fund	-	-	-	-	-
Sundry expenses	281	-	-	281	322
	<u>43,826</u>	<u>2,149</u>	<u>-</u>	<u>45,974</u>	<u>51,353</u>
<b>3(b) Costs of generating funds</b>					
Fundraising events	-	-	-	-	2,050
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,050</u>
<b>3(c) Governance costs</b>					
Accountancy fees -					
Independent Examination	1,530	-	-	1,530	1,590
	<u>1,530</u>	<u>-</u>	<u>-</u>	<u>1,530</u>	<u>1,590</u>
<b>Total resources expended</b>	<u>45,356</u>	<u>2,149</u>	<u>-</u>	<u>47,504</u>	<u>54,993</u>



## 4. Gains (losses) on Investment assets

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
Diminution in value of Epiphany House	-	-	-	-	-
Realised gain (loss) on sale of investments	-	-	-	-	-
Profit (loss) on revaluation of Permanent Endowment	-	-	8,355	8,355	19,082
Profit (loss) on revaluation of investments	894	-	10,234	11,128	25,513
<b>Total gains (losses) on investment assets</b>	<b>894</b>	<b>-</b>	<b>18,588</b>	<b>19,482</b>	<b>44,595</b>

## 5. Staff costs

	2020	2019
(a) Wages and salaries		
Wages paid to 1 individual (cleaner)	222	500

No payments to staff were large enough to warrant Social Security costs. The salary, pension and housing costs of Stipendiary Clergy are paid by the Diocese from the Diocesan Parish share, which is included in total resources expended on Church activities (see note 3 (a)).

### (b) payments to PCC Members

During the year payments totalling £36 (2019 – £523) (for printing the Parish Magazine) plus £7 (2019 – £181) (for sundry printing and stationery and other expenses) were made to Chris Green.

No other payments were made to other PCC Members other than the reimbursement of agreed expenditure, all of which are included in the accounts.

The PCC members neither received nor waived any remuneration during the year (2019 - nil) for their services as trustees.

## 6. Tangible Fixed Assets

<b>Cost</b>	<b>Freehold properties</b>	<b>Silverware</b>	<b>Total</b>
As at 1 January 2020	151,000	24,750	175,750
<b>Diminution in value</b>			
At 1 January 2020	92,110	-	92,110
Diminution in value during the year	-	-	-
At 31 December 2020	92,110	-	92,110
<b>Net Book Value</b>			
At 31 December 2020	58,890	24,750	83,640
At 31 December 2019	58,890	24,750	83,640

Under an agreement dated 1995, 2% of the assumed value of Epiphany House passed annually from the Parish to the Diocese. Following the closure of the site the Diocese stated that this diminution in value would no longer apply from January 2015. The figures above reflect this position in terms of cost. No formal valuation has been obtained for this site as the cost of a professional valuation would outweigh the benefit to the users of the accounts.

The Parish owns several items of historic silver which were valued in November 2007 at £24,750. The members of the PCC are not aware of any material changes to this valuation.

In addition to the above the Parish of Merstham has the site of the Epiphany Church which was given to the Parish more than 60 years ago. No formal valuation has been obtained for this site as the cost of a professional valuation would outweigh the benefit to the users of the accounts and a valid comparison with other properties cannot be made.

## 7. Fixed Assets Investments

<b>(a) Mrs Puckle's bequest</b>	<b>2020</b>	<b>2019</b>
CBF Investment Fund shares		
Market value at start of year	120,991	101,909
Unrealised investment gain / (loss)	<u>8,355</u>	<u>19,082</u>
Market value at end of year	<u>129,346</u>	<u>120,991</u>
The historic cost of the listed investment was	46,375	46,375
<i>Dividends from this fund are paid into the Fabric Fund (a Restricted fund)</i>		
<b>(b) Expendable endowment investment</b>		
CBF Investment Fund income shares		
Market value at start of year	148,890	125,429
Additions	-	-
Disposals	-	-
Unrealised investment gain / (loss)	<u>10,239</u>	<u>23,461</u>
Market value at end of year	<u>159,129</u>	<u>148,890</u>
The historic cost of this investment was	67,897	67,897
<i>Dividends from this fund are paid into the General Fund (an Unrestricted fund)</i>		
<b>(c) Other investments</b>		
Listed investments - UK		
Market value at start of year	19	17
Unrealised investment gain / (loss)	<u>(6)</u>	<u>2</u>
Market value at end of year	<u>13</u>	<u>19</u>
<i>This investment refers to Royal Bank of Scotland shares received as a donation</i>		
CBF Investment Fund income shares		
Market value at start of year	13,009	10,959
Additions	-	-
Disposals	-	-
Unrealised investment gain (loss)	<u>894</u>	<u>2,050</u>
Market value at end of year	<u>13,903</u>	<u>13,009</u>
The historic cost of this investment was	10,000	10,000

## 8. Debtors

Debtors	2020	2019
<b>Due within one year</b>		
Tax recoverable (unrestricted)	950	1,196
Tax recoverable (restricted)	40	-
Other debtors	-	-
<b>Total debtors</b>	<b>990</b>	<b>1,196</b>

## 9. Creditors

Creditors	2020	2019
<b>Amounts falling due within one year</b>		
Accruals for utilities and other costs	-	-
Other creditors <i>Sargent &amp; Co</i>	1,560	1,590
	-	-
<b>Total creditors</b>	<b>1,560</b>	<b>1,590</b>

## 10. Restricted Funds

The restricted funds of the Parish of Merstham consist of funds received from specific fundraising ventures and revaluing assets of the company.

	Balance at 1 January 2020	Incoming resources	Expenditure	Transfers	Balance at 31 December 2020
Fabric Fund	2,435	5,360	1,230	-	6,566
Silverware	24,750	-	-	-	24,750
Organ Fund	19,991	-	919	-	19,072
Mission Fund	5,178	-	-	-	5,178
	<b>52,354</b>	<b>5,360</b>	<b>2,149</b>	<b>-</b>	<b>55,566</b>

The Fabric Fund was originally set up for the long-term repair of St Katharine's and its graveyard. Income is generated from some donations and also from the permanent endowment.

The Organ Fund is a restricted fund to be used solely for the renovation and maintenance of the organ in St Katharine's Church.

The Mission Fund is a restricted fund for promoting the mission of the Church within the Parish of Merstham.

## 11. Endowment Fund

	Balance at 1 January 2020	Incoming resources	Expenditure	Transfers or gains /(losses)	Balance at 31 December 2020
Mrs Puckle's bequest	120,991			8,355	129,346
Expendable Endowment	148,890	-		10,239	159,129
Other	19			(6)	13
	<u>269,900</u>	<u>-</u>	<u>-</u>	<u>18,588</u>	<u>288,488</u>

The Endowment Funds of the Parish of Merstham consist of both permanent endowment funds and expendable endowment funds and consist of the following:

Mrs Puckle's Bequest is a permanent endowment. This gifted trust fund is managed by the Diocesan Trust. Although the PCC has no authority to realise this investment the income from it is available to the Fabric Fund.

The expendable endowment was originally created from the sale of the verger's cottage, which belonged to the PCC. The funds from the sale of the verger's cottage, together with a donation, were used to purchase a freehold property in Mansfield Drive, Merstham. This property was subsequently sold in 2004. The PCC have the authority to use the expendable endowment and investment income for Church running expenses, fabric expenditure and expenditure related to the Mission.

The other fund is a block of Royal Bank of Scotland shares received as a donation. The shares are held by the Diocese but the income, which is unrestricted and undesignated, comes to the Parish.

## 12. Unrestricted Fund

	Balance at 1 January 2020	Incoming resources	Expenditure	Transfers or gains /(losses)	Balance at 31 December 2020
General funds	75,902	37,066	45,356	894	68,506
Designated funds	-	-	-	-	-
	<u>75,902</u>	<u>37,066</u>	<u>45,356</u>	<u>894</u>	<u>68,506</u>

There are no designated funds at the present time.

## 13. Analysis of Net Assets between Funds

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020
Tangible fixed assets	58,890	24,750	-	83,640
Investment fixed assets	-	13,903	288,488	302,391
Net current assets	<u>9,617</u>	<u>16,913</u>	<u>-</u>	<u>26,529</u>
	<b><u>68,507</u></b>	<b><u>55,566</u></b>	<b><u>288,488</u></b>	<b><u>412,561</u></b>

## 14. Post Balance Sheet Events

It remains the intention of the Parish to sell the former Epiphany site for redevelopment, but this matter is entirely under the control of the Diocese. At the end of the year the sale of the site had been agreed, and planning consent had been obtained, but the sale had still not been completed.

## 15. Related parties

There were no related party transactions between any PCC member or other person related to the charity and the charity other than donations being made without condition (and these were not material).