

BARNWOOD PAROCHIAL CHURCH COUNCIL
ANNUAL FINANCIAL REPORT AND NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2021

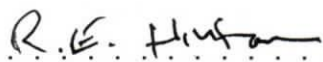
Basis of Accounts

The accounts for the PCC of St Lawrence Church in the parish of Barnwood have been prepared on a "Receipts and Payments" basis using the "Cash Book" accounting program provided by the Gloucester Diocesan Board of Finance for this purpose. The Version Number is V5.2 - 2 issued December 2015.

The final accounts have been independently examined by Mr Andrew Matson.

These accounts and their examination are, to the best of the PCC's knowledge, compliant with the requirements of the Charities Act 1993 and those of the Statement of Recommended Practice (SORP), 2005 revisions.

Robert Hinton



(Treasurer)

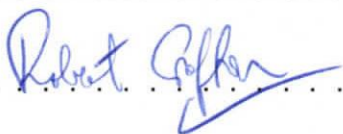
Andrew Matson

 27.02.22

(Independent Examiner)

Approved by members of the Parochial Church Council and signed on their behalf by:

Rob Crofton



(Vicar)

Margaret Seyers



(Church Warden)

DATE:

30/3/22

1. 2021 - Overview

The PCC started the year with total cash and investment assets of nearly **£105,000** following a substantial overall loss in 2020 of around **£19,000**.

By the end of 2021 it had a significant deficit between income and expenditure of just over **£8,000**.

This deficit was adequately financed by a growth in capital assets of nearly **£13,000**.

The net effect was an increase in the PCC's total cash and investment funds by almost **£5,000** at the end of 2021 to near **£110,000**.

It was helped in its endeavours by some significant upsides compared to 2020, including a reduction in Parish Share, two legacies, additional hall lettings, additional Gift Aid tax recovery and a sponsored fund-raising event.

There were some downsides too, mainly as overall giving decreased with a much poorer response to the Gift Day request.

The PCC paid its full Parish Share due of over **£55,000** following an agreed **£9,000** subsidy from a fund known as the Diocesan Stipends Fund. We then overpaid our Parish Share by an additional **£1,000** near the end of the year as the likely outturn of its finances became clearer. This reduced the level of this subsidy to **£8,000** in response to the Deanery's request to assist other local churches still struggling with their finances more than ourselves.

The PCC continued to pay its four members of staff at rates comparable with other organisations and in-line with government policy on the "Living Wage". We also made **£800** of payments to staff who could not meet their contracted working hours due to Covid. We were grateful to Robin Jones for agreeing to work outside of his contract (i.e. leading the choir and playing the organ) and took up making video recordings of services for streaming via our website.

The PCC was also able to renew its annual grant to Barnwood School in 2021 of **£2,000** which had been interrupted in 2020 due to the large net deficit referred to above.

In conclusion, the PCC's finances have survived the Covid-related difficulties of 2021 by dint of generous donations, bequests and fund-raising together with large growth in the value of its assets and a reduction by the Diocese in its Parish Share. Total assets actually grew by nearly **£5,000**.

We enter 2022 with optimism and in the knowledge that the PCC has enough funds available in its reserves to meet the likely budget forecast deficit of **£19,000** for 2022 without breaching its self-imposed minimum level of reserves of **£50,000** and in the hope that the financial climate will improve further as Covid restrictions lift.

2. Notes to the Accounts – Receipts and Payments

Table 1 shows the breakdown of virtually all cash that passed through the PCC's Receipts and Payments Accounts in 2021. These notes are aimed at providing some explanation of how they arose and why they are different from 2020.

- a) **Referring back to 2020** - the first year of Covid, see the final column of figures on the RHS of the table. Here you will recall that the PCC's income dropped to an all-time low of **£77,373** with a much smaller reduction in expenditure of **£102,767**. It was partially compensated by an increase in the value of our investment portfolio by **£6,244** but the net deficit of the PCC's total assets was still **£19,150** with a final balance of **£104,989** to carry forward into 2021.

Now returning to 2021 and compared to 2020, the PCC had the benefits of:

- b) **Reduced Parish Share - £56,238** – reduced by £8,000 - thanks to support from the Diocesan Stipends Fund.
- c) **Two legacies**
- **Fannie Storr - £2,000** - it is hoped to designate this cash for some special purchase in the future but, for the moment, it is being used to finance day-to-day church activities.
 - **Juliet Bond - £5,163** - a further legacy from one of the beneficiaries of the late Juliet Bond's estate, who subsequently died and kindly passed their legacy from Juliet of **A\$10,000** to the PCC, equating to the sum above at the prevailing exchange rate.
- d) **Annual Fete and Events £4,353 - up from £154** primarily comprised two items:
- **Sponsored Bird watch** - Andy Langley raised nearly £2,440 net of Gift Aid for church funds, mainly by donations from church Members, and with the assistance of his employer, Ecclesiastical Insurance Group (EIG), which doubled the collection by £1,865 from the majority of the donations it received. A further £1,400 was donated, via the PCC, to A Rocha's Eco Church project.
 - **Coffee morning** - there was also a good response to this event, just prior to Christmas, which raised £340 excluding Gift Aid.
- e) **Gain on Investment Assets - £12,465 up from £6,244** - The PCC's invested reserves grew significantly (by 14%) in capital value on an opening balance of **£92,834** following the good performance of the majority of our funds held by the PCC using the Churches, Charities and Local Authorities (CCLA) fund managers.
- f) **Income tax recovery - £11,972, up from £8,573** - primarily due to shorter turn-around times of claims to HMRC and the hangover of claims from 2020, including its Gift Day.
- g) **Hall lettings - £8,540 – up from £5,687** – lettings started to pick up; this is encouraging but it is still around half of the pre-Covid levels of 2019.

However, there were some decreases in income or increases in expenditure to partially balance these upsides:

- h) **Planned giving and Collections, donations & other giving - £45,751 – down from £52,403** – this was mainly due to a much reduced response to the Gift Day campaign which was down about £3,500 from 2020 and also to the reduced number of services, smaller plate collections, the departure or death of some parishioners and changes in donations by others.
- i) **Donations/grants to charities – £3,828, up from £555**, this is good news for the recipient charities as the PCC was able to:

- Restore its usual grant to the Barnwood School Governors' fund of **£2,000**
- Donate **£1,400** of Sponsored Bird Watch funds to the A Rocha – Ecochurch as mentioned in (d) above.
- Make further smaller donations of restricted funds arising from the Long Table, Christian Aid and Children's Society appeals.

3. Notes to the Accounts – Balances and Assets

Table 2 shows the cash and investments held by the PCC at the beginning and end of the year together with their respective gains and losses. Here are the main points:

- Total Assets valuation** – the year opened with a total asset and cash accounts valuation of **£104,989**. All income, including all receipts, dividends and interest together with capital growth totalled **£111,601** which more than offset all payments out of **£94,744**, and the total asset valuation at the end of the year was **£109,381**, a net increase of **£4,392**. We take this total asset valuation forward to commence 2022.
- Reserve Fund** – this fund was virtually all spent in 2020 to survive the first year of Covid 19. There now seems little hope of replenishing it for the foreseeable future and the PCC is using the Music Fund to top-up shortfalls. It is likely this minor residual balance of **£100** will be cashed in and the fund closed in 2022.
- Warren Fund - £238** was drawn down from this fund to finance the final bill for the architect's fees to repair the South door. This fund is restricted to the upkeep, maintenance and repair of the church and churchyard. The balance is **£4,895**. As an interest-bearing cash fund with very low returns, **£1,800** has been ear-marked by the PCC for the costs of installing WiFi in the church early in 2022. It had originally been ear-marked to fund the South door repairs, but priority is now being given to the WiFi project.
- Music Fund** - all dividends totalling **£1,840** were withdrawn from the Music Fund to pay for the majority of the church's music costs (mainly the Director of Music's stipend). A further **£9,000** was withdrawn and redesignated for general use to meet the shortfall between income and expenditure across-the-board. We were fortunate that the assets value of this fund grew by just over £9,000 so the balance at the end of the year was marginally higher than the opening balance.
- Investments Assets** – with the exception of the Music Fund, the PCC only spent the interest and dividends arising from its investment portfolio. Using the Churchyard fund as an example, with a beginning-of-year valuation of **£21,530** and total dividend returns and capital growth of **£3,722**, its total returns were around 17%.

4. Additional Points to Note

- Energy usage** – The PCC changed energy suppliers early in the year to Ecotricity which provides carbon-free electricity and carbon-offset gas. It plans to move to carbon-free gas in the future, but such gas-producing plants are in their early stages of development. It is more expensive than non-green suppliers but lowering the carbon footprint of the church is seen as a key priority and the PCC's take-up of three-year contracts has protected us

from the current energy price increases until the end of 2023. Total energy used through the year was very similar to the much-lower figures of 2020 as follows:

Comparative Energy Usage across three consecutive years (kWh)			
	2021	2020	2019
Church Gas	11,300	14,600	22,600
Centre Gas	15,000	18,500	30,000
Church Power	900	750	1,850
Centre Power	3,300	3,200	4,900

- b) **Solar Panels** – these produced 3,365 kWh of generation in 2021 and a corresponding income of £1,948. It reduced the residual of our loan from the Diocese to £2,219 after the accrual of £65 of interest. At this rate of income the loan should be paid off during the first few months of 2023. After that the PCC should benefit by around £2,000 of income pa for the remaining 13 years of the contract (2036) at no cost to the PCC unless the installation requires any maintenance. To date it has had none except for a faulty connection in its first year of operation which was covered by the installer's guarantee.
- c) **Installation of WiFi in the Church** – the PCC has accepted quotes totalling £1,800 for the installation of three WiFi aerials in the church to give it full 4G signal coverage (including the bell tower). It comprises digging a trench to accommodate a hard-wired link between the Parish Office and the Vestry. A Faculty application has been made to the Diocese and approval has just been granted. It is anticipated that the installation will start in early February.
- d) **Planned Giving** – the majority of cash donated to the church came via the Parish Giving Scheme run centrally by the Diocese of Gloucester. Here is the pattern of planned giving via the various methods of giving:

Method of Giving	No. of Givers	Cash raised (ex Gift Aid)
Parish Giving Scheme and Employee Giving scheme	30	£24,862
Standing Orders	9	£10,288
Gift Aid envelopes in church	5	£261

- e) **Easy Fund Raising** – this is a giving technology whereby the PCC receives a small percentage of an individual's on-line card-based expenditure which was introduced in St Lawrence at the end of 2020. It has not been widely used but it produced a sum of £142 in 2021.
- f) **Card Giving** - the Easy Fund-Raising scheme also gave the PCC access to accepting text and credit card donations. But it has not been widely used and raised £122 during the year. This is unsurprising as there we have had very few visitors to the church due to Covid. However, on the hope of being able to offer full card-giving facilities to future visitors, a card reading machine was purchased later in 2021 at a cost of £260. It has associated user-friendly software designed for charitable donations and enables the operator to allocate donations to different funds and to allow donors to register their Gift Aid status. It has been used successfully on the Church Centre's WiFi and will be available for use in church once the WiFi installation is completed. It is anticipated that its use will grow as the UK moves to an increasingly cash-less society.

5. Budget for 2022

Following the second year of Covid 19 and the effects it had on PCC finances, we are anticipating some recovery in 2022. This budget has been compiled by the Finance Team and agreed by the PCC. It foresees another year of difficult times ahead with few of the upsides in (2) above which kept 2021 so buoyant by the end of the year. Its assumptions include:

Income

- a) **Hall lettings and other church activities** - return slowly through the year to a total for the full year of 2/3 of pre-Covid 2019 levels, equivalent to £12,000 pa plus coffee shop every fortnight raising £40 per session.
- b) **Giving and Gift Aid** – increase by half rate of inflation (2%) as many people do not inflate their giving and a similar Gift Day to 2021 but with no hang-over of Gift Aid claims from previous year.
- c) **Fund-Raising** – very limited in 2022 as no fund-raising team in place, but a couple of well-attended coffee mornings should provide around £500 each.
- d) **Dividends and interest** - to fall by around 10% as reserves are spent progressively to meet deficit budget.
- e) **Parochial fees** - return to 2019 levels as funerals and weddings return to the church but inflated by around 10% in line with the three years of inflationary increases in fees since 2020.

Expenditure

- f) **Barnwood school grant** – continue at the present level for 2021 of £2,000.
- g) **Parish share** – Now agreed within the Deanery to stay almost level with the 2021 figure at £56,000, following a further £8,000 of support from the Diocesan Stipends Fund.
- h) **Staff salaries** – proposed 5% salary increase to all workers in line with living wage legislation from 1/04/2022 and to fund the appointment of a second office worker to assist Angela and the Treasurer.
- i) **Energy costs** – the PCC has agreed a three-year fixed-price contract for green energy and carbon-offset gas with Stroud-based green supplier, Ecotricity. In fact there may be a decrease in total energy costs in 2022, below current levels, as the supplier has recently reduced the fixed monthly Direct Debit payments. This is because we have built up a surplus across the four accounts of around £1,000 during 2021. All other expenditure streams have generally been kept at 2021 levels with 5% inflation.

Resulting 2022 Budget

These changes from 2021 produced another unbalanced Receipts and Payment budget account with an Income of around **£81,000** and total expenditure of around **£98,000** and hence a forecast deficit of around **£17,000**.

Still, with available reserves (unrestricted plus designated) of nearly **£72,000** and the PCC's agreed floor of such reserves of **£50,000**, we have **£22,000** headroom to meet a deficit of that magnitude.

As we start 2022, the final line of Table 2 shows we have around **£4,000** of unrestricted cash in these available reserves, but at a rate of loss of £1,500 per month we will shortly be drawing down from the Music Fund again.

Further upside is possible if additional fund-raising activities could be organised, including another sponsored event as in 2021. Further legacies are unpredictable in the budgeting process, but they are always welcome if people wish to consider the church in their will. They are also tax efficient. Church Centre Hall rentals may return to pre-pandemic levels faster than expected although several groups have already cancelled for 2022.

6. Templeton Foundation / ECLAS Grant

In addition to the usual income and expenditure streams, the Vicar, Treasurer and Church Wardens agreed to accept a grant of £20,000 into the PCC's bank account for the purposes of funding a project of work initiated and directed by Petra Crofton with a co-director, Rob Crofton.

This grant is held in the PCC's main cash account, but it is restricted and is not owned by the PCC. It was provided by the Templeton Foundation via a Durham University-based organisation called "Equipping Christian Leadership in an Age of Science". (ECLAS). It is now financing a project entitled Science, Faith and Creation Care.

The grant and its associated expenditure stream are available for inspection if required but would add unnecessary complexity to these accounts. To date the PCC has paid out £2,063 of the total grant with a balance of £17,937 remaining in the main bank account, see the bottom of Table 2 point (f). This has been stripped out of these accounts, but, for bank reconciliation purposes, it is shown at the bottom of the Balances and Assets sheet (Table 2).

It is anticipated that the majority of this grant will have been spent by the end of 2022 as laid out in the grant application by its directors. All payments from the fund are subject to the PCC's usual approvals process via authorised signatories.

Prepared by Bob Hinton – PCC Treasurer

Table 1 - Barnwood PCC's Receipts and Payments Accounts - 2021

	Notes	2021			2020	
		Unrestricted £	Designated £	Restricted £	TOTAL £	TOTAL £
Receipts						
Voluntary income:						
Planned giving	(h)	37,186	20	270	37,476	40,377
Collections, donations & other giving		7,261	320	694	8,275	12,026
Income tax recovered	(f)	11,972	-	-	11,972	8,573
Legacies	(c)	7,163	-	-	7,163	-
Activities for generating funds						
Magazine/Bookstall sales/Hall Lettings etc	(g)	8,540	-	-	8,540	5,687
Income from other Properties		-	-	-	-	-
Annual Fete/events	(d)	4,353	-	-	4,353	154
Investment income:						
Interest & dividends		4	1,840	786	2,630	2,933
Income from charitable activities:						
Parochial fees		6,007	-	-	6,007	6,263
Other incoming resources:						
Insurance claims		-	-	-	-	-
Gain on disposal of fixed assets		-	-	-	-	-
Loans received		-	-	-	-	-
Other		132	2	120	254	1,360
Total incoming resources		82,618	2,182	1,870	86,670	77,373
Payments						
Charitable activities:						
Donations/Grants to charities	(i)	(3,410)	-	(418)	(3,828)	(555)
Mission & Evangelism inc Children's Work		(373)	-	(328)	(701)	(1,681)
Parish Share	(b)	(56,238)	-	-	(56,238)	(64,238)
Clergy expenses		(1,385)	-	-	(1,385)	(1,336)
Church running expenses		(3,149)	(2,453)	(240)	(5,842)	(7,027)
Churchyard maintenance		(1,152)	-	(697)	(1,849)	(1,734)
Cost of raising funds		(7,350)	-	-	(7,350)	(5,318)
Running costs:						
Support costs		(72)	-	-	(72)	(125)
Administration costs (inc. staff costs)		(14,122)	-	(499)	(14,621)	(16,851)
Other		(2,738)	-	(120)	(2,858)	(3,902)
Governance costs						
Major expenditure						
Repairs to church buildings		-	-	-	-	-
Repairs to other property		-	-	-	-	-
Capital purchases/additions		-	-	-	-	-
Loan repayments		-	-	-	-	-
Total resources expended		(89,989)	(2,453)	(2,302)	(94,744)	(102,767)
Net (outgoing)/ incoming resources		(7,371)	(271)	(432)	(8,074)	(25,394)
Transfers between funds						
		7,030	(7,590)	560	(0)	-
Net incoming/(outgoing) resources before gains		(341)	(7,861)	128	(8,074)	(25,394)
Gains on investment assets	(e)	-	8,763	3,703	12,466	6,244
Net movement in funds		(341)	902	3,831	4,392	(19,150)
Funds brought forward at 1 Jan 2021		4,348	66,570	34,071	104,989	124,139
Funds carried forward at 31 Dec 2021		4,007	67,472	37,902	109,381	104,989

TABLE 2 - Barnwood PCC's Balances and Assets - 2021

		Opening Balance	Investment Gain	Transactions Dividends and Interest in	Transactions Out	Closing Balance
Cash Accounts						
Main General Account - NatWest - Unrstd, Rstd & Dsgntd		£6,923	£0	£100,379	(£99,229)	£8,073
Reserve Account - CBF - Unrestricted	(b)	£100	£0	£0	(£0)	£100
Warren Fund CBF fund - Restricted	(c)	£5,132	£0	£3	(£240)	£4,895
TOTAL		£12,155		£100,382	(£99,469)	£13,068
Investment Assets (e)						
Church Music Fund CBF 616108001S - Designated	(d)	£65,808	£8,763	£1,840	(£10,840)	£65,571.16
Moulder Memorial (1) CBF 116002040F - Restricted		£584	(£39)	£15	(£15)	£545
Moulder Graves CBF116002041F - Restricted		£291	(£19)	£8	(£8)	£272
Churchyard CBF 116002220S - Restricted		£21,530	£3,096	£626	(£626)	£24,626
Pepperill Bequest CBF 116002198S - Restricted		£1,963	£282	£57	(£57)	£2,245
Moulder Memorial (2) CBF 116002342S - Restricted		£2,331	£335	£68	(£68)	£2,666
Lemon-Priday CBF 116002426S - Restricted		£327	£47	£10	(£10)	£374
TOTAL		£92,834	£12,465	£2,623	(£11,623)	£96,300
Investment Breakdown						
Unrestricted / Designated		£65,808	£8,763	£1,840	(£10,840)	£65,571
Restricted		£27,026	£3,703	£783	(£783)	£30,728
TOTAL		£92,834	£12,465	£2,623	(£11,623)	£96,300
PCC Overall Assets and Cash position						
Unrestricted / Designated		£70,918	£8,763	£93,563	(£92,442)	£71,479
Restricted		£34,071	£3,703	£5,573	(£2,302)	£37,902
TOTAL	(a)	£104,989	£12,465	£99,136	(£94,744)	£109,381
Templeton Foundation / ECLAS grant						
TOTAL		£0	£0	£20,000	(£2,063)	£17,937
Total Cash in Main General account across the year		£6,923	£0	£120,379	(£101,292)	£26,010

FIG. 1 - Barnwood PCC's Receipts and Payments Pie Chart - 2021

