

St Paul's Church, Honiton
Registered Charity Number 1128921

Financial Report for the Year Ended 31 December 2016

The Statement of Financial Activity (page 4) shows a favourable picture of our accounts for 2016. The bottom line shows that we ended the year with total funds £7,740 higher than the previous year, however £6,000 of this is an amount that the PCC wished to keep in the bank account for maintenance work planned for 2016 but is yet to take place. On the Balance Sheet (page 5), Cash at Bank and in Hand is down by £11,213 partly due to a greater proportion of Common Fund contributions having been paid in 2016 compared to 2015 and partly because of a decision made in 2016 not to include the Christian Review Account as an asset of the church (this is further explained in note 5e on page 10). Having already paid a larger proportion of Common Fund contributions, a smaller top-up was agreed by the PCC at the end of the year which explains much of the reduced amounts owed to Creditors. (Total Common Fund contributions are discussed under the heading of *Resources Expended* below.)

We have ended the year with increased bank balances in the General Fund and Mackarness Hall account whilst all restricted funds apart from the St Paul's Maintenance Fund have a reduced bank balance. This is a desirable position to be in. The breakdown of how we have achieved this is contained in pages 6 and 7 of the accounts and explained below. The numbers given in the left hand column of this report correspond to the note numbers given in the left hand column of the accounts.

Incoming Resources (page 6)

- 2a Ending the envelope scheme for regular giving has had some effect on planned giving as some of the money that was going into envelopes is now going into the loose collection. If, however, you add together the totals for Planned Giving and Collections it shows that giving on Sunday mornings was about £500 less than the previous year and the amount of gift aid we have been able to claim is also down by about £500. We have received some very generous one-off donations outside of Sunday mornings (Sundry Donations), just over £8,000 of which was given for restricted purposes. The Sundry Donations together with Legacies received has ensured that our total income from donations and legacies has increased by nearly £8,500.
- 2b Income from Charitable Activities has seen a small increase. This is mainly due to the large number of burials that took place in 2016 and a full year of letting income from The Lodge. (Fee income from burials was £11,300 of the total Team Fee income. Team Fees are amounts set by the National Church which we charge for weddings, funerals, burials etc.)
- 2c The Mackarness Hall lettings continue to increase in number and the craft club continues to do well, providing us with an increase in income, however fund raising events and coffee mornings have struggled to raise the amounts seen in previous years. One particular amount within Fund Raising Events that is worth noting is the amount we were able to raise for other charities. This fell below £1000 and is less than two thirds of the amount we raised the previous year. We had no income from youth activities as all income from Messy Church and CCK (the post-confirmation youth group) is now paid into the Mission Community Account.

- 2d Interest and dividends received are down as interest rates on savings have continued to fall.
- 2e Admin recharges is the charge for producing orders of service for a funeral etc. so the slightly reduced income arises from fewer people requiring this. Differences in accounting practices account for the small amount of Miscellaneous income last year.

Our total income for 2016 was £117,561. This is £4,770 more than the previous year thanks to the one-off donations we received.

Resources Expended (page 7)

- 3a Kitchen running costs have remained fairly consistent as has Fundraising Expenditure, the small increase being due to changes in accounting practices.
A break down of Mackarness Hall costs can be found on page 9 in note 5d. Utility bills have increased slightly with the gas bills being of particular concern as some of the bills have been approaching £500 per month over the winter months. Salaries for the hall look as though they have increased hugely. This is in part due to wage increases which were awarded to all staff in line with minimum wage requirements but also due to a reapportionment of wages to better reflect time spent on Mackarness Hall administration. Running costs have remained fairly stable, most of the money being spent on maintenance and compulsory health and safety checks by outside bodies. Over all the Mackarness Hall has made a profit of £2,564.
St Michael's Lodge costs relate to the purchase of a new boiler to replace the failing old one as well as other minor maintenance costs.
- 3b The PCC was originally only able to budget to pay 75% of our Common Fund assessment. 75% represented a realistic amount for our reducing size of congregation. Due to higher income and careful management of expenditure, however, we have been able to pay 90%. Obviously this is still not a desirable situation and we will be working hard to make sure we can meet 100% of our assessment this year.
Despite fundraising for other charities seeing income reduced by over one third, we increased our Mission Payments with the PCC voting to give £1000 from unrestricted funds to charities nominated by the Mission Committee.
Staff Salaries and Organist Fees includes those of the Mackarness Hall and have increased for the reason as given above.
Clergy Expenses is a set amount we transfer to the Mission Community Account each month.
Cost of Services has remained fairly stable.
The large increase in Church Running Expenses is due to the installation of the new sound system, the cost of which was covered by a generous donation.
Choir and Youth Expenses are up because of the purchase of the new equipment for the children's corner and the purchase of a new piano for the choir vestry. Both of these costs came from restricted funds and so do not affect the money in the church bank account.
It was not necessary to pay any money to any of the Team Churches in 2016 and the cost of Parishioner Activities was borne from the income from Proceeds from Events. New contracts were signed with our insurance provider resulting in reduced premiums. Most of St Paul's Maintenance costs arose from the need to replace the heaters in the crypt.

Forecourt costs and costs for the churchyards at St Michael's and Monkton were less than the previous year because of a reduced need for the grass to be cut.

New insurance contracts were also signed for St Michael's which is why we see a reduction in St Michael's Running Expenses. Also included in these running expenses are utility bills and statutory health and safety checks.

The differences seen between the two years' fund totals for Administration/Telephone/Broadband and for Printing and Photocopying arise from different accounting practices. If you add the two fund totals it shows an overall reduction by £223 in church office operating costs.

Bank charges are reduced mainly because of trying to avoid paying by cheque as much as possible.

Professional fees are only higher because of differences in final bills compared to the amounts accrued for in 2015.

The bottom line shows that we were able to spend £2,408 less in 2016 than the previous year.

A Cautionary Note

It is important to note that total income has only increased thanks to generous one-off donations, the likes of which we cannot rely on receiving in 2017. The downward trend in amounts received through regular giving and fund raising efforts looks, at the moment, set to stay. The PCC has worked hard to reduce expenditure and, although it will continue to monitor expenses, it is unlikely to be able to make many further savings. Therefore, if we are to pay our full Common Fund assessment for 2017, we each need to prayerfully consider our own regular giving and/or commitment to raising funds for the church.