



St Margaret's Church, Chipstead Parish

Annual Report and Accounts of the Parochial Church Council

**For the year ended
31 December 2019**

Registered Charity No: 1139738

Church Lane, Chipstead, Surrey CR5 3RD

Tel. no: 01737 552160

www.stmargaretschipstead.org

Financial Statements and Annual Report for the year ended 31st December 2019

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St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019

The Annual Report of the Parochial Church Council will be read to the Annual Meeting, and copies will be available from the Church Office

Introduction

St Margaret's Church Parochial Church Council (PCC) is required, as stated in the Parochial Church Councils (Powers) Measure 1956, to co-operate with the minister in promoting in the ecclesiastical parish the whole mission of the Church – pastoral, evangelistic, social and ecumenical.

Membership of the Parochial Church Council

Members of the PCC are either ex-officio or elected by the Annual Parochial Church Meeting in accordance with the Church Representation Rules. PCC Members serve for a period of three years and are then eligible to be re-elected for one further three year term. After six years, an elected PCC member must stand down for a period of at least one year. During the year the following served as members of the PCC:

Officers:

Chairman:	The Rev'd Susie Williams #
Curate	The Rev'd Alison Elson - resigned September 2019
Churchwardens:	Shirley Page # Ray King #
Secretary:	Sarah Anne Bowes #
Treasurer:	Martin Mabbutt #

PCC members

Rev John Norman Wates #
Katy Deragon
Madeleine Maccallum
Andrew James Christie Britton
Ann Jennifer Elliott Nee Reading
Ian Thirlwall
Christopher Howard Taylor #
Kim Michelle Honey
Amanda Louise King
David Maccallum
Wendy Morgan
David Wetherall
Perry George Lee Esparon
Fofu Lappin
Angela Robertson
Lorraine Fitzwater - resigned April 2019
Paul Johns - resigned April 2019
John Robertson - resigned April 2019

Management personnel

At the first PCC meeting following the APCM, all PCC members, including those just elected, are informed of the duties and responsibilities of PCC members.

Key Management Personnel

The Management Committee members listed on page 1 are considered to be key management personnel as they are in charge of directing, controlling, running and operating the church on a day to day basis. All such personnel give of their time freely or are remunerated by the Diocese, and therefore received no remuneration from the church in the year. Details of PCC members' expenses and other related party transactions are disclosed in Note 8 to the financial statements.

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Other than The Rev'd Susie Williams, none of the key management receives any remuneration. The Rev'd Susie Williams is remunerated by the Diocese of Southwark. She receives no remuneration from the PCC

Standing committee

This is the only Committee required by law. It meets about six times a year.

Advisers

Bankers

Natwest
Wallington Branch
27 Woodcote Road
Wallington
Surrey
SM6 0LN

Auditors

Jacob Cavenagh & Skeet
5 Robin Hood Lane
Sutton
Surrey SM1 2SW

Correspondence Address

The Parish Office
Church Lane, Chipstead, Surrey CR5 3RD

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Our aims and purposes as a charity

The Parochial Church Council (PCC) of St Margaret's, Chipstead has the responsibility of co-operating with the incumbent, the Reverend Susie Williams, in promoting in the ecclesiastical parish of Chipstead, the gospel and whole mission of the Church, pastoral, evangelistic, social and ecumenical. The PCC is specifically responsible for the maintenance of the Church building, the Orchard and the churchyard, the Peter Aubertin Hall in Chipstead, and the Mission Hall in Mugswell. Our Mission Statement reflects our ethos:

To know and share God's transforming love with one another,
with our local community and with the wider world.

What we planned to do to achieve our charitable objectives

When planning our activities for the year the PCC considered the Charity Commission's guidance on public benefit. The council has complied with the duty under section 5 of the Safeguarding and Clergy Discipline Measure 2016, fully recognising its duty to have due regard to House of Bishops' guidance on safeguarding children and vulnerable adults.

Our aims:

- ☐ To enable as many people as possible to know Christ, worship him and grow in faith within our church and parish.
- ☐ To teach, baptise and nurture new and existing believers.
- ☐ To involve and seek to build bridges between the many, often varied, groups that live within the parish.
- ☐ To put faith into practice, through prayer and scripture, music and sacrament.
- ☐ To build upon our worship and prayer and learning about the Gospel in small group situations.
- ☐ To assist people of all ages and from all walks of life to develop their knowledge of, and trust in, Jesus.
- ☐ To provide pastoral care for people living in the parish and also for the members of the congregation who live outside the parish.
- ☐ To continue to offer the Orchard, and provide volunteers to staff the Winter Night Shelter through the cold winter months in conjunction with Renewed Hope Trust, to support the homeless in the deanery.
- ☐ To continue to provide assistance to the poor and needy of the parish.
- ☐ To assist other organisations financially.

Our Curate, Alison Elson, having completed her curacy, moved to a new parish in September 2019. We cannot thank her enough for her ministry over the last three years, and wish her all the best.

Mission Action Plan (MAP)

Our MAP has three priorities:

- To develop our children and youth activities
- To provide Pastoral Care and Community Support
- To develop our ministry in Netherne

During the year we went through a process to review and refresh the specific objectives within our MAP and our future plans are focused on these objectives as well as maintaining the many activities described in the following text.

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Achievements and Performance

Worship and Prayer

From October 2019 we were able to man the parish office each morning and keep the church building open to the local community: the building was also made available on request. The grounds are beautifully maintained, with a wide variety of native flora and fauna, and strategically placed benches, and many people visit daily. The prayer walk, with scriptural prayer 'I am' boulders act as a guide to enable contemplation and prayer.

The church family welcomes visitors from within the parish boundary as well as drawing many in from outside the parish, particularly youth, children and families. Visitors attend by personal choice, and it is our great pleasure to welcome anyone from all walks of life to take part in the life of the church. We contend that voluntary attendance to worship the Lord Jesus Christ, together with seeing people growing in faith and love, is a major demonstration of the public benefit of our activities.

The Incumbent and PCC are keen to offer a range of services during the week and over the course of the year that our community find both beneficial and spiritually fulfilling. Each Sunday, there is an 8am Book of Common Prayer (BCP) service of Holy Communion; at 9am is a traditional (but using contemporary language) service of either Holy Communion (Order 1) or Morning Prayer and accompanied by traditional hymns on the organ; whilst at 10.45 we have a contemporary, less liturgical service with a variety of instruments and modern worship songs.

These 10.45 services alternate between Communion on the first and third Sundays, an all-age/all together service on the second Sunday and morning worship on the fourth Sunday. Our children and young people join us for the first part of each service before going to the Orchard for age specific groups. There is also a manned crèche. Every fifth Sunday there is an all-age/all together Communion service. At the APCM, Patronal festival, Remembrance, Christmas and Harvest we hold a joint service for the 9am and 10.45am congregations.

During 2019 we held five services at Mugswell Mission Hall on Mothering Sunday, Easter, High Summer, Harvest and Christmas. Between 20–40 people attended and we enjoyed excellent refreshments after each service. This provides a good community focus for the hamlet.

Our youth and children's groups encourage younger people to learn about relating to God and one another in love and helps enable them to consider the needs of others, the environment and wider world; whilst also helping them to grow in confidence and wholeness and achieve their God-given potential. All worship in the children's groups is age appropriate. As an active part of our whole worshipping community they participate in, devise and lead acts of worship for the whole church. Messy Church, held six weekly, continues to be popular with families and new families are being recommended by word of mouth, through coming with friends, or through our multi-media advertising.

Morning Prayer is said on weekday mornings at 9am, with prayers being made for individuals, the Church, our local community, deanery, diocese and the wider world. Midweek Holy Communion is held monthly followed by coffee and a time to chat. There is also a dedicated team of those who pray as requested, but who also offer daily intercessions, and join with the Deanery in times of worship, including the prayer initiative Thy Kingdom Come. We also get involved with Archidiaconal and Diocesan times of worship, and in 2019 our worship group led the sung worship at both the Cathedral and the Croydon Episcopal Area Lay Conference.

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ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Our worship through music at St Margaret's continues to be a blessing, from the talented organists at the 9 o'clock service or occasional services, to the worship band and singers and under the direction of Libby Egwuba, our Director of Music. Members of the 10.45 team also lead services at Kingdom Come on a Sunday evening every 10-12 weeks. This is an informal time of worship and praise, bible readings and prayer in the Orchard. In between Kingdom Come we offer a reflective evening service, Sacred Space, in the church chancel.

After the 9 o'clock and 10.45 services prayer ministry is offered by a dedicated team in the chancel of the church, whilst coffee and biscuits are served from the South transept. Everyone is assured of a warm welcome and this has led to incomers choosing us to be their local church.

The many and varied Christmas Services draw people from the surrounding area and the special choir draws in members of the congregation as well as those from the wider community, and also includes children. Other 'guest' services include Mothering Sunday; Remembrance and Christingle; plus additional services at Easter, Ash Wednesday; and Ascension Day.

We also held 'Tea Service @ 2' in the Spring and Autumn for those who struggle to attend morning church. The short services, with well known hymns, were each followed by a spectacular high tea which was enjoyed by all.

Deanery Synod

We currently have three Deanery Synod Lay Representatives, whose terms of office finishes in July this year, plus the Rector as our clergy representative. There are 3 Deanery Synod meetings each year and they are held at different churches throughout the Deanery. There is normally a speaker at each meeting and over the past year Synod has been exploring the Marks of Mission.

Pastoral Care, Mission and Evangelism

Pastoral care is offered at a number of different levels and is done by Rev. Susie Williams, and Rev. John Wates, as well as many members of the congregation and was also done, until they relocated, by our Southwark Pastoral Auxiliary (SPA), Margaret Quaife and our Curate Rev. Alison Elson. Much of the 'in-house' pastoral care is carried out by the staff team and life groups. Pastoral care is offered to the whole parish, irrespective of church attendance, and also forms an important part in supporting families who attend our occasional services. John Wates keeps in regular contact with a number of those who can no longer physically attend St Margaret's with his 'Church Without Walls'.

The Winter Night Shelter offered support to up to 13 guests on any one evening through the colder months, providing them with a tasty meal and warm and pleasant place to sleep.

Mission and evangelism are a major part of our remit as God's church in this place. As Christians we believe that we are all to fulfil Christ's commission to make, teach and nurture disciples. Our life groups continue to provide places in which to nurture disciples, but also offer fellowship and pastoral care. We are currently working hard to revise our Mission Action Plan and our 3 vision priorities are: Children, Youth and Families; Netherne; and Pastoral Care.

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ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

CAMEO (Come And Meet Each Other) continues to provide us with the opportunities for support and to build community in addition to evangelism and mission. A lay team of three has taken over the organisation after the departure of the Curate. In the last year we have provided tea, cakes, friendship, and conversation every month for a group of, on average, twenty older people from the local community. In addition to meeting and socialising we have provided:-hand massage (bimonthly), music and folk songs led by a local musician, a Quiz afternoon, a talk from local author, a Christmas afternoon tea, with free raffle and carol singing, kettle drum band, an afternoon dance and, each month there is the availability of NHS hearing aid service, clean, re-tube and battery replacement.

The popular Church fete in June is our biggest outreach to the local community with 1500 from across the whole parish and beyond attending over the afternoon. There was a wide variety of activities and games, together with stalls and refreshments, and everyone thoroughly enjoyed themselves. A team is present at many local events in Chipstead and Netherne, including Chipstead Flower Show, where we offered a listening ear (and prayer when asked) and provided a wide variety of free activities for children (adults seem to enjoy them too!)

Our Children, Families and Youth work touches the lives of those within the Church and many more outside the church, whilst also offering practical support and teaching to families and guidance and a listening ear to children, teenagers and those starting out in life as adults. We also keep in touch with those who have left school and hold termly meet ups. The young people also meet on a Wednesday afternoon for coffee and to chat, an excellent way of keeping friendships whilst attending different schools and, as part of the budgeting process, the PCC agrees an amount to be donated to causes that advance our mission "To know and share God's transforming love with one another, with our local community and with the wider world." One of the functions of the Mission Committee is to make recommendations as to how this money should be spent ensuring that there is an appropriate split between charities within our local community and those within the wider church. These recommendations are then approved or otherwise by the full PCC. In addition, from time to time, the church may launch specific appeals for individual causes or donate the collections from a particular service to a specified charity. For example, the collection from the Remembrance Day Service is donated to the Royal British Legion and the volunteers are always on hand when advice is solicited. The Parenting for Faith Course provided an ideal place for parents, grandparents, carers and those who work with children to learn how to best help children explore their faith. The adults found it an excellent course for exploring their own faith too! ACTS 2 camp out proved popular with both church families and the wider community. Over 80 attended and more than 40 camped out overnight. Having visited Netherne Stay and Play Toddler Group on a monthly basis over the last 3 years, hosting craft activities and offering support and encouragement, in September we were delighted to be able to commit to taking over its running, from the parents group who had originally set it up, on a weekly basis.

Holiday Club welcomed a total of 70 children and families over the five days, some of whom had had no previous connection to St Margaret's. Parents benefitted from a 'cafe' area, with attached crèche. It provided a pleasant place for them to support one another and also to form new friendships.

Maggie's Song, which takes place every Friday in term-time, currently has between 20 and 30 families and children attending each week, many of whom have no other church connection. It offers a time of music and movement for under 5's, and is enjoyed by them and their parents.

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

We gave grants totalling approximately £12,000 to various missionary organisations including Agape, Bible Society, Bishop's Lent Appeal, Christian Aid, Community Debt Advice, Discet, Open Doors, Renewed Hope Trust, Welcare, Women of Purpose and Zimbabwe Link.

We maintain the fabric of the Grade 1 listed church building as a historic centre, and the church building, the Orchard and the PA Hall as a focus of life in the village of Chipstead and the Mission Hall in Mugswell. The Peter Aubertin Hall is seen by many as being the village hall, and it not only houses the local pre-school, but provides a place for various community groups to meet. We also have a very well maintained and peaceful open Churchyard which is also a haven for wildlife and encourages children and adults to be environmentally aware.

2019 saw 7 weddings, 14 baptisms and 8 funerals (not including memorial services and burial of ashes) and our team also took 3 services at local crematoria. It is always a privilege to walk alongside people from the wider community at these important times, and to be able to show God's love and grace.

Volunteers

We would like to thank all of those volunteers who work so hard to make our church such a lively, welcoming and well-functioning community – thank you. Working together helps us grow as individuals, as a church, and is of benefit to the wider community, it's also fun! We were delighted to welcome Claire Mills, as our latest SPA, when she finished her training and was licensed in June. We were also pleased to celebrate with Margaret Quaife, who was presented with a special award by the Bishop a couple of weeks before she moved away.

Staff

We are blessed by the members of staff we employ and who work so hard to enable us, as a church, to offer so much to both our congregations and our wider community. Abi Page continues as our Children and Families Leader, Amy Reeves resigned in June. Deborah Mathews keeps our finance, property bookings and administration running smoothly. Kate Clemson took up the position of Administrator on a provisional basis in October 2019.

Grant making policy

Each year, as part of the budgeting process, the PCC agrees an amount to be donated to causes that advance our mission "To know and share God's transforming love with one another, with our local community and with the wider world." One of the functions of the Mission Committee is to make recommendations as to how this money should be spent ensuring that there is an appropriate split between charities within our local community and those within the wider church. These recommendations are then approved or otherwise by the full PCC. In addition, from time to time, the church may launch specific appeals for individual causes or donate the collections from a particular service to a specified charity. For example, the collection from the Remembrance Day Service is donated to the Royal British Legion.

Electoral Roll

Last year saw the production of a new electoral roll and our number stood at 183. The whole electoral roll is reconstituted every 6 years and this is next scheduled to be done in 2025.

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2019 Financial Review

The church's fortunes have been transformed by the receipt of a substantial legacy (£845,000) received at the end of 2019. This will provide the church with many opportunities to further its mission as well as supporting the church's existing operations. We also include in income an estimated legacy of £50k that we are likely to be in receipt of in 2020. Without these legacies the deficit for the year would have been over £40k, on a cash basis. Replacement projectors accounted for almost £19k of this cash deficit and the second payment for the Orchard blinds were £8k, funded from restricted reserves. This year we began to depreciate larger items of capital expenditure, including the projectors and this will mean that reported profits in the year in which the investment is made will be flattered compared to writing off the investment immediately but will negatively impact future years' reported profit.

Planned giving was £15k less than in 2018 and was the principal reason for our underlying deficit (excluding the legacy) being some £17k worse than expected at the start of 2019. There was also a £5k reduction in income from weddings and funerals.

In terms of costs, if we exclude the one off cost of replacement projectors, then there was an annual increase of around 7.5% (£22k). There were many moving parts to this but the most significant were a £6k reduction in parish share compared to 2018, more than offset by a full year of our children's worker being in place. Overall staff costs rose by £15k, a result of salary increases and increased contribution rates for NIC and pensions. We currently envisage a deficit in excess of £40k for 2020, although this does not as yet reflect any plans for the legacy. A committee is being formed to consider appropriate uses. Our expectation is that the church will continue to operate at a deficit for the foreseeable future and while this is no longer a concern in either the short or medium term thanks to the substantial resources we enjoy, it will be one of the considerations that the committee will want to consider.

At 31 December 2019, total funds amounted to £1,150,015 (2018: £301,596) of which £112,762 (2018: £60,666) were restricted and £132,278 (2018: £131,160) were in the Endowment Fund."

Statement of PCC responsibilities

The Parochial Church Council (PCC) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Church Accounting Regulations 2006 require the PCC to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Council and of its financial activities for that period. In preparing those financial statements, the PCC is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

The PCC are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk assessment

The PCC is satisfied that there are procedures in place to mitigate exposure to major risks. The PCC considers the principal risks and uncertainties facing the Church and their plans and strategies for managing these risks to be:

Potential Risk	Potential Impact	Steps to mitigate risk
Security of assets	<ul style="list-style-type: none">• loss or damage• theft of assets	<ul style="list-style-type: none">• review security arrangements• asset register and inspection programme• review insurance cover
Fund-raising	<ul style="list-style-type: none">• unsatisfactory returns• reputational risks of campaign or methods used• actions of agents and commercial fund-raisers• compliance with law and regulation	<ul style="list-style-type: none">• implement appraisal, budgeting and authorisation procedures• review regulatory compliance• monitor the adequacy of financial returns achieved• stewardship reporting in annual report
Disaster recovery and planning	<ul style="list-style-type: none">• computer system failures or loss of data• destruction of property, equipment, records through fire, flood or similar damage	<ul style="list-style-type: none">• agree IT recovery plan• implement data backup procedures and security measures• review insurance cover• create disaster recovery plan
Cash flow sensitivities	<ul style="list-style-type: none">• inability to meet commitments• lack of liquidity to cover variance in costs• impact on operational activities	<ul style="list-style-type: none">• ensure adequate cash flow projections (prudence of assumptions)• identify major sensitivities• ensure adequate information flow from operational managers• monitor arrangements and reporting

Reserves policy

The PCC needs reserves to cover short term shortfalls in income and to cover unexpected expenditure. The vast majority of the PCC's income derives from voluntary donations. Whilst a significant proportion of these donations are planned, there is a level of unplanned giving which is not always predictable. In addition, due to changes in circumstances within the congregation, planned giving may not always match the level pledged at the start of the year. Reserves allow the PCC to better manage short term fluctuations in the level of giving. In addition, the running costs of the church are not always predictable and reserves allow the PCC to cope with unexpected expenditure which may arise from time to time. It is PCC policy to try to maintain a balance on free reserves which equates to at least three months of unrestricted payments, which would equate to £80k. At the end of 2019 unrestricted reserves were over £900,000.

St Margaret's Church, Chipstead Parish

ANNUAL REPORT OF THE PAROCHIAL CHURCH COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Fundraising

The PCC engaged in fundraising, in the form of receiving donations, some of which were gift-aided, from members of our fellowship. The PCC did not contract the service of any professional fundraisers as defined by section 58 of the Charities Act 1992. The PCC is satisfied that its fundraising practices are ethical. No complaints were received about our fundraising practices.

Investment policy

The PCC is risk averse in its investment policy placing surplus cash on deposit with the CBF Church of England Deposit Fund or with large banks.

The Rev Susie Williams

Chair

Date 11th May 2020

St Margaret's Church, Chipstead Parish

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL

Opinion

We have audited the financial statements of St Margaret's Church, Chipstead for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Cash Flow Statement, the Balance Sheet and related notes. The 2018 accounts were not audited. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the PCC's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the PCC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the PCC members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the PCC members' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the PCC's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The PCC members' are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the PCC's report; or
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the PCC members' responsibilities statement, the PCC members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the PCC members are responsible for assessing the PCC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the PCC members either intend to liquidate the PCC or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

St Margaret's Church, Chipstead Parish

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE PAROCHIAL CHURCH COUNCIL (continued)

Use of our report

This report is made solely to the PCC members, as a body, in accordance Part 4 of the charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the PCC members' those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the PCC and the PCC members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacob Cavenagh & Skeet

Statutory Auditor

Chartered Accountants

**5 Robin Hood Lane
Sutton
Surrey
SM1 2SW**

Dated:

Jacob Cavenagh & Skeet is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

St Margaret's Church, Chipstead Parish
Statement of Financial Activities for the year ended 31 December 2019

For the year ended 31 December 2019	2019				2018			
	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL 2019	Unrestricted Funds	Restricted Funds	Endowment Funds	TOTAL 2018
Notes	2(a)	2(b)	10		2(a)	2(b)	10	
INCOME	£	£	£	£	£	£	£	£
Voluntary income	1,055,973	54,263	-	1,100,236	219,558	2,956	-	222,514
Income from church activities	12,632	25,495	-	38,127	19,483	19,379	-	38,862
Activities for generating funds	12,271	-	-	12,271	14,814	-	-	14,814
Income from investments	1	50	1,118	1,169	-	60	635	695
Total Income	1,080,877	79,808	1,118	1,161,803	253,855	22,395	635	276,885
EXPENDITURE								
Church activities	285,438	21,673	-	307,111	263,153	18,384	8,860	290,397
Raising funds	3,934	2,339	-	6,273	867	-		867
Total Expenditure	289,372	24,012	-	313,384	264,020	18,384	8,860	291,264
Net Income/(Expenditure)	791,505	55,796	1,118	848,419	(10,165)	4,011	(8,225)	(14,379)
Transfer between funds	3,700	(3,700)	-	-	-	-	-	-
Net movement in funds	795,205	52,096	1,118	848,419	(10,165)	4,011	(8,225)	(14,379)
Reconciliation of funds								
Total funds brought forward	109,770	60,666	131,160	301,596	119,935	56,655	139,385	315,975
Total funds carried forward	904,975	112,762	132,278	1,150,015	109,770	60,666	131,160	301,596

St Margaret's Church, Chipstead Parish
Balance sheet as 31 December 2019

	Notes		2019 £	2018 £
FIXED ASSETS				
Tangible assets	3		14,946	-
CURRENT ASSETS				
Debtors	5	75,214		38,003
Cash at bank and in hand		1,087,146		282,905
		1,162,360		320,908
LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	6	27,291		19,312
NET CURRENT ASSETS			1,135,069	301,596
NET ASSETS			1,150,015	301,596
PARISH FUNDS				
Unrestricted	7		904,975	109,770
Restricted	7		112,762	60,666
Endowment	7		132,278	131,160
			1,150,015	301,596

The accounts were approved by the PCC on 11th May 2020 and signed on behalf of the PCC by:

The Rev'd Susie Williams
Chair

St Margaret's Church, Chipstead Parish
Statement of Cash flow for the year ended 31 December 2019

		2019		2018
Cash from operating activities		821,950		(584)
Cash flows from investing activities				
Interest receivable	1,169		695	
Payment to acquire tangible fixed assets	(18,878)		-	
Cash (used in) investing activities		<u>(17,709)</u>		<u>695</u>
Change in cash in reporting period		<u>804,241</u>		<u>111</u>
Cash at 1st January		282,905		282,794
Cash at 31st December		1,087,146		282,905
Cash used in operating activities				
Net income/(expenditure)		848,419		(14,379)
Interest received		(1,169)		(695)
Depreciation charges		3,932		
Decrease/(increase) in debtors		(37,211)		2,226
Increase/(decrease) in creditors		<u>7,979</u>		<u>12,264</u>
Net cash provided by operating activities		821,950		(584)

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 and in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102). The financial statements have been prepared under the historical cost convention. 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 nor those that are informal gatherings of Church members.

The PCC meets the definition of a public benefit entity under FRS102.

Going concern

The PCC have prepared detailed forecasts and cash flow projections which they believe are based upon reasonable assumptions. The forecasts show that the church should be able to operate for the foreseeable future and thus the trustees consider it appropriate to prepare the financial statements on a going concern basis.

FUNDS

1. **Unrestricted Funds** represent the resources of the PCC that are not subject to any restrictions regarding their use and are available for the general purposes of the PCC.
2. **Restricted Funds** represent resources which the PCC has indicated to donors and fundraisers will be used for specified purposes:

The Fabric Fund mainly derives from major donations and special events to meet major expenses on repairs and renewals of the Church and the Churchyard.

Trust Funds consist of donations made specifically for the upkeep of certain graves.

The Bell Fund contains specific donations and surpluses from the use of bells at weddings set aside to meet future maintenance of and improvements to the bells and to meet bell ringer expenses.

Specific Collections consist of donations received at services and other Parish occasions for purposes specified at the time of collection.

The Appeal Fund contains donations made and the proceeds of special events undertaken for the purposes of funding the construction of The Orchard.

The Peter Aubertin Hall Fund consists of income from operating activities of the Hall, specific fundraising events and donations for the improvement of the Hall.

The Mugswell Hall Fund consists of income from the operating activities of the Hall and specific donations for the maintenance and improvement of the Hall

The Endowment Fund represents resources provided to build up a fund to ensure the future financial wellbeing of the Church. The Endowment Fund, a portion of which was originally donated in the 1970s, was done so with the restriction that it should not be spent on any activities outside of the parish, or routine running costs of the church. It is the policy of the PCC that it should be used as a reserve against major expenditure on the church fabric and churchyard.

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Income recognition

All income is recognised once the Church has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

1. Voluntary Income

- Collections at services are recognised when received on behalf of the PCC.
- Planned giving is recognised when received and related Gift Aid is accrued for.
- Funds raised through events are accounted for gross.
- Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement, the amount is quantifiable and the ultimate receipt by the PCC is considered probable.

Other Income

- Operating income from other sources such as letting of church premises, magazine sales/advertising and parochial fees is recognised when due.
- Income from bank and CBF interest is recognised when received

Expenditure

- All expenditure is accounted for on an accruals basis.

Fixed Assets

Consecrated Property and Movable Church Furnishings

- Consecrated land/buildings and equipment are not included in the financial statements by virtue of the Charities Act 2011 Under the PCCs (Powers) Measure 1956, all PCCs are trustees of income and expenditure but not necessarily of assets, so that any expenditure whether maintenance or improvement, incurred on consecrated or benefice buildings or moveable church fittings, is written off as expenditure in the year.
- Movable church furnishings held by the Rector 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 inventory which can be inspected at any time.

Other church buildings

- The accounts for the PA Hall and Mugswell Hall are both shown under restricted funds. The PCC has made a decision not to show these buildings within fixed assets. Both of these halls were built before the start of the 20th century and the PCC believes that in the context of today's accounts showing these at cost would be immaterial.
- The Orchard - The PCC believes that since the Diocese of Rochester owns the church, the churchyard and the land on which the Orchard is built, it would be inappropriate to capitalise the Orchard as if it belonged to us.
- Depreciation is provided at the following rates to write off the cost of fixed assets over their useful lives:
Furniture, fittings & equipment - Straight line over 3 - 5 years

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Current assets

Income tax recoverable and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid. Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit.

Creditors and provisions

Creditors and provisions are recognised where the Church has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments.

2 Income and Expenditure

The PCC has chosen to show income and expenditure on a fund by fund basis for both the historic and current periods. This gives greater clarity rather than the amalgamated basis for the historic period which is outlined in the PCC Accountability Manual (published 2006 and updated to incorporate SORP 2015).

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Note 2a Unrestricted general church funds	2019	2018
INCOME	£	£
<u>Voluntary income</u>		
Planned Giving	159,905	174,190
Collections (plate) at services	6,352	6,953
Income tax recoverable	34,639	34,577
Grants received	-	-
Donations etc.	9,917	3,838
Legacies	845,160	-
	1,055,973	219,558
<u>Income From Church Activities:</u>		
Wedding, Baptism and Funeral fees	12,593	19,209
Contractual income	39	274
	12,632	19,483
<u>Activities for generating funds</u>		
Magazine sales	2,526	1,839
Magazine advertising	2,418	2,128
Fetes and other fundraising events	6,597	10,321
Orchard hire	730	526
	12,271	14,814
Interest income	1	-
TOTAL INCOME	1,080,877	253,855
EXPENDITURE		
<u>Church Activities</u>		
Parish Share	117,504	123,379
Clergy expenses	790	633
Church building maintenance	17,586	14,625
Churchyard maintenance	113	1,512
Youth, children, music and hospitality	42,221	34,923
Church running expenses	46,911	39,718
Organ costs	297	821
General & secretarial expenses	32,700	26,170
Printing and stationery	9,912	9,147
Depreciation	3,932	
	271,967	250,928
<u>Grants</u>		
Overseas mission societies	9,458	7,870
Christian relief & development agencies	500	500
Home mission & other church societies	3,513	3,855
	13,471	12,225
<u>Fund Raising costs</u>		
Fund raising costs total	3,934	867
TOTAL EXPENDITURE	289,372	264,020

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Note 2 (b) Restricted Funds			
Trust Funds		2019	2018
		£	£
Income			
Dividends & Interest		-	-
Expenditure			
Flowers & upkeep of graves		-	-
Net Income		-	-
Balance at 1 January		367	367
Balance at 31 December		367	367
Bell Fund		2019	2018
		£	£
Income			
Interest		50	50
Surplus from weddings		-	300
Net income		50	350
Transfers		300	-
Balance at 1 January		28,226	27,876
Balance at 31 December		28,576	28,226
Specific Donations		2019	2018
		£	£
Income			
Collections		1,236	940
Donations etc		2,900	1,961
Events		1,248	-
		5,384	2,901
Expenditure			
Overseas mission societies			
Christian relief & development agencies		1,551	2,901
Home mission & other church societies		970	-
Secular charities		(2,332)	-
Total Grants		189	2,901
Costs of Events		-	-
Church Equipment		-	-
		189	2,901
Net Income		5,195	-
Balance at 1 January		-	-
Balance at 31 December		5,195	-

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Note 2(b) Restricted funds (continued)	2019	2018
	£	£
Appeal Fund		
Income	-	-
Expenditure		
Grants to home mission & other church societies	-	-
Costs of Fundraising	-	156
Equipment purchases	8,272	-
	8,272	156
Net Income/(expenditure)	(8,272)	(156)
Balance at 1 January	18,211	18,367
Balance at 31 December	9,939	18,211
Peter Aubertin Hall	2019	2018
	£	£
Income		
Operating activities to generate funds	-	618
Church hall lettings	22,255	16,909
	22,255	17,527
Dividends & interest	-	10
Other Income	-	55
	22,255	17,592
Expenditure		
Church hall running costs	10,145	9,448
Church hall building maintenance	3,884	389
Administration of Hall Bookings	-	4,000
	14,029	13,837
Net Income	8,226	3,755
Transfers	(4000)	
Balance at 1 January	11,037	7,282
Balance at 31 December	15,263	11,037
Mugswell Hall	2019	2018
	£	£
Income		
Donations	337	0
Church hall lettings	1,782	1,552
	2,119	1,552
Expenditure		
Church hall running costs	1,200	1,159
Church hall building maintenance	322	330
	1,522	1,489
Net Income	597	62
Balance at 1 January	2,825	2,763
Balance at 31 December	3,422	2,825

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

Note 2(b) Restricted funds (continued)		2019	2018
Fabric Fund		£	£
Income			
Bequest		50,000	-
Expenditure			
		-	-
Net Income		50,000	-
Balance at 1 January		-	-
Balance at 31 December		50,000	-

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

3: Fixed assets for use by the PCC		
		Furniture, fittings and equipment
Cost	At 1 January 2019	-
	Additions at cost	18,878
	At 31 December 2019	18,878
Depreciation	At 1 January 2019	-
	Charge for the year	3,932
	At 31 December 2019	3,932
Net book value	At 31 December 2019	14,946
	At 31 December 2018	-

4: Staff Costs		2019	2018
		£	£
Wages and salaries		62,579	48,861
Social security costs		642	-
Employers Pension costs		1,438	658
Total		64,659	49,519
Average number of employees		4	4

Wages and salaries include the administration costs charged against the PA Hall accounts. During the year the PCC employed a parish administrator/ secretary, a finance assistant, a children and families worker and a youth worker, none of whom earned £60,000 pa or more. None of the employees were members of the PCC during 2019. There were no employee benefits to key management personnel in the previous or current year

5 Debtors		2019	2018
		£	£
Due within one year			
Income Tax recoverable		17,825	26,386
Prepayments		5,936	10,512
Other Debtors		51,453	1,105
Total debtors		75,214	38,003
6 Liabilities		2019	2018
		£	£
Amount falling due within one year			
Deferred Income		195	130
Accruals		27,096	19,182
Total liabilities		27,291	19,312

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

7 Analysis of Net Assets by Fund				
	2019			
	Current	Fixed assets	Current	Fund
	Assets		Liabilities	Balance
	£	£	£	£
Unrestricted Funds	906,551	14,946	(16,522)	904,975
Fabric Fund	50,000		-	50,000
Trust Funds	367		-	367
Bell Fund	28,576		-	28,576
Appeal Fund	9,939		-	9,939
Specific Donations	15,273		(10,078)	5,195
PA Hall	15,954		(691)	15,263
Mugswell Hall	3,422		-	3,422
Endowment Fund	132,278		-	132,278
Total Funds	1,162,360	14,946	(27,291)	1,150,015
	2018			
	Current	Fixed assets	Current	Fund
	Assets		Liabilities	Balance
	£	£	£	£
Unrestricted Funds	125,351	-	(15,581)	109,770
Fabric Fund	-		-	-
Trust Funds	367		-	367
Bell Fund	28,226		-	28,226
Appeal Fund	18,211		-	18,211
Specific Donations	1,259		(1,259)	-
PA Hall	13,509		(2,472)	11,037
Mugswell Hall	2,825		-	2,825
Endowment Fund	131,160		-	131,160
Total Funds	320,908	-	(19,312)	301,596

St Margaret's Church, Chipstead Parish

Notes to the Financial Statements for the year ended 31st December 2019 (continued)

8. Related party transactions

During the year J Wates (a member of the PCC) made an interest free loan of £9,202 to fund part of the purchase price of new projectors. The loan was repaid in full on 21 January 2020. An amount of £9,202 is shown in creditors.

Susie Williams (a member of the PCC) received a grant of £300 (2018: £nil).

Alison Elson received a leaving gift of £300 (2018: £nil).

During the year 2 (2018:2) members of the PCC were reimbursed £2,653 (2018: £1,891) for travel and subsistence expenses.

Abigail Page (daughter of Shirley Page) received remuneration of £19,125 (2018: £10,805) for her role as Children and Families worker

Jenny Smith (PCC member until April 2018) received remuneration of £nil (2018: £2,294) for her role as administrator

9. Lease Commitments

The total future minimum lease payments under non-cancellable operating leases are payable:

		2019	2018
		£	£
Within 1 year		1,430	704
Within 2 to 5 years		5,364	176
		6,794	880
Lease payments during the year		2,009	1,773

10. Endowment fund

The Endowment Fund, a portion of which was originally donated in the 1970s, was done with the restriction that it should not be spent on any activities outside of the parish, or on routine running costs of the church. During 2018 the cost of strengthening the Bell Tower and adding a wooden gallery, were charged against the fund. There was no expenditure charged against the fund in 2019.