

# **Parochial Church Council of St Peter with Christ Church and St Matthew Southborough and St Lawrence Bidborough**

## **Notes to the Financial Statements for the twelve months ended 31 December 2017**

### **1. BASIS OF PREPARATION**

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

These accounts have been prepared in accordance with:

the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and with the Charities Act 2011.

### **2. ACCOUNTING POLICIES**

#### ***Funds***

General funds represent the funds of the PCC that are not subject to any restrictions regarding their use and are available for application on the general purposes of the PCC. Funds designated for a particular purpose by the PCC are also unrestricted.

The accounts 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 or those that are informal gatherings of church members.

#### ***Unrestricted Funds (including designated funds)***

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the charity's objects. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to apply the fund.

#### ***Restricted Funds***

Restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (eg, in a public appeal) or created through legal process, but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are expendable at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity. Or they may be capital (ie, endowment) funds, where the assets are required to be invested, or retained for actual use, rather than expended.

# **Parochial Church Council of St Peter with Christ Church and St Matthew Southborough and St Lawrence Bidborough**

## **Notes to the Financial Statements for the twelve months ended 31 December 2017 (continued)**

### ***Endowment funds***

An endowment fund where there is no power to convert the capital into income is known as a permanent endowment fund, which must generally be held indefinitely. This concept of "permanence" does not however necessarily mean that the assets held in the endowment fund cannot be exchanged, nor does it mean that they are incapable of depreciation or loss. What it does mean is that the permanent endowment fund cannot be used as if it were income (ie, to make payments or grants to others), however certain payments must be made out of the endowment, such as the payment of investment management fees where these relate to investments held within the endowment. Where assets held in a permanent endowment fund are exchanged, their place in the fund must be taken by the assets received in exchange.

### **Incoming resources**

#### ***Voluntary income and capital sources***

Collections are recognised when received by or on behalf of the PCC.

Planned giving receivable under Gift Aid is recognised only when received.

Income tax recoverable on Gift Aid donations is recognised when the income is recognised.

Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement, the amount due is quantifiable and its ultimate receipt by the PCC is reasonably certain.

Funds raised by fund raising and similar events are accounted for gross.

Sales of books and magazines from the church bookstall are accounted for gross.

#### ***Other income***

Rental income from the letting of church premises is recognised when the rental is due.

#### ***Income from investments***

Dividends are accounted for when due and payable. Interest entitlements are accounted for as they accrue. Tax recoverable on such income is recognised in the same accounting year.

#### ***Gains and losses on investments***

Realised gains or losses are recognised when investments are sold.

Unrealised gains or losses are accounted for on revaluation of investments at 31 December.

### **Resources used**

#### ***Grants***

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC.

#### ***Activities directly relating to the work of the church***

The diocesan parish share is accounted for when paid. Any parish share unpaid at 31 December is provided for in these accounts as an operational (though not a legal) liability and is shown as a creditor in the Balance Sheet.

## **Parochial Church Council of St Peter with Christ Church and St Matthew Southborough and St Lawrence Bidborough**

### **Notes to the Financial Statements for the twelve months ended 31 December 2017 (continued)**

#### **Fixed assets**

Depreciation on fixed asset properties has not been provided for in these accounts as any charge is considered to be not material, on the basis that the asset has either a very long useful life: or a residual value, based on its current value, which is not materially different from its carrying value.

#### ***Consecrated property and moveable church furnishings***

Consecrated and beneficed property of any kind is excluded from the accounts by s.10 of the Charities Act 2011.

Moveable church furnishings held by the Vicar and Churchwardens on special trust for the PCC, and which require a faculty for disposal, are accounted for as inalienable property unless consecrated. They are listed in the church's Inventory which can be inspected (at any reasonable time). For inalienable property acquired prior to 1 May 2002 there is insufficient cost information available and therefore such assets are not valued in the accounts. Items acquired since 1 May 2002 have been capitalised and depreciated in the accounts over their currently anticipated useful economic life (initially over four years) on a straight-line basis.

All expenditure incurred in the year on consecrated or beneficed buildings, individual items under (£1000) or on the repair of moveable church furnishings acquired before 1 May 2002 is written off.

#### ***Other fixtures, fittings and office equipment***

Equipment used within the church premises is depreciated on a straight line basis over 4 years. Individual items of equipment with a purchase price of £1000 or less are written off when the asset is acquired.

#### ***Investments***

Investments are valued at market value as of 31 December.

#### ***Current assets***

Amounts owing to the PCC at 31 December in respect of fees, rents or other income are shown as debtors less provision for amounts that may prove uncollectible. Short-term deposits include cash held on deposit either with the CBF Church of England Funds or at the bank.

## **Parochial Church Council of St Peter with Christ Church and St Matthew Southborough and St Lawrence Bidborough**

### **Notes to the Financial Statements for the twelve months ended 31 December 2017 (continued)**

#### **The Restricted Funds**

##### **Christ Church**

##### **Building Project Fund**

Funds raised specifically for the Christ Church building project which are held on deposit with the Diocese. This project is controlled by the Parochial Church Council who are the only body within the Southborough Team Ministry who are able to enter into legally binding contracts. The Parochial Church Council also have financial responsibility for this contract.

The Parochial Church Council will seek advice from the Christ Church District Church Council before making decisions.

The PCC after considering advice from the Christ Church District Church Council will decide in which order the various elements of the project will proceed.

If insufficient funds are raised for the project then the PCC will seek advice from the Christ Church District Church Council as to how the project may be down sized and how the funds raised should be used. If it is not possible to proceed with the project the funds raised and not expended will be returned to the donors where possible.

If more funds are raised than are necessary for the project any excess will not be restricted but will be used for the maintenance, repair and improvement of Christ Church.

##### **Special Project Fund**

Funds donated for small one off projects and held on a deposit account with the Diocese until required

##### **St Lawrence, Bidborough**

##### **Project 800**

Funds which have been donated to the appeal to reorder the facilities at St Lawrence. The money is held as part of St Lawrence's deposit with the Diocese.

##### **Church Maintenance Deposit**

The income from 2562 CBoF Income Shares which were purchased in 1991 from a bequest by the late Miss Edith Dallimore which restricted the use of the income to the maintenance of the fabric of St Lawrence Church.

**Parochial Church Council of St Peter with Christ Church and St Matthew Southborough  
and St Lawrence Bidborough**

**Notes to the Financial Statements for the twelve months ended 31 December 2017  
(continued)**

**Toilet Appeal**

Funds which have been donated to the appeal for toilet facilities at St Lawrence. The money is held as part of St Lawrence's deposit with the Diocese.

**Deacon Graves Fund**

The residue of a lump sum payment by the Deacon Trust for the maintenance of the graves of two former servants of the Deacon family situated in St Peter's churchyard. The unused balance is held in the team's central bank account until required.

**Discretionary Fund**

A fund comprised partly of donations from church members and partly from investment income for poverty relief and disbursed at the discretion of the Team Rector. The investments providing income are the Horne Trust and 3.1742% of the parish's CBoF investment number 631040003F. Interest and donations are accrued in the team's central current bank account until periodic transfer to the Rector.