

**GRACE CHURCH MILTON KEYNES**

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021

Charity number: 1107588

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The Trustees present their annual report and the financial statements of the church for the period ended 31<sup>st</sup> March 2021

## REFERENCE AND ADMINISTRATIVE INFORMATION

Registered charity name:	Grace Church Milton Keynes
Charity registration number:	1107588
Principal office:	Church Office Office 5 11 Winchester Circle Kingston Milton Keynes MK10 0BA
Governing Documents	CIO Foundation Registered 01 May 2014
Trustees:	James Alastair Davies (Chair) Timothy John Gannon Leisl Hunter Donna May Kapaya Jonathan Mark Kempster David Leslie Wyatt
Independent Examiner:	Mervyn Thomas 128 Putnoe Lane Bedford, MK41 8LS
Principal Bankers:	CAF Bank Ltd.
Solicitors:	Roger Snowden

## CHARITY STATUS

The Church is a charitable incorporated organisation (CIO) registered in 2014 becoming operational in 2019 with funds transferred from the previously registered trust.

## AIMS AND PURPOSE

The CIO is established to:

- Advance the Christian Faith, the preaching and proclamation of the Christian gospel and the teaching of Christian doctrine and principles and the pastoral care of Christian people.
- Relieve people who are in conditions of need, financial hardship or who are aged or sick.
- Advance education, both general and vocational, but always on the basis of Christian principles. The Church's policy remains that of pursuing those objectives in an unrestricted manner.

As a church we are seeking to live our lives the way God intended. Simply put, our vision is to:

Love God, Love People and Love Life.

Grace Church operates primarily but not exclusively in Milton Keynes, Buckinghamshire and employs one full-time pastor, one full-time evangelism and outreach worker and one part-time Administrator. The staff are supported by the Trustees (in their capacity as church leaders) and many volunteers who carry out pastoral work, communication of the gospel, work with children and young people, the elderly, those in need, finance, administration and other related activities. The Trustees meet on a quarterly basis.

## **REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

The number of people attending Sunday services has fluctuated throughout the year due to the impact of the COVID-19 Pandemic. We have successfully maintained a balanced offering of services and support to our members and to the wider community in Milton Keynes despite requirements throughout the year to pause physical meetings and to deploy social distancing.

The Trustees and the Eldership team are committed to enabling as many people as possible to worship at Grace Church and to benefit from all its ministries and activities provided by the church. When planning our activities for the year, the Trustees and Eldership team have taken on board the Commission's guidance on public benefit and, in particular, the guidance given on charities for the advancement of religion.

The church continues to be part of a family of churches, New Frontiers, and a specific 'sphere' known as 'Catalyst' to ensure best practice is followed in all areas of church life. We have maintained our links with 'Woodside Church' in Bedford for friendship, input and accountability.

There were no serious incidents to report in this reporting period. Some highlights from the year are given below.

### **April 2020**

COVID-19 Lockdown began and following Government announcements that we were unable to gather physically together for meetings we successfully pivoted to an online service, initially providing an email with video links to recorded service segments.

### **May 2020**

We developed our service offering through utilising an online church platform which enabled us to stream a recorded service while facilitating live text chat interactions between those attending the service.

We donated funds to support local charity MK Money Lifeline to support the setting up of a free signposting phone service for those in the area in need of support. We also donated funds to a Catalyst COVID-19 crisis fund to support churches in West Africa as well as others struggling with poverty exacerbated by the societal impact of COVID-19.

We created a dedicated 'Hardship Fund' with associated process and governance in order to support people in Grace Church and people in Milton Keynes of whom we became aware were in need of critical financial help.

Throughout this period, to support people's spiritual, emotional and mental health and well-being, we created new online groups such as 'Emotionally Healthy Spirituality', games nights and Zoom drop-ins to guard against social isolation.

### **June 2020**

We started a new online prayer course in order to support people grow and develop in their prayer lives.

### **July 2020**

The Grace Church website (<https://gracechurchmiltonkeynes.org/>) was rebranded and relaunched to be an optimised, more effective resource.

Our part-time pastor, Jonathan Kempster, handed in his notice after a significant and greatly appreciated period of service.

#### **September 2020**

We launched new 'Life Groups' as a means of practically supporting every church member as they live out their faith and a means of developing deeper community and embodying one of our core values of 'Family'.

#### **October 2020**

Jonathan Kempster's employment with Grace Church came to an end.

#### **December 2020**

We started a new online prayer course in order to support people grow and develop in their prayer lives

We successfully celebrated Christmas through a creative offering of online services, including our 'Christmas Kindness Adventure'.

Through a Christmas offering, we donated funds to MK Money Lifeline, The Winter Night Shelter and City of Truth Church in Liberia.

#### **January 2021**

We started two new online Alpha courses.

### **FINANCIAL REVIEW**

#### **Income generation**

The church's total income for the year was £112,820 (2020: £106,452) which was generated through the voluntary giving of church members. We also received £4,768 into a restricted hardship fund to help people in need.

#### **Expenditures**

Total expenditures were £120,508 (2020: £119,769). We benefited from the generosity of our venue provider who declined to charge us rent during the period of Government restrictions in which we are unable to meet physically.

#### **Funds**

Overall funds are £144,879 (2020: £143,701). However, the Trustees have designated £100,000 from the general fund to the Designated Future Building Fund in line with our reserves policy which follows. The designated fund is now £108,260 (2020 £8,260)

#### **Reserves policy**

The church holds unrestricted and restricted funds. Transfers are made from unrestricted to restricted funds in order to prevent restricted funds from going into deficit. Our overall policy for unrestricted funds is only to increase reserves above a minimum threshold necessary to operate the organisation (not more than 3 months expenditure) or where specific projects are being planned for subsequent years.

### **TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain transactions and disclose with reasonable accuracy at any time the financial position of the trust and to

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enable them to ensure that the financial statements conform to the charities SORP. They are also responsible for safeguarding the assets of the CIO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE TRUSTEES

James Davies as Chair on behalf of the Trustees

17/12/21

## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF GRACE CHURCH**

on the accounts for the year to 31<sup>st</sup> March 2021 as set out on pages 8–14 in this document

### **Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed.

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

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act, and to state whether particular matters have come to my attention.

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

In connection with my examination, no matter has come to my attention which gives me reasonable cause to believe that in, any material respect, the requirements:

- 1) to keep accounting records in accordance with section 130 of the Charities Act; and to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act have not been met; or
- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:



Mervyn Thomas  
128 Putnoe Lane  
Bedford MK41 8LS

Dated: 26/05/2021

## STATEMENT OF FINANCIAL ACTIVITIES

For the accounting period 1st April 2020 to 31st March 2021

	Notes	Unrestricted Funds £	Restricted Fund £	Designated Funds £	Total Funds 2021 £	Total Funds 2020 £
<b>Incoming Resources</b>	3					
Voluntary income		112,820	4,768	-	117,588	106,452
Government Grants		4,000			4,000	3,000
Charitable activities		98	-		98	111
<b>Total Incoming Resources</b>		<b>116,918</b>	<b>4,768</b>	<b>-</b>	<b>121,686</b>	<b>109,563</b>
<b>Resources Expended</b>	4					
Raising funds		3,549			3,549	4,237
Charitable activities		114,268	2,691	-	116,959	115,532
Total Charitable Resources Expended		<b>117,817</b>	<b>2,691</b>	<b>-</b>	<b>120,508</b>	<b>119,769</b>
<b>Net income/(expenditure)</b>		<b>(899)</b>	<b>2,077</b>	<b>-</b>	<b>1,178</b>	<b>(10,206)</b>
Transfers between funds		(100,000)		100,000	-	-
<b>Net movement in funds</b>		<b>(100,899)</b>	<b>2,077</b>	<b>100,000</b>	<b>1,178</b>	<b>(10,206)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		133,156	2,285	8,260	143,701	153,907
Total funds carried forward		32,257	4,362	108,260	144,879	<b>143,701</b>

## BALANCE SHEET

At 31st March 2021

	Notes	Unrestricted Funds	Restricted Fund	Designated Funds	Total Funds 2021	Total Funds 2020
		£	£	£	£	£
<b>Current assets</b>						
Debtors (less than 1 year)	5	2,696			2,696	1,646
Debtors (New Life Church)					-	6,807
Cash at bank and in hand		31,395	4,362	108,260	144,017	137,713
<b>Total current assets</b>		<b>34,091</b>	<b>4,362</b>	<b>108,260</b>	<b>146,713</b>	<b>137,713</b>
<b>Short Term Liabilities</b>	6	<b>(1,834)</b>	-	-	<b>(1,834)</b>	<b>(2,465)</b>
<b>Total assets less liabilities</b>		<b>32,257</b>	<b>4,362</b>	<b>108,260</b>	<b>144,879</b>	<b>135,248</b>
<b>Charity Funds</b>	7					
Unrestricted funds		32,257			32,257	135,141
Restricted Funds			4,362		4,362	300
Endowment Fund				108,260	108,260	8,260
<b>Total funds</b>		<b>32,257</b>	<b>4,362</b>	<b>108,260</b>	<b>144,879</b>	<b>143,701</b>

### Signed on behalf of the trustees:

James Davies as Chair on behalf of the trustees

Dated: 10 June 2021

The notes on pages 10 to 14 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION

#### 1.1 Basis of accounting

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The accounts have been prepared in accordance with:

the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and with the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

#### 1.2 Going concern

The Charity is a going concern. Income generation through members' donations is maintaining adequate reserves and restrictive funds are adequate.

#### 1.3 Change of accounting policy

The accounts present a true and fair view and the accounting policies adopted are those outlined in note 2.

#### 1.4 Changes to accounting estimates

No changes to accounting estimates have occurred in the reporting period (3.46 FRS 102 SORP).

### 2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognized at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and with the Charities Act 2011.

#### 2.2 Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the church. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal. Transfers are made from unrestricted to restricted funds as necessary to prevent restricted funds from going into deficit. Transfers are made from unrestricted to designated funds in accordance with the Churches strategy and reserves policy.

#### 2.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the church becomes entitled to the income and it is more likely than not that it will receive the resources and the amount can be quantified with reasonable accuracy. Voluntary income is received by way of donations and gifts and is included in full in the SoFA when receivable. Grants are included in the SoFA when the general income recognition criteria above are met and in the case of performance-related grants income is recognized to the extent that the specified goods or services have been provided. Donated services and facilities are included at the value to the church where this can be measured reliably. The value of services provided by volunteers has not been included in these accounts. Investment income is included when received.

#### 2.4 Resources expended

Expenditure is recognized on an accrual basis as a liability is incurred. Expenditure includes any VAT that cannot be recovered, which is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the church (as a charitable company) and include the audit fees and costs linked to the church's legal constitution.

## 2.6 Pension costs

Employees of the church are entitled to join a defined contribution pension scheme. The church contribution is limited to the contributions disclosed in note 3.

## 2.7 Debtors

Debtors (including trade debtors and loans receivable) are measured on initial recognition at settlement amount after any trade discounts or amount advanced by the charity. Subsequently, they are measured at the cash or other consideration expected to be received.

## 2.8 Creditors

Creditors (including accruals) are recognized when due at the balance sheet date.

## 3. ANALYSIS OF INCOME

	Unrestricted	Restricted	Designated	Total Funds	Total Funds
	Funds	Funds	Fund	2021	2020
	£	£	£	£	£
<b>Voluntary Income</b>					
Donations	95,629	2,939	-	98,568	88,111
Gift Aid	17,191	-	-	17,191	18,341
Salary Adjustment		1,829	-	1,829	-
<b>Total Voluntary Income</b>	<b>112,820</b>	<b>4,768</b>	<b>-</b>	<b>117,588</b>	<b>106,452</b>
<b>Activities for generating funds</b>					
HMRC Employment Allowance	4,000	-	-	4,000	3,000
<b>Total Activities for generating Funds</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>3,000</b>
<b>Charitable Activities</b>					
Interest	98	-		98	111
<b>Grand Total Incoming Resources</b>	<b>116,918</b>	<b>4,768</b>	<b>-</b>	<b>121,686</b>	<b>109,563</b>

### 3. 1 ANALYSIS OF INCOME Accounting Change disclosure.

The practice of offsetting income against expenditure accounts has been discontinued in 2021

## 4 ANALYSIS OF EXPENDITURE

	Unrestricted	Restricted	Designated	Total Funds	Total Funds
	Funds	Funds	Fund	2021	2020
	£	£	£	£	£
Expenditure on raising funds					
Website and Publicity	3,549			3,549	4,327

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<b>Total expenditure on raising funds</b>	<b>3,549</b>			<b>3,549</b>	<b>4,237</b>
<b>Expenditure on Charitable Activities</b>					
Employee Salaries	65,675			65,675	69,726
Employer's National Insurance	7,881			7,881	6,108
Pension Contributions	6,527			6,527	
Salary Adjustment	1,829			1,829	
Expenses	-			-	886
Visiting Speakers	-			-	400
Training and Discipleship	190			190	939
<b>Total Staff Costs</b>	<b>82,102</b>	<b>-</b>	<b>-</b>	<b>82,102</b>	<b>78,059</b>
Venue Hire	-			-	14,041
Meeting Expenses	642			642	639
Music License	743			743	661
Office	4,880			4,880	4,167
Office Services and Supplies	922			922	1,612
Safeguarding	162			162	136
Legal and professional	585			585	650
Equipment	1,381			1,381	684
<b>Total Establishment Costs</b>	<b>9,315</b>	<b>-</b>	<b>-</b>	<b>9,315</b>	<b>22,590</b>
Children	-			-	250
Youth	-			-	1,237
Evangelism	1,463	240		1,703	2,042
Meeting Expenses	868			868	3,179
Resources	164			164	80
Hardship Support	1,577	292		1,869	29
Debt Advice	9,999			9,999	5,602
<b>Total Ministry Costs</b>	<b>14,071</b>	<b>532</b>		<b>14,603</b>	<b>12,419</b>
International	-	789	-	789	
To other charities	8,780	1,370		10,150	2,464
<b>Total Donations</b>	<b>8,780</b>	<b>2,159</b>	<b>-</b>	<b>10,939</b>	<b>2,464</b>
<b>TOTAL EXPENDITURE</b>	<b>117,817</b>	<b>2,691</b>	<b>-</b>	<b>120,508</b>	<b>119,769</b>

#### 4.1 Staff

The number of paid employees is 3 (Previous year 4)

## 4.2

## Trustees

## Disclosures

Mr T Gannon, a Trustee, receives remuneration as Pastor of the Church including pension. His salary is set by a remuneration committee composed of unremunerated trustees.

No other trustee or persons related to trustees are employed.

No trustee has received expenses in connection with trustee-related matters.

## 5 DEBTORS AND PREPAYMENTS

	2021	2020
	£	£
Prepayments re Newday	2,696	1,646

## 6 CREDITORS AND ACCRUALS

	2020	2019
	£	£
Short term creditors and accruals	1,834	2,465

## 7. CHARITY FUNDS

### Details of All Funds with movements during the reporting period 2020-2021

	Brought Forward	Income	Expenditure	Transfers	Carried Forward
<b>Unrestricted General Fund</b>	<b>135,141</b>	117,418	(116,240)	(100,000)	<b>36,319</b>
<b>Restricted Funds</b>					-
Hardship Fund		1,829	(1,829)		-
Evangelism	-	240	(240)		-
Christmas Offering	-	1,097	(1,097)		-
Foreign Mission		789	(789)		-
Other Charities	300	313	(313)		<b>300</b>
<b>Total Restricted Funds</b>	<b>300</b>	<b>4,268</b>	<b>(4,268)</b>	-	<b>300</b>
<b>Designated Fund</b>	<b>8,260</b>	-	-	100,000	<b>108,260</b>
<b>Total Funds</b>	<b>143,701</b>	<b>121,686</b>	<b>(120,508)</b>	-	<b>144,879</b>

### 7.1 Fund Transfers

Amount £100,000	From Unrestricted	To Designated	Comment Building Fund
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