

St Stephen's Church, Canterbury

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

for the year ended 31 December 2022

Registered charity no: 249972 (under CDBF)

**Annual report and financial statements
for the year ended 31 December 2022**

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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)	Dr P Knight (ex-officio)
Mr P Brown (Vice-Chairman)	Mrs J Baker	Mr J Taylor
Mr S Barker (Organist and Churchwarden)	Miss E Dixon	Mrs S Waters (ex-officio)
Miss S Hagger (Churchwarden)	Mrs A Doe	
Mr R Mathews (Secretary)	Mrs B Jackson	

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.

Dr P Toon was an ex-officio member of the PCC until his resignation on 24 April 2022. It is with sadness that we report the death of Mrs C Crabtree on 1 February 2022.

Objectives and activities

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

Financial review of 2022

The ongoing impact of the Covid pandemic continued to be felt during the year but we were gradually able to ease restrictions during the year and church life has almost returned to normal. Financially, there has been a benefit from increased use of the church hall and from more people returning to coffee after church and other fellowship events which also raise income. However, we are still in deficit and need to look at raising further income including using our existing assets in new ways.

We started the year in debt to the Diocese owing five months of parish share. It was not easy to meet the payments while in the early stages of recovery from the pandemic and the 2021 parish share was finally paid in full in August. We were fortunate that the Diocese had made efforts to cut costs and reduce the parish share for 2022 by 10% which saved over £500 per month. However, circumstances meant that the debt increased to nine months of parish share by the end of the year which amounts to £45,990. We have been able to make regular monthly payments since October and are taking steps to address the outstanding debt where possible.

During the year our planned giving income continued to fall and it was decided that we could no longer defer our stewardship campaign. The response has been positive in the context of continued pandemic uncertainties and inflationary pressures affecting everyone. The Diocese also requested that donors transfer to the centralised Parish Giving Scheme where possible in order to deal with the processing of planned giving more efficiently and get the tax reclaims to the parish earlier.

Unrestricted costs have reduced in the year, largely down to the lower parish share. For 2023, the share has been substantially increased and the contribution from Archbishop's School has been unexpectedly removed. At present this means a 19% increase in the share to be paid by the parish for 2023 although discussions are ongoing.

We were fortunate to fix our gas costs for three years early in 2022 while prices continued to rise. Although this represents a substantial increase in costs in comparison to recent years, the initially mild winter and more careful management of the heating has actually reduced the total gas cost for the year in comparison to 2021. We also received a grant of £2,000 from central church funds to help with meeting gas costs.

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 usage has been picking up over 2022 following the lockdown closures. 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 while good progress has been made this year, it is unlikely that full capacity will be reached before the end of 2023. Other options for using or letting the church hall to bring in more income are being considered.

An ongoing programme of maintenance is looked after by the property committee.

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. It is hoped that the first stage of the work can be started in 2023. The Friends have started running fund-raising events again during 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 2022, 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
Date

**Statement of financial activities
for the year ended 31 December 2022**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Income and endowments from:						
Voluntary income	1	52,249	-	395	52,644	55,409
Activities for generating funds	2	14,848	-	773	15,621	5,257
Investment income	3	6	24	265	295	44
Church activities	4	1,299	-	-	1,299	2,306
Other incoming resources	5	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>806</u>
Total		<u>70,402</u>	<u>24</u>	<u>1,433</u>	<u>71,859</u>	<u>63,822</u>
Expenditure on:						
Raising funds		-	-	-	-	-
Church activities	6	<u>85,694</u>	<u>-</u>	<u>5,621</u>	<u>91,315</u>	<u>93,518</u>
Total		<u>85,694</u>	<u>-</u>	<u>5,621</u>	<u>91,315</u>	<u>93,518</u>
Net income/(expenditure)		(15,292)	24	(4,188)	(19,456)	(29,696)
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		(15,292)	24	(4,188)	(19,456)	(29,696)
Balance brought forward at 1/1/22		<u>(25,740)</u>	<u>185,798</u>	<u>100,325</u>	<u>260,383</u>	<u>290,079</u>
Balance carried forward at 31/12/22		<u>(41,032)</u>	<u>185,822</u>	<u>96,137</u>	<u>240,927</u>	<u>260,383</u>

**Balance sheet
as at 31 December 2022**

	Note	2022 £	£	2021 £	£
Fixed Assets					
Church Hall and fittings			184,000		184,000
Current assets					
Debtors and prepayments		1,010		1,801	
Bank and deposit accounts:					
Restricted		81,288		86,624	
Designated		1,822		1,798	
Unrestricted		5,900		2,363	
Friends of St Stephen's		14,849		13,701	
Petty cash		135		-	
		105,004		<u>106,287</u>	
Creditors: amounts falling due within one year					
Creditors and accruals		<u>48,077</u>		<u>29,904</u>	
			<u>56,927</u>		<u>76,383</u>
Net assets			<u>240,927</u>		<u>260,383</u>
Represented by parish funds:					
Unrestricted reserves	9		(41,032)		(25,740)
Designated reserves – church hall	9		184,000		184,000
Designated reserves	9		1,822		1,798
Restricted reserves	9		<u>96,137</u>		<u>100,325</u>
			<u>240,927</u>		<u>260,383</u>

The accounts were approved by the Parochial Church Council on 20 March 2023 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 2022

1. Voluntary income

	Unrestricted	Designated	Restricted	Total 2022	Total 2021
	£	£	£	£	£
Planned giving	34,082	-	-	34,082	36,363
Tax reclaimed	8,602	-	-	8,602	8,588
Cash collections	2,919	-	-	2,919	2,834
Sundry donations	5,646	-	-	5,646	2,861
Legacies	1,000	-	-	1,000	-
Restricted donations	-	-	20	20	4,448
Friends membership	-	-	205	205	165
Friends donations	-	-	170	170	150
	<u>52,249</u>	=	<u>395</u>	<u>52,644</u>	<u>55,409</u>

In 2021, £50,976 of voluntary income was unrestricted and £4,433 was restricted.

2. Activities for generating funds

	Unrestricted	Designated	Restricted	Total 2022	Total 2021
	£	£	£	£	£
Church hall	9,356	-	-	9,356	3,873
Friends fundraising events	-	-	484	484	-
Printing	73	-	-	73	-
Coffee fund	3,398	-	-	3,398	1,099
Bike ride	180	-	-	180	-
Use of church	1,040	-	-	1,040	-
Music	-	-	-	-	-
Acorn project	259	-	-	259	35
200 club	490	-	-	490	-
Sundry income	52	-	289	341	250
	<u>14,848</u>	=	<u>773</u>	<u>15,621</u>	<u>5,257</u>

In 2021, £5,257 of income from generating funds was unrestricted and £Nil was restricted.

3. Investment income

	Unrestricted	Designated	Restricted	Total 2022	Total 2021
	£	£	£	£	£
Bank interest	6	-	-	6	-
Interest on restricted funds	-	-	265	265	43
Interest on designated funds	-	24	-	24	1
	<u>6</u>	<u>24</u>	<u>265</u>	<u>295</u>	<u>44</u>

Notes to the accounts for the year ended 31 December 2022

4. Income from church activities

	Unrestricted £	Designated £	Restricted £	Total 2022 £	Total 2021 £
PCC fees	1,137	-	-	1,137	2,235
Parish functions	<u>162</u>	-	-	<u>162</u>	<u>71</u>
	<u>1,299</u>	-	-	<u>1,299</u>	<u>2,306</u>

In 2021, all income from church activities was unrestricted.

5. Other incoming resources

	Unrestricted £	Designated £	Restricted £	Total 2022 £	Total 2021 £
Church of England heating grant	2,000	-	-	2,000	-
Job retention Scheme grant	-	-	-	-	806
	<u>2,000</u>	-	-	<u>2,000</u>	<u>806</u>

6. Expenditure on church activities

	Unrestricted £	Designated £	Restricted £	Total 2022 £	Total 2021 £
Parish share	61,331	-	-	61,331	68,131
Clergy expenses	141	-	-	141	287
Ministry	73	-	-	73	75
Social committee & function costs	-	-	-	-	55
Electricity	638	-	-	638	551
Gas	910	-	-	910	1,647
Maintenance	3,407	-	5,621	9,028	5,554
Insurance	4,812	-	-	4,812	4,595
Flowers	90	-	-	90	86
Water	60	-	-	60	45
Choir and music expenses	1,300	-	-	1,300	574
Organist salary and fees	5,172	-	-	5,172	5,282
Church hall running costs	5,433	-	-	5,433	4,572
Charitable donations	495	-	-	495	588
Printing and stationery	-	-	-	-	91
Copier hire	142	-	-	142	177
Administration expenses	111	-	-	111	65
Telephone and internet	1,400	-	-	1,400	1,000
Bank charges	179	-	-	179	143
Friends' expenditure	-	-	-	-	-
	<u>85,694</u>	-	<u>5,621</u>	<u>91,315</u>	<u>93,518</u>

In 2021, £89,370 of expenditure on church activities was unrestricted and £4,148 was restricted.

Notes to the accounts for the year ended 31 December 2022

7. Staff and related parties

There were 2 staff on the payroll during the year (2021: 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 £5,172 (2021: £5,282). 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 2022 £	Income £	Expenditure £	Transfers £	Balance at 31 Dec 2022 £
Restricted funds					
Churchyard fund	8,911	116	1,440	-	7,587
Fabric fund	73,967	948	2,879	-	72,036
Furnishings	2,103	-	2,103	-	-
Organ and music fund	<u>1,643</u>	<u>22</u>	<u>-</u>	=	<u>1,665</u>
	86,624	1,086	6,422	-	81,288
Friends' of St Stephen's church	<u>13,701</u>	<u>1,148</u>	<u>-</u>	=	<u>14,849</u>
	<u>100,325</u>	<u>2,234</u>	<u>6,422</u>	=	<u>96,137</u>
Designated funds					
Church hall (at valuation)	184,000	-	-	-	184,000
Discretionary fund	<u>1,798</u>	<u>24</u>	=	=	<u>1,822</u>
	<u>185,798</u>	<u>24</u>	=	=	<u>185,822</u>
Unrestricted funds	<u>(25,740)</u>	<u>70,402</u>	<u>85,694</u>	=	<u>(41,032)</u>
Total funds	<u>260,383</u>	<u>72,660</u>	<u>92,116</u>	=	<u>240,927</u>

**Notes to the accounts
for the year ended 31 December 2022**

10. Analysis of net assets by fund

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

	Unrestricted	Designated	Restricted	Total	Total
	£	£	£	2022	2021
				£	£
Church hall and fittings	-	184,000	-	184,000	184,000
Restricted investments	-	-	81,288	81,288	86,624
Designated investments	-	1,822	-	1,822	1,798
Debtors and prepayments	1,010	-	-	1,010	1,801
Cash at bank and in hand	<u>6,035</u>	<u>-</u>	<u>14,849</u>	<u>20,884</u>	<u>16,064</u>
	7,045	185,822	96,137	289,004	290,287
Creditors and accruals	<u>(48,077)</u>	<u>-</u>	<u>-</u>	<u>(48,077)</u>	<u>(29,904)</u>
Total net assets	<u>(41,032)</u>	<u>185,822</u>	<u>96,137</u>	<u>240,927</u>	<u>260,383</u>

Detailed accounts

1. Church Hall

	2022		2021	
	£	£	£	£
Income				
Income from lettings		9,356		3,873
CJRS grant		<u>-</u>		<u>806</u>
		9,356		4,679
Expenditure				
Caretaker's wages	2,522		2,444	
Cleaning	531		480	
Gas and electricity	897		436	
Water	341		87	
Repairs	990		1,051	
Sundry	<u>152</u>		<u>74</u>	
		<u>5,433</u>		<u>4,572</u>
Net surplus for the year		<u>3,923</u>		<u>107</u>

Detailed accounts**2. Friends of St Stephen's Church**

	2022		2021	
	£	£	£	£
Income				
Membership	205		165	
Donations	170		150	
Sales	143		-	
Overprovision gift aid	-		(330)	
Fundraising	146		-	
Income from events	<u>484</u>		<u>-</u>	
Total income		1,148		(15)
Expenditure				
Events expenses	-		-	
Goods for resale	-		-	
Administrative expenses	<u>-</u>		<u>-</u>	
		<u>-</u>		<u>-</u>
Net surplus for the year		1,148		(15)
Restoration expenditure		-		-
Reserves brought forward		<u>13,701</u>		<u>13,716</u>
Reserves carried forward		<u>14,849</u>		<u>13,701</u>