

**St Stephen's Church, Canterbury**

**Annual report and financial statements  
of the Parochial Church Council**

**for the year ended 31 December 2021**

Registered charity no: 249972 (under CDBF)

**Annual report and financial statements  
for the year ended 31 December 2021**

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**Officers and advisers**

**Rector**

Rev K Maddy

**Churchwardens**

Mr S Barker  
Miss S Hagger

**Hon Treasurer**

Miss A F Knight

**Bank**

CAF Bank  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

**Independent examiner**

P Barton FCA  
Montague Place  
Quayside  
Chatham Maritime  
Chatham  
Kent  
ME4 4QU

## Annual report

### Structure, governance and management

The PCC is the controlling body of the parish with the Rector as Chairman. The Finance and General Purposes committee considers all major matters and makes recommendations to the PCC before a final decision is made. Other committees are delegated the day to day management of specific areas of parish life. Any queries should be addressed to the Rector at the address shown on page 2.

The PCC members who served during the year, and to the date of this report, were:

Rev K Maddy, Rector (Chairman)	Miss A Knight (Treasurer)	Mrs B Jackson
Mr P Brown (Vice-Chairman)	Mrs J Baker	Dr P Knight (ex-officio)
Mr S Barker (Organist and Churchwarden)	Mrs C Crabtree (ex-officio)	Mr J Taylor
Miss S Hagger (Churchwarden)	Miss E Dixon	Dr P Toon (ex-officio)
Mr R Mathews (Secretary)	Mrs A Doe	Mrs S Waters (ex-officio)

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

It is with sadness that we report the death of Christiane Crabtree on 1 February 2022. She has served the parish diligently for many years including as our representative to Christians Together in Canterbury and on the PCC and will be very much missed.

### Objectives and activities

St Stephen's Church is a parish church within the Church of England.

### Financial review of 2021

The year started with Kent in the highest level of Covid restrictions due to the ongoing pandemic which meant that services could not be held in church again for the first few months of the year. As restrictions eased it was possible to meet in person but some restrictions have been maintained to give some protection to the vulnerable whilst allowing them to participate in services.

The impact on the church finances continues. While giving has remained fairly static, the additional fund-raising from sources such as social functions and the use of the church hall has remained minimal. Note 2 to the accounts, which summarises income from church activities, shows many gaps where there has previously been a valuable source of income. Not all of this is related to the pandemic but is a factor of societal changes and reducing manpower available to organise and run fund-raising efforts. With more people watching services online, the link between attendance and funding the work of the church is reduced and it is difficult to attract new, regular giving from this more diverse congregation. We are also now experimenting with cashless donations via a card reader.

Unrestricted costs have not increased substantially but, as expected, by the end of 2020, we had no surplus cash to fall back on. This has meant paying the parish share only when sufficient funds were available and a substantial creditor (5 months of share) was outstanding at the year end. The accounts show a deficit on unrestricted funds for the year of £30,025 and this cannot continue any longer. Parish share reached 115% of income in 2021 (2020 – 109%) which is not sustainable. While there have been cuts made to the Diocesan Budget for 2022, we were asked to commit to paying the cost in full; it has been impossible to make this commitment with insufficient income as well as debts from 2021. We urgently need to increase income from all sources, including via a stewardship campaign to increase planned giving and gift aid receipts. We also need to make better use of our assets to bring in regular income from outside the congregation. Income needs to increase by at least £1,700 per week in order to break even. We must also take account of the inflationary increases in costs, such as gas, which will affect both the church and the income of its regular givers.

**Annual report continued**

Restricted and designated funds are held in deposit accounts in order to earn regular interest. These funds bear less risk and make it simpler to spend small amounts as and when required. We continue to plan improvements to allow the church building to be used more, including by the wider community, although this depends on the appropriate planning consents and funding being available.

**Church Hall**

The hall is a valuable resource in the local area being available for many community groups and it has been much missed during the enforced closures. An ongoing programme of maintenance is looked after by the property committee.

Over the last two years, the church hall has just broken even when it should be earning a surplus to contribute to the church running costs. It is estimated that the hall income has been reduced by approximately £13,000 over the period of the pandemic to the end of 2021. Given changes to the way businesses deliver services and the way people meet, it will take time and effort to build up the hall usage to previous levels and this is unlikely to be achieved before 2023.

**Friends**

The Friends of St Stephen's exists to raise funds for the fabric of the building and the Friends are building up reserves to contribute to future quinquennial repairs and plan to assist with repair and maintenance required for the stained glass windows. The Friends have not been able to run fund-raising events during 2021 due to the ongoing pandemic but expect to relaunch in 2022.

**Reserves policy**

Restricted income is spent as soon as practical on the purpose for which it is intended by the donor. Restricted funds already in existence for the fabric of the church and churchyard in particular will be maintained until there is a need to use such funds on projects which cannot be funded via third parties. See note 9 for details of the funds.

Designated funds were established some years ago for specific purposes. St Stephen's does not currently have sufficient unrestricted income to designate more funds for specific purposes.

Unrestricted reserves should be maintained at a level of around £18,000 although this is not currently possible. This would cover approximately 3 months of the parish share.

**Risk management**

The PCC is not currently required to carry out a general risk assessment or to put in place systems to mitigate all potential risks. However, the PCC considers individual risks as soon as any potential issues are drawn to their attention and policies are in place to address a number of specific risks. The PCC will consider the need to undertake a full risk assessment. A child protection policy is already in place and the PCC works with the Disclosure and Barring Service to ensure that all individuals working with children have been properly assessed. A risk assessment in relation to the buildings was carried out for the church and the church hall and improvements made as appropriate. A copy of the risk assessment is available for users of the buildings if required.

On behalf of the PCC:

Miss A Knight  
Hon Treasurer

## **Independent examiners' report to the PCC of St Stephen's Church**

I report to the PCC on my examination on the accounts of the PCC for the year ended 31 December 2021, as set out on pages 6 to 12.

### **Responsibilities and basis of report**

As 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") and the Church Accounting Regulations 2006.


I report in respect of my examination of the PCC 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, and also those found in Church guidance, 2017 edition.

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

I have completed my examination. I can 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 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.



Peter Barton FCA  
20 April 2022

**Statement of financial activities  
for the year ended 31 December 2021**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>						
Voluntary income	1	50,976	-	4,433	55,409	56,583
Activities for generating funds	2	5,257	-	-	5,257	4,647
Investment income	3	-	1	43	44	240
Church activities	4	2,306	-	-	2,306	1,725
Other incoming resources	5	<u>806</u>	<u>-</u>	<u>-</u>	<u>806</u>	<u>1,174</u>
<b>Total</b>		<b><u>59,345</u></b>	<b><u>1</u></b>	<b><u>4,476</u></b>	<b><u>63,822</u></b>	<b><u>64,369</u></b>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	-
Church activities	6	<u>89,370</u>	<u>-</u>	<u>4,148</u>	<u>93,518</u>	<u>107,651</u>
<b>Total</b>		<b><u>89,370</u></b>	<b><u>-</u></b>	<b><u>4,148</u></b>	<b><u>93,518</u></b>	<b><u>107,651</u></b>
<b>Net income/(expenditure)</b>		<b>(30,025)</b>	<b>1</b>	<b>328</b>	<b>(29,696)</b>	<b>(43,282)</b>
<b>Transfers between funds</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net movement in funds</b>		<b>(30,025)</b>	<b>1</b>	<b>328</b>	<b>(29,696)</b>	<b>(43,282)</b>
Balance brought forward at 1/1/21		<u>4,285</u>	<u>185,797</u>	<u>99,997</u>	<u>290,079</u>	<u>333,361</u>
<b>Balance carried forward at 31/12/21</b>		<b><u>(25,740)</u></b>	<b><u>185,798</u></b>	<b><u>100,325</u></b>	<b><u>260,383</u></b>	<b><u>290,079</u></b>

**Balance sheet  
as at 31 December 2021**

	Note	2021 £	£	2020 £	£
<b>Fixed Assets</b>					
Church Hall and fittings			<b>184,000</b>		184,000
<b>Current assets</b>					
Debtors and prepayments		<b>1,801</b>		2,673	
Bank and deposit accounts:					
Restricted		<b>86,624</b>		86,281	
Designated		<b>1,798</b>		1,797	
Unrestricted		<b>2,363</b>		11,666	
Friends of St Stephen's		<b>13,701</b>		<u>13,386</u>	
		<b><u>106,287</u></b>		<u>115,803</u>	
<b>Creditors: amounts falling due within one year</b>					
Creditors and accruals		<b><u>29,904</u></b>		<u>9,724</u>	
			<b><u>76,383</u></b>		<u>106,079</u>
<b>Net assets</b>			<b><u>260,383</u></b>		<b><u>290,079</u></b>
<b>Represented by parish funds:</b>					
Unrestricted reserves	9		<b>(25,740)</b>		4,285
Designated reserves – church hall	9		<b>184,000</b>		184,000
Designated reserves	9		<b>1,798</b>		1,797
Restricted reserves	9		<b><u>100,325</u></b>		<u>99,997</u>
			<b><u>260,383</u></b>		<b><u>290,079</u></b>

The accounts were approved by the Parochial Church Council on 8 March 2022 and signed on its behalf by:

**P Brown**  
PCC Vice-Chairman

**Miss A Knight**  
Hon Treasurer

The notes on pages 8 to 12 form part of the accounts



## **Principal accounting policies**

### **Basis of preparation**

The PCC is a public benefit entity within the meaning of FRS102. The financial statements have been prepared under the Charities Act 2011 and in accordance with the Church Accounting Regulations 2006 governing the individual accounts of PCCs, and with the Regulations' "true and fair" provisions, together with FRS102 (2016) as the applicable accounting standards and the 2019 version of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP(FRS102)).

The financial statements have been prepared under the historical cost convention. The financial statements include all transactions, assets and liabilities for which the PCC is responsible in law. They do not include the accounts of church groups that owe their main affiliation to another body, nor those that are informal gatherings of church members.

### **Funds**

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

Designated funds have been set aside by the PCC for a specific purpose.

Restricted funds represent (a) income from funds which may be expended only on those restricted objects provided in the terms of the original gift, and (b) donations or grants received for a specific object or invited by the PCC for a specific object. The funds may only be expended on the specific object for which they were given. Any balance remaining unspent at the end of each year must be carried forward as a balance on that fund. The PCC does not usually invest separately for each fund. Where there is no separate investment, interest is apportioned to individual funds on an average balance basis.

### **Incoming resources**

Planned giving, collections and donations are recognised when received. Tax refunds are recognised when the incoming resource to which they relate is received. All other income is recognised when it is receivable, probable, can be reliably measured and any conditions have been met. Income is accounted for on a gross basis.

### **Government grants**

Grants received under the Coronavirus Job Retention Scheme are reported on an accruals basis to match against the salary costs supported.

### **Resources expended**

Expenses, including the parish share, are accounted for when there is a legal or constructive obligation to make a payment to a third party, the transfer is probable and the amount can be reliably measured. Charitable donations are accounted for when committed by the PCC. All other expenditure is recognised when it is incurred and accounted for gross.

### **Fixed assets**

The church hall is valued by the PCC on the basis of the fire insurance reinstatement value. The hall was last revalued in 1998.

The following assets are not recognised nor valued in the balance sheet:

- The church building held on behalf of the PCC.
- Movable church furnishings held by the churchwardens on special trust for the PCC and which require a faculty for disposal.
- Other fixtures, fittings and office equipment where the PCC is free to dispose of such assets without a faculty.

## Notes to the accounts for the year ended 31 December 2021

### 1. Voluntary income

	Unrestricted	Designated	Restricted	Total 2021	Total 2020
	£	£	£	£	£
Planned giving	36,363	-	-	36,363	35,592
Tax reclaimed	8,918	-	(330)	8,588	11,093
Cash collections	2,834	-	-	2,834	2,239
Sundry donations	2,861	-	-	2,861	1,149
Gift day	-	-	-	-	6,165
Legacies	-	-	-	-	-
Restricted donations	-	-	4,448	4,448	170
Friends membership	-	-	165	165	175
Friends donations	-	-	150	150	-
	<u>50,976</u>	=	<u>4,433</u>	<u>55,409</u>	<u>56,583</u>

In 2020, £56,238 of voluntary income was unrestricted and £345 was restricted.

### 2. Activities for generating funds

	Unrestricted	Designated	Restricted	Total 2021	Total 2020
	£	£	£	£	£
Church hall	3,873	-	-	3,873	3,196
Friends fundraising events	-	-	-	-	474
Printing	-	-	-	-	40
Coffee fund	1,099	-	-	1,099	483
Bike ride	-	-	-	-	65
Use of church	-	-	-	-	350
Music	-	-	-	-	-
Acorn project	35	-	-	35	10
Sundry income	250	-	-	250	29
	<u>5,257</u>	=	=	<u>5,257</u>	<u>4,647</u>

In 2020, £ 4,173 of income from generating funds was unrestricted and £474 was restricted.

### 3. Investment income

	Unrestricted	Designated	Restricted	Total 2021	Total 2020
	£	£	£	£	£
Bank interest	-	-	-	-	-
Interest on restricted funds	-	-	43	43	231
Interest on designated funds	-	1	-	1	9
	=	<u>1</u>	<u>43</u>	<u>44</u>	<u>240</u>

## Notes to the accounts for the year ended 31 December 2021

### 4. Income from church activities

	Unrestricted £	Designated £	Restricted £	Total 2021 £	Total 2020 £
PCC fees	2,235	-	-	2,235	1,725
Parish functions	<u>71</u>	-	-	<u>71</u>	-
	<u>2,306</u>	-	-	<u>2,306</u>	<u>1,725</u>

In 2020, all income from church activities was unrestricted.

### 5. Other incoming resources

	Unrestricted £	Designated £	Restricted £	Total 2021 £	Total 2020 £
Government grants: Job Retention Scheme	<u>806</u>	-	-	<u>806</u>	<u>1,174</u>
	<u>806</u>	-	-	<u>806</u>	<u>1,174</u>

### 6. Expenditure on church activities

	Unrestricted £	Designated £	Restricted £	Total 2021 £	Total 2020 £
Parish share	68,131	-	-	68,131	68,819
Clergy expenses	287	-	-	287	26
Ministry	75	-	-	75	31
Education	-	-	-	-	-
Social committee & function costs	55	-	-	55	-
Electricity	551	-	-	551	1,214
Gas	1,647	-	-	1,647	325
Maintenance	1,406	-	4,148	5,554	20,901
Insurance	4,595	-	-	4,595	4,551
Flowers	86	-	-	86	-
Water	45	-	-	45	39
Choir and music expenses	574	-	-	574	-
Organist salary and fees	5,282	-	-	5,282	5,377
Church hall running costs	4,572	-	-	4,572	4,549
Charitable donations	588	-	-	588	808
Printing and stationery	91	-	-	91	107
Copier hire	177	-	-	177	156
Administration expenses	65	-	-	65	126
Telephone and internet	1,000	-	-	1,000	535
Bank charges	143	-	-	143	87
Friends' expenditure	-	-	-	-	-
	<u>89,370</u>	-	<u>4,148</u>	<u>93,518</u>	<u>107,651</u>

In 2020, £88,576 of expenditure on church activities was unrestricted, £800 was designated and £18,275 was restricted.

## Notes to the accounts for the year ended 31 December 2021

### 7. Staff and related parties

There were 2 staff on the payroll during the year (2020: 2) of these, Stephen Barker, is also a member of the PCC. Salary costs paid to him as organist and choirmaster, including wedding fees, amounted to £5,282 (2020: £5,377). No other members of the PCC receive remuneration.

### 8. Charitable donations

During the year, the parish has made donations to a number of local and national charities and emergency appeals. Some of the money has been raised from special collections, in order to respond to a particular need, or from special services and donations at funerals. While the PCC has not felt it possible to authorise large donations from unrestricted funds, it would like to acknowledge the efforts made by many people to raise money for others. There are further fundraising activities carried out either by the church or by groups using the church premises where money raised is passed directly to the charity so it is not possible to quantify the total funds distributed.

Similarly, many individuals freely give time and resources to support the work of the church which cannot be quantified. The PCC is sincerely grateful for all contributions made in whatever form they take.

### 9. Parish funds

	Balance at 1 Jan 2021 £	Income £	Expenditure £	Transfers £	Balance at 31 Dec 2021 £
<b>Restricted funds</b>					
Churchyard fund	10,618	105	1,812	-	8,911
Fabric fund	71,918	4,385	2,336	-	73,967
Furnishings	2,103	-	-	-	2,103
Organ and music fund	<u>1,642</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,643</u>
	86,281	4,491	4,148	-	86,624
Friends' of St Stephen's church	<u>13,716</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>13,701</u>
	<b><u>99,997</u></b>	<b><u>4,476</u></b>	<b><u>4,148</u></b>	<b><u>-</u></b>	<b><u>100,325</u></b>
<b>Designated funds</b>					
Church hall (at valuation)	184,000	-	-	-	184,000
Legacy	-	-	-	-	-
Discretionary fund	<u>1,797</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,798</u>
	<b><u>185,797</u></b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>185,798</u></b>
<b>Unrestricted funds</b>	<b><u>4,285</u></b>	<b><u>59,345</u></b>	<b><u>89,370</u></b>	<b><u>-</u></b>	<b><u>(25,740)</u></b>
<b>Total funds</b>	<b><u>290,079</u></b>	<b><u>63,822</u></b>	<b><u>93,518</u></b>	<b><u>-</u></b>	<b><u>260,383</u></b>

**Notes to the accounts  
for the year ended 31 December 2021**

**10. Analysis of net assets by fund**

Assets and liabilities held by the PCC are analysed as follows:

	Unrestricted £	Designated £	Restricted £	Total 2021 £	Total 2020 £
Church hall and fittings	-	184,000	-	184,000	184,000
Restricted investments	-	-	86,624	86,624	86,281
Designated investments	-	1,798	-	1,798	1,797
Debtors and prepayments	1,801	-	-	1,801	2,673
Cash at bank and in hand	<u>2,363</u>	-	<u>13,701</u>	<u>16,064</u>	<u>25,052</u>
	4,164	185,798	100,325	290,287	299,803
Creditors and accruals	<u>(29,904)</u>	-	-	<u>(29,904)</u>	(9,724)
Total net assets	<u>(25,740)</u>	<u>185,798</u>	<u>100,325</u>	<u>260,383</u>	<u>290,079</u>

## Detailed accounts

## 1. Church Hall

	2021		2020	
	£	£	£	£
<b>Income</b>				
Income from lettings		3,873		3,196
CJRS grant		<u>806</u>		<u>1,174</u>
		4,679		4,370
<b>Expenditure</b>				
Caretaker's wages	2,444		2,418	
Cleaning	480		41	
Gas and electricity	436		1,367	
Water	87		337	
Repairs	1,051		185	
Sundry	<u>74</u>		<u>201</u>	
		<u>4,572</u>		<u>4,549</u>
Net surplus/(deficit) for the year		<u>107</u>		<u>(179)</u>

## Detailed accounts

## 2. Friends of St Stephen's Church

	2021		2020	
	£	£	£	£
<b>Income</b>				
Membership	165		175	
Donations	150		-	
Sales	-		-	
Overprovision gift aid	(330)		-	
Income from events	<u>-</u>		<u>474</u>	
Total income		(15)		649
<b>Expenditure</b>				
Events expenses	-		-	
Goods for resale	-		-	
Administrative expenses	<u>-</u>		<u>-</u>	
		<u>-</u>		<u>-</u>
Net surplus for the year		(15)		649
Restoration expenditure		-		-
Reserves brought forward		<u>13,716</u>		<u>13,067</u>
Reserves carried forward		<u>13,701</u>		<u>13,716</u>