

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

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PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The members of St Margaret's Parochial Church Council (PCC) submit their Annual Report and the financial statements for the year ended 31st December 2022. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the governing regulations, the 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)" (effective 1 January 2019).

Location

St Margaret's Church address is Highland Road, Southsea, Hants PO4 9DD. Its bank accounts are held with Lloyds Bank plc, and Jones Avens Limited, Chartered Accountants, independently examines its accounts.

Background

St Margaret's PCC has responsibility for promoting within the ecclesiastical parish the mission of the Church: pastoral, evangelistic, social and ecumenical.

It is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure.

St Margaret's parish falls within the Diocese of Portsmouth. The parish now makes an annual contribution, ("the parish share"), which is used to pay clergy stipends, to fund diocesan ministries that support the parish and for diocesan and general synod costs. The diocese appoints the parish clergy.

St Margaret's PCC is a charity - registration number 189666.

Public Benefit

The PCC has complied with the duty in the Charities Act 2011 to have regard to the public benefit guidance published by the Charity Commission.

Membership of the Church

The Electoral Roll for 2022 stood at 28 members, as reported by Sue Lynes, Electoral Roll Officer.

Operation of the Parochial Church Council

The PCC was elected at the APCM on 29th May 2022 with 16 members in attendance. As the electoral roll number at the meeting stood at 28 people there were spaces for six members to be elected to the PCC. All current members had indicated that they were content to be reappointed and were duly elected. A Deanery Synod representative for the parish was also appointed. The PCC met five times during the year.

Standing & Finance Committee

This committee exists by law with power to transact the business of the PCC between meetings. It also considers financial needs, (including preparation of annual PCC budget), plans PCC meeting agendas, and makes recommendations for PCC consideration as it sees fit. Its membership comprised the Lay Pioneer Minister, the Priest in Charge, the Church Wardens, the Treasurer and the Secretary. The Standing and Finance Committee met four times during the year.

REVIEW OF THE YEAR 2022

Ministry:

Worship

Sunday services have continued to grow and flourish. The morning service, 'soft play' church, launched in October 2021. Aimed at families and the un-churched, this service has been a success and we have seen growth in numbers. We are continuing to train and empower our team of lay leaders who are growing in confidence both in hosting and preaching and taking on more responsibility. Prayer Ministry at both services has grown over the past year with the team attending New Wine prayer ministry training at Holy Rood church.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Ministry(Continued):

Prayer

Prayer continued to underpin everything at St Mag's. 24/7 prayer was held in the church. We are developing a rhythm of prayer throughout the week; Prayer on Thursday morning from 7 am- 8 am continued to grow with up to 12 the church family attending. In September 2022 we felt God wanted us to increase our prayer life as a church so we launched Monday morning prayer from 7-8 am and this has been a success. We have continued to meet once a month at Encounter to seek God's direction and power through his Holy Spirit; Encounter is a creative space where we are able to explore the gifts of the spirit, through art, silence, and sung worship.

Discipleship:

Life Groups

Over the past year we continued speaking on the value of being part of a Life-group. This is a place where you can build friendship and share your faith journey with fellow sisters and brothers in Christ. It also encourages a place where you can share and be open with each other and hold one another in prayer, additionally a place of fun and we encourage our small group leaders to organize regular socials. We have seen our life groups grow and have 10 groups meeting throughout the week.

Youth Group

Youth group started on Wednesday 9 June 2021 at 6.30pm -- 8pm. We started with 'Youth-Alpha' which the young people really engaged with. We have a small team of volunteer youth leaders that serve our young people on a Wednesday evening. Numbers have been consistent over the past year and we are seeing between 12-15 young people at our youth group which has continued to grow, and we see between 15-18 young people each Wednesday. We have joined in with 'Hightide' the city-wide youth event. In September 2022 Fran asked Irene Jackson and Lauren Stevens to help with a funding Bid in the hope that we could employ a full-time youth minister to develop and grow our youth ministry.

New Wine

St Margaret's again took a group to New Wine. This is a great blessing and has now become an annual church event with 34 attending in July 2022.

Bereavement drop in

This ministry was planned to start in 2020 however due to Covid it was delayed until 2021. It has been a huge blessing to our community during 2022. The small team of volunteers from our church family and the community, led by Diane Smith, is making a huge difference to those suffering from loss and grief within our community. This ministry operates in the church on the first Wednesday of the month from 1.30pm – 3 pm.

Occasional Offices

During 2022 St Margaret's Church held 18 baptisms, including the baptism of 6 young people by Bishop Jonathan on 26th June 2022. One funeral was taken by Fran Carabott.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Mission:

Alpha Courses

St Margaret's ran two Alpha courses simultaneously in 2022, one for the Iranian group with subtitles in Farsi. Both groups joined together for a particularly powerful Away Day at All Saints, Catherington, with one of the group interpreting.

Café and Shop

The Café, which opened on 27 May 2021, continues to thrive and we have seen this ministry continue to be a blessing to our community. Our volunteer team has been consistent over the year, and we are continuing to see many from our parish find a place of belonging, and what has been so encouraging is to see people join our Sunday services from coming into the Café and shop.

Food Bank/Food Pantry

Following on from last year's growth the decision was taken to move from a Food Bank to a franchised Food Pantry in association with YourLocalPantry. In March 2022 Lauren Broughton was appointed as Food Pantry manager to oversee this transition which was completed in May 2022.

Food continues to be donated by individuals as well as being purchased through Fair Share. The transition allowed greater choice with a provision of chilled and frozen produce as well as increasing the dignity of users who now make a small contribution to the cost of the food. The numbers accessing the Food Pantry continued to increase across the year due to the effect of the cost-of-living crisis.

We have worked in collaboration with YouTrust to give advice to our clients with regards to benefits and Switched On Portsmouth have visited to advise clients about energy supplies. Several food bank/Food Pantry clients have become volunteers in the Foodbank, Café and Shop.

In December we again ran Hampers of Hope providing food for 254 adults and 298 children across Portsmouth including all the food for Christmas day.

Children's Soft Play

The children's soft play, which opened in July 2021, continues to open after Sunday services and for two sessions on Thursday and Friday afternoons. At New Wine we felt God say that we need to be more intentional with the soft play ministry and put Jesus at the centre. In September 2022 we introduced a Christian action song followed by a prayer with an invitation to come to church on Sunday morning - this new initiative has proved very popular with young families with many families now attending Church on Sunday morning.

Church Hall

The Church Hall usage increased slightly during 2022 for church and other groups, as well as providing a valuable stream of rental income. Regular users have included Slimming World, Portsmouth Scouts, Five Elements Tai Chi, and Personal Fitness training, as well as several ad hoc bookings. Going forward the aim is to gain financial approval to replace all the lighting with uniform colour LEDs, (there is a mixture of colours currently, a quarter of the lights need replacing anyway, and LED's would be more economical) and to replace the worn window blinds.

Staff

The staff team of Fran Carabott, Licensed Pioneer Minister; Stephen Dawson, Operations Manager, Sue Lynes, Administrator and Bookkeeper; and Amy Grindlay, Café, Shop and Foodbank Manager, continued to serve the church in implementing the system and processes required for running the parish. Fran Carabott was ordained Deacon in late June 2022 and is now in formal curacy training. Sam Rowan was a self-funding intern and member of staff to September 2022 before leaving to start Ordination Training at Trinity College Bristol. Lauren Broughton joined the team as our Pantry coordinator in April 2022. Amy Grindlay resigned as Café, Shop manager in July 2022 and we appointed Francesca Sherren as our new manager in December 2022. Stephen Dawson retired as Operations Manager in December 2022.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Finance Report

2022 was an exciting year as alongside the growth of the congregation and other activities described elsewhere in this report, we achieved an overall level of financial stability. The income and expenditure for the year is shown in the Statement of Financial Activities on pages 8 and 9 but the following financial highlights are worthy of note:

Voluntary Unrestricted giving for the year was in the region of £70k arising from an increase in regular giving through the Parish Giving Scheme with 28 regular donors (last year 20) giving a little under £3,600/month as at 31 Dec 2022. A further £20K of Unrestricted funds arose from grants received.

Voluntary restricted giving amounted to £21K with a further £25K from grants received.

Income from charitable activities saw ancillary trading increase from £46K to £63K, £11K of which is Restricted, and £5K from rental income (Motiv8 South). This increase is not a surprise due to church operations being able to fully resume post pandemic restrictions.

The Pantry is a key ministry and was established with a review cycle to ensure that it was affordable on an ongoing basis. Income from the Pantry and some donations are Restricted such that those funds can only be used for the Pantry and these have exceeded the costs; as such have provided a degree of resilience to the ongoing operation.

Gift Aid Recovery has provided over £5,500 and is a valuable increase to the amount of a tax paying individual's voluntary giving. This is at no cost to the donor and qualifying donors are encouraged to sign up for Gift Aid.

The final installation of the audio upgrade/streaming service was completed early in the year and the final bill was paid from allocated funding carried forward from 2021.

The ongoing war in Ukraine has had a significant impact on fuel prices and will continue to do so for some time. Gas and electricity costs exceeded £27k in the year noting that the building is in regular use throughout the week. The renewable heat incentive (RHI) payments have yet to stabilise, but the air source heat pumps are contributing to the efficiency of the heating system.

Research has been undertaken into the installation of solar PV which would be installed at the same time as the much-needed roof repairs. This will significantly reduce electricity costs as well as demonstrate the church's commitment to sustainability. This is an ongoing project being managed by one of the Church Wardens, but it is hoped installation will occur in 2023. Repairs to the roof over the Nave are deemed a necessity as all operations in the main building would have to cease should any water ingress lead to a failure.

We continue to be blessed by the provision of the diocesan Strategic Development Fund which contributed to specific staff costs as well as some building work. Whilst this has some capacity, there will be a time when this fund runs out and income will need to have increased if the current level of operational costs are to be maintained.

A Gift Day was held to support the ambition to employ a Youth Worker. This raised just over £3k but is considered alongside other giving in terms of progressing with the aim.

Church Hall lettings generated over £16k of income and some small upgrades are being undertaken to enhance the space thereby increasing the utility further. This is a valuable asset and any hiring enquiries can be directed to Sue Lynes.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Finance Report (Continued)

As a PCC we were able to fully meet the Parish Share requirement of £16,378.

The year ended with a total income of 204K and expenditure of £179K which, when taking into account losses on investments (£1K), resulted in a net movement of £24K across both Unrestricted and Restricted funds. This positions St Margaret's well for their ongoing ministry.

Whilst no reserve has yet been set aside, it is deemed that income from voluntary giving and cash at hand is currently sufficient to cover costs, including staff, for an appropriate period should there be any change to circumstances that results in restricting the ability to operate.

The greatest risk to the ongoing operation of the church's ministry is a failure of the roof. The intent was to reroof the nave during 2022 but, due to a number of delays, this has yet to happen and as such the likelihood of an event is rising. We have had water ingress during inclement weather which heightens the urgency and the financial resources are now in place to treat the risk by undertaking a full reroof. Delays have in part been due to considerations relating to the installation on solar PV which is to mitigate the impact of rising energy costs.

Risk item	Likelihood	Impact	Mitigation	Treatment
Failure of the roof	Medium	High	Some activities moved into the hall. Shop and café would have to pause resulting in loss of income.	Replace roof
Increase in energy bills	Medium	Medium	Installation of solar PV to reduce future costs of electricity.	Manage energy usage

Day to day financial operations are conducted by the bookkeeper, Sue Lynes, with oversight and guidance from the Operations Manager and the treasurer. Significant expenditure requires approval from duly authorised persons.

Safeguarding

The Parish continues to liaise with the Diocese for safeguarding advice and training. The PCC lead for safeguarding is Laura Preston, the Parish Safeguarding Officer is Hildah Mapeta with Sue Lynes continuing as Safeguarding Administrator.

Buildings Report

Feb 22 - The faculty for the roof was submitted and the bat surveys booked.

June 22 - It was hoped to avoid the requirement for a Faculty and proceed as List B. Revised costs showed a modest increase due to the requirement to use lead replacement for the guttering and additional survey work in relation to possible bat roosting.

Sept 22 - Roofing work was delayed due to the presence of bats. Additional bat emergence surveys have been required and we will need a bat licence before work can commence. This is likely to be November 2022 at the earliest. Some initial investigation was done to explore the scope for combining the roof work with fitting solar panels. PCC were encouraged by the possibilities offered to be greener and to help reduce utility costs.

Nov 22 - All bat surveys had been completed with a bat licence now required to progress the roof work. The licence can only be applied for once a firm start date is agreed. Two quotes have been received for installing solar panels and a third is being sought. There is also a possibility the Portsmouth City Council (PmthCC) could fund the installation, though they would then own the asset and sell the electricity generated back to us at a discounted rate. An action group may be formed once all the information is in hand.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

PCC MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

PCC Membership

Members of PCC of St Margaret's Church in 2022

The elections took place on Sunday 29th May at the APCM

Name	Role	Notes
Fran Carabott	Curate	Licences Lay minister until Jun 2022
Neil Smart	Priest in Charge	
Laura Preston	Church Warden	
Howard Jones	Church Warden	
Paul Nelson	Treasurer	
Hilda Mapeta	Denary Synod Representative	
Ray Smith	Elected member	
Stephen Dawson	Elected member	
Paul Thwaites	Elected member	
Jill Chalmers	Elected member	Until 29th May 2022
Steve Hayward	Elected member	From 29th May 2022
Rosie Fry	Elected member	Until 29th May 2022

The PCC members report was approved by the Board of Members Of The PCC.

Fran Carabott

Dated: 27 April 2023

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

INDEPENDENT EXAMINER'S REPORT

TO THE MEMBERS OF THE PCC OF PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

I report to the members of the PCC on my examination of the financial statements of Parochial Church Council of St Margaret's Southsea (the PCC) for the year ended 31 December 2022.

Responsibilities and basis of report

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

I report in respect of my examination of the PCC's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no 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 PCC as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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 financial statements to be reached.

Timothy Millett FCA

53 Kent Road
Southsea
Portsmouth
Hampshire
PO5 3HU

Dated: 27 April 2023

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total Unrestricted funds general 2022 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total 2021 £
Income and endowments from:										
Donations and legacies	2	89,560	-	46,814	-	136,374	88,665	13,314	18,980	120,959
Charitable activities	3	56,359	-	11,340	-	67,699	50,029	-	2,720	52,749
Investments	4	175	-	-	-	175	165	-	-	165
Other income	5	90	-	-	-	90	87	-	-	87
Total income		146,184	-	58,154	-	204,338	138,946	13,314	21,700	173,960
Expenditure on:										
<u>Charitable activities</u>										
St Margaret's church and church hall	6	140,905	-	38,136	-	179,041	188,481	1,020	6,489	195,990
Total charitable expenditure		140,905	-	38,136	-	179,041	188,481	1,020	6,489	195,990
Net gains/(losses) on investments	10	-	-	-	(1,021)	(1,021)	-	-	1,934	1,934
Net incoming/(outgoing) resources before transfers		5,279	-	20,018	(1,021)	24,276	(49,535)	12,294	1,934	(20,096)

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total Unrestricted funds general 2022 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total 2021 £
Net incoming/(outgoing) resources before transfers		5,279	-	20,018	(1,021)	24,276	(49,535)	12,294	1,934	(20,096)
Gross transfers between funds		(15,975)	18,975	(3,000)	-	-	3,000	-	-	-
Net movement in funds		(10,696)	18,975	17,018	(1,021)	24,276	(46,535)	12,294	1,934	(20,096)
Fund balances at 1 January 2022		49,942	12,294	25,362	15,996	103,594	96,477	-	14,062	123,690
Fund balances at 31 December 2022		39,246	31,269	42,380	14,975	127,870	49,942	12,294	15,996	103,594

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		40,269		46,272
Investments	12		14,975		15,996
			<u>55,244</u>		<u>62,268</u>
Current assets					
Debtors	13	2,140		2,019	
Cash at bank and in hand		75,734		58,738	
		<u>77,874</u>		<u>60,757</u>	
Creditors: amounts falling due within one year	14	(5,248)		(19,431)	
Net current assets			72,626		41,326
Total assets less current liabilities			<u>127,870</u>		<u>103,594</u>
Capital funds					
Endowment funds	15		14,975		15,996
Income funds					
Restricted funds	16		42,380		25,362
Unrestricted funds - designated			31,269		12,294
Unrestricted funds - general			39,246		49,942
			<u>127,870</u>		<u>103,594</u>

The financial statements were approved by the Members Of The PCC on 27 April 2023

Fran Carabott
Trustee

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity Information

Parochial Church Council of St Margaret's Southsea is a registered charity in England and Wales. The Trustees are the members of the PCC named in the Annual Report. The church of St Margaret's address is Highland road, Southsea, Hants, PO4 9DD.

1.1 Accounting convention

The financial statements have been prepared in accordance with the PCC's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (effective 1 January 2019). The PCC is a Public Benefit Entity as defined by FRS 102.

The PCC has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the PCC. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the members of the PCC have a reasonable expectation that the PCC has adequate resources to continue in operational existence for the foreseeable future. Thus the members of the PCC continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the members of the PCC in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the members of the PCC for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the PCC.

1.4 Income

Income is recognised when the PCC is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the PCC has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the PCC has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Costs are charged directly to the most appropriate activity or category of expenditure.

Parish share and other costs directly relating to the work and activities of the Church are accounted for when they are incurred or become due and payable.

1.6 Tangible fixed assets

Consecrated and beneficed property is excluded from the accounts by S10(2)(a & c) of the Charities Act 2011. Moveable church furnishings held by the Churchwardens on special trust for the PCC and which require a faculty for disposal are capitalised at cost and written off over their useful economic life other than where insufficient cost information is available. In this case the item is not capitalised, but is included in the Church's inventory. All expenditure incurred during the year on consecrated or benefice buildings, whether for maintenance or improvement, is written off as expenditure and separately disclosed.

Other Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% on the reducing balance or straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

Individual items of equipment with a purchase value of under £2,500 are written off when acquired.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.8 Impairment of fixed assets

At each reporting end date, the PCC reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The PCC has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the PCC's balance sheet when the PCC becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the PCC's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the PCC is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Donations and legacies

	Unrestricted funds general	Restricted funds	Total	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	2022	2022	2022	2021	2021	2021	2021
	£	£	£	£	£	£	£
Donations and gifts	69,510	21,464	90,974	68,815	13,314	1,480	83,609
Grants received	20,050	25,350	45,400	19,850	-	17,500	37,350
	<u>89,560</u>	<u>46,814</u>	<u>136,374</u>	<u>88,665</u>	<u>13,314</u>	<u>18,980</u>	<u>120,959</u>
Grants receivable for core activities							
Coronavirus job retention scheme grant	-	-	-	1,300	-	-	1,300
PCC - Soft play area grant	-	-	-	-	-	15,000	15,000
PCC - Food bank grant	-	3,000	3,000	-	-	2,500	2,500
Portsmouth Diocesan Board of Finance Contribution	18,550	14,238	32,788	18,550	-	-	18,550
PCC pantry grant	-	6,987	6,987	-	-	-	-
National Church Energy cost grant	1,500	-	1,500	-	-	-	-
Tesco foodbank grant	-	1,125	1,125	-	-	-	-
	<u>20,050</u>	<u>25,350</u>	<u>45,400</u>	<u>19,850</u>	<u>-</u>	<u>17,500</u>	<u>37,350</u>

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Charitable activities

	2022 £	2021 £
Sales within charitable activities	62	915
Grants	-	2,470
Ancillary trading income	62,537	45,969
Charitable rental income	5,000	1,250
Other income	100	2,145
	<u>67,699</u>	<u>52,749</u>
Analysis by fund		
Unrestricted funds - general	56,359	50,029
Restricted funds	11,340	2,720
	<u>67,699</u>	<u>52,749</u>

4 Investments

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Interest receivable	<u>175</u>	<u>165</u>

5 Other income

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Other income	<u>90</u>	<u>87</u>

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Charitable activities

	St Margaret's church and church hall 2022 £	St Margaret's church and church hall 2021 £
Staff costs	35,770	26,964
Depreciation and impairment	10,174	5,300
Food bank	3,462	4,019
Parish quota	16,460	16,445
Church building	61,405	111,617
Community cafe, shop and soft play area	31,447	15,101
Mission and support	6,428	4,975
Church management and administration	10,236	6,710
	<u>175,382</u>	<u>191,131</u>
Share of governance costs (see note 7)	3,659	4,859
	<u>179,041</u>	<u>195,990</u>
Analysis by fund		
Unrestricted funds - general	140,905	188,481
Unrestricted funds - designated	-	1,020
Restricted funds	38,136	6,489
	<u>179,041</u>	<u>195,990</u>

7 Support costs

	Support costs £	Governance costs £	2022 Support costs £	Governance costs £	2021 £
Independent Examiners fees	-	3,659	3,659	-	4,859
	<u>-</u>	<u>3,659</u>	<u>3,659</u>	<u>-</u>	<u>4,859</u>
Analysed between Charitable activities	-	3,659	3,659	-	4,859
	<u>-</u>	<u>3,659</u>	<u>3,659</u>	<u>-</u>	<u>4,859</u>

The independent examiners fees for the examination of the accounts were £990 (including vat), other payroll and accountancy services are provided.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Members Of The PCC

None of the members of the PCC (or any persons connected with them) received any remuneration or expenses as a PCC member during the year.

Clergy stipends were paid by the Church Commissioners within Church of England stipendiary guidelines.

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	2	2
	<u>2</u>	<u>2</u>
Employment costs	2022	2021
	£	£
Wages and salaries	35,179	26,512
Other pension costs	591	452
	<u>35,770</u>	<u>26,964</u>

There were no employees whose annual remuneration was more than £60,000.

10 Net gains/(losses) on Investments

	Endowment funds	Endowment funds
	2022	2021
	£	£
Revaluation of investments	(1,021)	1,934
	<u>(1,021)</u>	<u>1,934</u>

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

Fixtures, fittings & equipment
£

Cost

At 1 January 2022

51,572

Additions

4,171

At 31 December 2022

55,743

Depreciation and impairment

At 1 January 2022

5,300

Depreciation charged in the year

10,174

At 31 December 2022

15,474

Carrying amount

At 31 December 2022

40,269

At 31 December 2021

46,272

12 Fixed asset investments

Unlisted
investments
£

Cost or valuation

At 1 January 2022 & 31 December 2022

15,996

Impairment

At 1 January 2022

-

Impairment losses

1,021

At 31 December 2022

1,021

Carrying amount

At 31 December 2022

14,975

At 31 December 2021

15,996

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	448	1,124
Other debtors	1,325	-
Prepayments and accrued income	367	895
	<u>2,140</u>	<u>2,019</u>

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	52	52
Trade creditors	1,433	16,169
Accruals and deferred income	3,763	3,210
	<u>5,248</u>	<u>19,431</u>

15 Endowment funds

Endowment funds represent assets which must be held permanently by the PCC. Income arising on the endowment funds can be used in accordance with the objects of the PCC and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 January 2021	Revaluation gains	Balance at 1 January 2022	Revaluation gains	Balance at 31 December 2022
	£	£	£	£	£
Permanent endowments					
Benefice Augmentation Fund	14,062	1,934	15,996	(1,021)	14,975
	<u>14,062</u>	<u>1,934</u>	<u>15,996</u>	<u>(1,021)</u>	<u>14,975</u>

The capital of this fund is not available to the PCC but the income from it may be used by the PCC for its general purposes.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2021	Movement in funds			Transfers 1 January 2022	Balance at 1 January 2022	Movement in funds			Transfers	Balance at 31 December 2022
		Incoming Resources	Resources Expended	£			Incoming Resources	Resources Expended	£		
SDF - Church Building Works	-	2,471	(2,471)	-	-	-	14,238	(14,238)	-	-	-
Food Bank	13,151	4,229	(4,018)	-	-	13,362	-	-	-	(13,362)	-
Pantry	-	-	-	-	-	-	33,916	(23,898)	-	13,362	23,380
Roof repair donation	-	-	-	-	-	-	10,000	-	-	-	10,000
PCC - Soft Play Area	-	15,000	-	-	(3,000)	12,000	-	-	-	(3,000)	9,000
	13,151	21,700	(6,489)	-	(3,000)	25,362	58,154	(38,136)	-	(3,000)	42,380

The Strategic Development Fund is providing funding for the redevelopment of St Margaret's church building interior.

Portsmouth City Council contributed £15,000 towards the provision of a soft play area within the St Margaret's church. The transfer to unrestricted fund matches the depreciation charged.

A pantry was established during the year. Grants of £3,000 and £6,987 were received from Portsmouth City Council and of £1,125 from Tesco.

A donation of £10,000 was received for roof repairs.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Incoming resources	Resources expended	Balance at 1 January 2022	Transfers	Balance at 31 December 2022
	£	£	£	£	£
Fixed Asset Fund	-	-	-	31,269	31,269
AV Ministry	13,314	(1,020)	12,294	(12,294)	-
	<u>13,314</u>	<u>(1,020)</u>	<u>12,294</u>	<u>18,975</u>	<u>31,269</u>

A fixed asset fund has been designated equivalent to the value of unrestricted fixed assets.

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Analysis of net assets between funds	Unrestricted Funds		Designated Funds		Restricted Funds		Endowment Funds		Designated Funds		Restricted Funds		Endowment Funds		Total	
	2022	£	2022	£	2022	£	2022	£	2021	£	2021	£	2021	£	2021	£
Fund balances at 31 December 2022 are represented by:																
Tangible assets	-		31,269		9,000		-		34,272		12,000		-		46,272	
Investments	-		-		-		14,975		-		-		15,996		15,996	
Current assets/(liabilities)	39,246		-		33,380		-		15,670		13,362		-		41,326	
	39,246		31,269		42,380		14,975		49,942		25,362		15,996		103,594	

PAROCHIAL CHURCH COUNCIL OF ST MARGARET'S SOUTHSEA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).