

**THE PAROCHIAL CHURCH COUNCIL OF
ST MICHAEL AND ALL ANGELS, BARNES**

Financial Statements

For the year ended 31 December 2018

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Incumbent:	The Rev'd Stephen Stavrou The Vicarage 39 Elm Bank Gardens Barnes London SW13 0NX
Bank:	Barclays Bank George Street Richmond Surrey
Independent Examiner:	Alison Jones FCA Kreston Reeves LLP, Chartered Accountants One Jubilee Street Brighton East Sussex BN1 1GE
Registered Charity Number:	1133927

INDEPENDENT EXAMINERS REPORT

TO THE PAROCHIAL CHURCH COUNCIL OF ST MICHAEL AND ALL ANGELS, BARNES

I report on the financial statements of the PCC for the year ended 31 December 2018, which are set out on pages 3 to 24.

Respective responsibilities of the Trustees and the Independent Examiner

The charity trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 and that an independent examination is needed.

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

It is my responsibility to:

- examine the accounts under the Church Accounting Regulations section 145 of the 2011 Act;
- follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission and found in the Church Guidance, 2013 edition. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you the committee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in a full audit, and consequently I do not express an audit opinion on the accounts.

Independent examiner's statement

I have completed my examination. I confirm that no material 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 charity 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.



Alison Jones FCA
Kreston Reeves LLP, Chartered Accountants
One Jubilee Street
Brighton
East Sussex
BN1 1GE
Date: 23 April 2019

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Administrative Information

St Michael and All Angels Church is situated in Elm Bank Gardens, Barnes, London SW13. It is part of the Diocese of Southwark within the Church of England. The correspondence address is The Vicarage, 39 Elm Bank Gardens, Barnes, London SW13 0NX.

PCC members who have served from 1 January 2018 until the date this report was approved are:

Incumbent:	The Rev'd Stephen Stavrou
Assistant Priest:	The Rev'd Judith Roberts
Wardens:	Fanny Ward (resigned April 2018) Jane Bennett Powell Andrew Childs (appointed April 2018)
Deanery Synod Representatives:	Fanny Ward (resigned April 2018) Caroline Bull Sue Pandit (appointed April 2018 Resigned November 2018) Jane Bennett Powell (appointed November 2018)
Ex Officio members:	Jacqueline Russell (Treasurer)
Elected Members:	Marion Kreling Andrew Puddifoot Harry Hobson (resigned October 2018) Charles Law Lucy Barnes Phillip Keightley Denise Poulton Frederick Appleby Lizzie Hackett Brown Eleanor Stanier (secretary) Andrew Turton (appointed April 2018)
Parish Safeguarding Officer:	Lucy Barnes

Structure, governance and management

The PCC is governed by the PCC Powers Measure (1956) as amended and church representation rules. Members of the PCC are either ex officio or elected by the Annual Parochial Church Meeting (APCM) in accordance with the Church Representation Rules. All church attendees are encouraged to register on the Electoral Roll and stand for election to the PCC.

The PCC meets at least four times a year and operates through two sub-committees which meet between full meetings of the PCC. These comprise the Standing Committee and the Finance Committee.

The Parochial Church Council (PCC) is the church's governing body and its members for the time being are de facto the church's Trustees. They are co-trustees with the Diocesan Board of Finance for the Trust Land held by the church. Members of the PCC are elected by members of the congregation on the church's Electoral Roll at the Annual Parochial Church Meeting. PCC membership, in accordance with Church of England practice, will not normally exceed three years.

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Objectives and Activities

The PCC of St Michael and All Angels, Barnes has the responsibility to co-operate with the incumbent, Fr Stephen Stavrou, in promoting in the ecclesiastical parish the whole mission of the church, pastoral, evangelistic, social and ecumenical. It also has responsibility for the maintenance of the Church and the control of expenditure.

Achievements and performance

Church Attendance

St Michael's Electoral Roll stands at 150. The average monthly count of the congregation taken on Sundays during October/November 2018 was 123.

The Year in Review

'Surely the LORD is in this place!' (Genesis 28.16)

Introduction - Celebrating our Parish

This year of 2019 marks the 100th anniversary since Saint Michael & All Angels was given its own parish. In 2017 we celebrated the 150th anniversary of the founding of the original mission church in 1867 that later became St Michael's, but it wasn't until 27th June 1919 that St Michael's came of age with a parish of its own – albeit a very small one! Today, we are part of the Barnes Team Ministry (along with St Mary's and Holy Trinity), but retain our distinctive identity and boundaries as part of that working together. The word parish means 'to dwell beside/with' and expresses that sense of a community living faithfully together in need and in plenty, in sorrow and in joy, in sickness and in health – it is rather like being married to a patch of land and the people who live there. As Christians we look at the area we live in as the theatre of God's activity, the place which manifests his presence, and where Jesus Christ is made known in word and deed. There is no radical separation between the sacred and secular – in Genesis we read that visions of angels occur to Jacob unexpectedly in the wilderness - and it is this parish system that I hope reminds us that St Michael's exist for everyone, because every place and every person is loved by God.

With Jacob we are able to say of our church building: 'How awesome is this place, it is none other than the House of God and the gate of heaven', and we give thanks that we have a beautiful building in good repair. But we must always remember that the church building is not the parish but an area. Many parishioners live in the parish, but many others come from the rest of Barnes, Mortlake, Sheen and even further afield. The challenge for us, as for any parish church, is both to relate closely to the geographical parish, while also answering the needs of the whole congregation who are from a much wider circle of influence. In affluence the parish is one of the wealthiest in the country, but average individual giving is lower than in other churches. All our ministry is focused around the objective described in our vision statement to make Saint Michael's the *'spiritual heart of the neighbourhood'*.

Children's Ministry

One of the greatest joys of this year has been to see the growth of the **Sunday School**. Until recently it averaged 5-8 children each week, with two or three leaders and assistants who were pretty much on duty every week. Over the year the Sunday School has grown with an average of 10-20 children most weeks, and the Children's Ministry team is expanding, with many more leaders and assistants. This growth is probably the outcome of a range of factors:

- Clearer pathways into membership and attendance (e.g playgroup, activities to get involved in).
- A regular 10am Family Mass that specifically caters for children and families and feeds them into the main body of the congregation.
- A more welcoming attitude overall to children and families in church.
- Stronger connections and relationships with local schools, particularly Barnes Primary (especially through regular assemblies and pastoral care).
- An annual junior Confirmation group that provides a period of sustained catechesis and spiritual growth for young Christians and inspires others to follow their example.
- More children directly involved with worship as Altar Servers.

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- Better marketing and promotion such as leaflets and posters.

In particular, 2018 saw the founding of our Pre-School **Playgroup** and Parent Coffee Morning with the help of funds from parents and a small grant from the Diocese of Southwark. The founding of such a group was one of our Mission Action Plan objectives.

Attendance at the monthly Family Mass can sometimes be 30 or more children and it is worth celebrating this and also building on it. With this in mind, the PCC held its annual **Away Day** in September entitled '*Whoever welcomes a child in my name ...*' (Mark 9.37), which focused on the theme of Children's Ministry. We reflected on our own experience of church as children, and we heard from a number of experts and practitioners to help us in our thinking. I perceive our main challenge now is to consider the question of what further resources we will invest in our ministry amongst children, and what strategies and initiatives we will put in place to support and develop it further. Imagine what could be possible if we invested, for example, the same amount of money in our children as we invest in music. At a time when the number of children attending church has significantly dropped nationally, we must continue to make our ministry amongst children and families a priority so that we can truly live out our mission statement to be '*a church for all ages, a faith for all people, a place for everyone*'.

Catechesis and Learning

Every church should be a learning community of Christians. For this reason, it is important that there are times in the year when structured learning and catechesis can take place. For younger and newer Christians there are our junior and adult **Confirmation** groups. Last year 10 young people and 4 adults from Saint Michael's were confirmed. This year children's group this year has 9 children, up to 5 adults preparing to be Confirmed on 30th June. During Lent I was pleased to see more people attend the '**Adult Sunday School**' on prayer. We have also benefited from the reflections of many **visiting preachers** from all over London and as far afield as Canterbury and Winchester. In Advent and Lent there was a themed series of sermons, the former on the Major Prophets and the latter on different types of prayer.

Social and Fundraising

The relaunched and rebranded **Midsummer Fete** with its new and broader format is the beginning of a development that will continue to see it become a truly parish-wide event, for all ages and for all people. Previously, people said to me that it was 'just for the children' and therefore those without young children stayed away. However, in 2018, with the café in the cloister, a pop-up market, and a BBQ in the front garden of the Vicarage, we were more visible and open-facing to the community - and raised significantly more money as a result.

Another spectacular event was the first **Barnes Art Fair**. We have had some excellent art exhibitions at St Michael's before, but it would be fair to say that 2018 took it to a new level in size and professionalism. Masterminded by Andrew Childs who is a member of the newly-formed Barnes Artists, this event was just the sort of event we want to encourage because it crosses boundaries between church and community, bringing people into the building and meeting one another. The high-quality of the work on sale was reflected in the fundraising outcomes, and as its reputation grows I can only see it thriving in the future. However, not all fundraising events are hard work - the popular **wine-tasting evening** was remarkably easy and we are planning a similar event later in 2019.

All our social functions wouldn't be possible without the **Events and Catering team** which meets at the start of the year to share out different roles for each event. What's different is that we are now much more organised about this and also have a planned and intentional schedule of fundraising events with a clear target. Such events are so important because they bring us all together and help us meet new people in the parish.

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A New Church Hall for All

Over the last year there has been significant progress with the project to build a new Church Hall, replacing the outmoded one on Elm Bank Gardens. The project was relaunched in 2017, going back to basics, and although progress has appeared slow, this is one of its virtues. Every stage has taken time to get right, and my impression and the feedback I receive is that the majority of people now feel much more confident about what we are doing and why we are doing it. We have undertaken feedback at every stage, and then publicised widely so that everyone feels informed. Naturally, there will always be a minority of people who will never feel able to support the new building, but we can at least 'disagree well' and respect that difference as we understand where we are all coming from.

One of the largest pieces of work has been the 'Business Case', a comprehensive document that brings together the whole of the process from the beginning including, vision, process, finance and many aspects into one place. This makes it much easier for people to understand where we are and how we have got there – rather than everyone having different bits of the puzzle and no one being able to put it all together. The Diocese were impressed by our work on the Business Case which they described as exemplary! I would like to encourage all parishioners and interested to read the Business Case, and to feedback using the form provided on the website.

We are now at an exciting stage of beginning to receive back designs from various firms which we intend to showcase in the near future at an open evening, which can then help inform the decision for a final project design. Of course, each design will need careful cost-analysis and assessment, out of which will come a specific plan for implementation. However, overall I think we have got the balance right in spreading costs between existing funds, borrowing and fundraising. We will need help with all these however, and I am looking forward to the point when we have enough of a plan of action that we can begin asking for practical help from people in the church and wider community in areas such as fundraising, loans and publicity.

I believe it is significant, that this project comes in the 100th year of our life as a parish, and that by the time it is built (hopefully 2021) it will be almost exactly a century since the old hall was first built in 1920. There is something very symbolic about this as the new building is a continuation of the old building's aims and purposes, redesigned and reimagined for our own age. This project is likely to be the most important building we undertake for a century, and its impact is also likely to be utterly transformative in terms of our mission and ministry in our parish, changing not only what we can achieve but also who we relate to, while retaining the best of all that we already have through the current building.

Prayer, Worship and Music

Holiness is the first of our key values at St Michael's, described as '*a celebration of worship in the beauty of holiness*'. It is the beauty and character of our worship is what we are known for at St Michael's, but alongside the grand occasions there is the ordinary work of prayer that takes place every day. I am encouraged by the increasing number of people coming to **Morning Prayer**. Likewise, the Saturday morning **Mass** has a small number of regular people attending. I highlight these relatively small services because I think they are immensely important as a demonstration that our faith is part of our daily lives and not only something we do on Sundays.

I remain however, particularly concerned about the numbers in our **Choir**. We are not alone in finding this a challenge. Many of those who sing now were brought up singing as children in parish choirs with choristers – where are these children now? Often only in cathedrals. We are seeing the delayed outcome, I think. Moreover, people in our area are increasingly time-poor and find it hard to commit even to occasional Sundays and rehearsals. Parishes that wish to maintain a choir of a good standard have often had to rethink what they do and how they do it. Some have gone down the route of having paid choral scholarships – or even professionalising the choir entirely – which obviously has a significant financial cost. Others have taken the exciting step of re-starting children's choirs, who augment and support the adult singers and ultimately join them. Others have taken pro-active and energetic steps to recruit a larger pool of voices so that even though most only sing occasionally, there are always enough every Sunday. Currently, we are focusing on this last strategy, but in the near future we will need to give some serious thought to how we maintain our musical tradition in the light of

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changed circumstances, and perhaps be prepared to make significant adjustments. It is our music that we are most known for in this area, and it is essential that we tackle this issue with energy.

Pilgrimage

One of the highlights of the last year was undoubtedly the parish pilgrimage to the **Holy Land**, jointly held with members of All Saints, East Sheen. It is a long time since St Michael's has been on such a pilgrimage, and I hope this that this begins to get us back into the habit. I am already planning a pilgrimage to Rome in 2020, of which more details soon!

Pastoral Care and Occasional Offices

In the last year we have held many **funeral** services, but among them the funerals of John West and Anthony Gardiner were especially memorable. Such different characters, yet both contributed to the life of Saint Michael's in so many ways. We do not have many **weddings** at St Michael's, although there were one or two last year. By contrast, we have a good number of **baptisms** (9) although I should like to do some statistical work looking at numbers over the last few years, and consider how we might encourage even more. Certainly, an initiative such as our playgroup is about creating a comfortable space where people who might otherwise not quite pluck up the courage to ask, can enquire about Baptism. I am still hoping to set up a more formal Baptism Welcomers group to create better links between congregation and new families who come to us for Baptism so that we increase our 'stick ability'. A lot of evidence shows that what keeps people coming back to a church after a Baptism is that they know other people at church and look forward to seeing them when they come – perhaps this will be one of the new projects for the next Mission Action Plan?

Outreach, Mission and Publicity

The second and third of our stated values is to be *active* ('reaching out to our communities') and *open* - in every sense of the word from physically open as a building to open hearts and minds to new ideas and ways of thinking. It is through this activity and openness that we seek to be welcoming and engaging.

These values translate into reality through the practical tool of the **Mission Action Plan**. In the next twelve to eighteen months we will need to renew our MAP. We have achieved two of its three objectives – to found a community arts project (The Barnes Art Fair) and a baby and toddler group (the Pre-school Playgroup). The third aim – to install glass doors at the main entrance to church – is on hold while we undertake the bigger fabric project of the Church Hall. However, we cannot allow one project to become all-consuming, and so while we might pause on the glass-doors, yet we must continue to have visions, and translate such dreams into action.

Many people describe St Michael's as 'a hidden gem'. I constantly meet people who have lived in Barnes for years and have never been in the church! There are great virtues to being set in the heart of a community, rather than on a main road or a shopping street, but it also brings with it challenges, meaning that we have to make far more of an effort than some churches in terms of our **outreach**. For this reason, I place great importance on our open church policy, on our leaflets, banners and social media, which help to raise our profile in all different situations, and particularly on the twice-yearly edition of *Parish News* that goes to every house in the parish, and helps to remind people that St Michael's is their parish church, and they are welcome.

I am greatly encouraged to see that the **average attendance** across all services on Sundays is up from 100 (2017) to 124 (2018) – much of it driven by families and children. I have done some analysis of Christmas numbers, which is fascinating. There is a consistent increase in overall numbers, but this hides some other trends. The growth is led by the massive popularity of the Christmas Eve Family Nativity Service, whereas numbers at Midnight Mass have decreased by almost 50% - a trend noticed by other churches too. This may be the result of various factors – if there are more people in our community with young children then they are not going to come to this sort of service, so we should not be downhearted. Meanwhile Christmas Day numbers are fairly static, but there are signs that having one service on Christmas morning which combines all ages and a fuller church, creates a more attractive and better atmosphere – no doubt fostered by the 'Panto Sermon'! My hunch is that this is where the room for growth lies in our Christmas figures.

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When thinking of our mission in the community, I must also briefly mention our links with the local charity FiSH (of which I am a trustee), our membership of Churches Together in Barnes, and our links with the Barnes Community Association and the Barnes Workhouse Fund. It is these links with various organisations that keep us in contact with the wider community.

A Year of Growth

This last year has involved fewer innovations and more settling in, and as such can be characterised as a year of growth. We have begun to see how newer initiatives are beginning to bear fruit.

I would like to thank Andrew Childs and Jane Bennett-Powell for their hard work as **Churchwardens** – an enormously rewarding job, but also a demanding one. They have been a great support to me personally and great servants of the church. I would also like to thank Roger Needham and Sam Turner for taking over a great deal of the **Sacristy** work. Many small jobs such as this faithfully keep our parish running smoothly. Rachel Skilbeck has now settled marvellously into her role as **Parish Administrator**, and doing wonders, for which I am perpetually grateful. My continued thanks also for the ministry of Mother Judith Roberts as **Assistant Priest**. It is only because we have a second priest at St Michael's that we can function as we do with so many services. On that note, I am looking forward to welcoming our new Team Rector, James Hutchings, in July. Please keep Father James in your prayers as he prepares to join us.

At a time when the Church of England sometimes shows some ambivalence towards the parish system, I believe that Saint Michael's demonstrates the best of what it means to be a parish church. The word 'parish' has increasingly disappeared from the vocabulary of many people, and I think it is time for us to bring it back with renewed vigour, not set it aside as a think of the past. There is so much to be thankful for, so much that God has blessed us with in this place, and I look forward with joy and excitement to the wonderful things he will do with us and for us in the year ahead.

Financial Review

While 2018 continued to be challenging, we are starting to see some positive signs. Regular giving is up to similar levels to that seen in 2016 and expenditure has reduced, mainly due to much lower maintenance costs. If we look at the underlying income and expenditure, as extracted from the accounts we can see that our underlying net surplus is £39,246, before depreciation and any movement on investments, which compares positively to the £1,966 loss from last year, and slightly higher to that seen in 2016.

Income

Total Income this year was £238,805 compared to £209,844 last year. Regular giving is up slightly following the stewardship campaign at £74,152, and while this is still not enough to cover all our church expenditure, as we continue to subsidise church income from both the Community Centre and the Hall, it is an encouraging sign.

Grants appeals and legacies were recorded at £8,830 with the majority ring fenced for the Fabric fund following the receipt of a legacy.

Income from fundraising events was up on prior year however the total surplus from fundraising was fairly constant at £11,684 compared to £11,053 in 2017, despite the absence of a formal dinner. This is predominately due to a number of events throughout the year, including the highly successful St Matthew Passion. The surplus from music events have now been set aside in a music fund.

Income from Investments (Elm Bank Gardens) also increased slightly to £35,886 from £32,257 and costs also fell to £10,341 compared to £18,616, the net return to the Fabric fund was therefore £25,545 compared to £13,641 last year prior to any in year church maintenance costs which are all funded from this account. Large amounts of expenditure on Elm Bank Gardens is however expected in the coming months.

Investment income was slightly up as we reinvested the Arthur Ford funds, however this also means that our balance fluctuates with the market which saw a fall at December. Given we shall not need to draw

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down these funds for a couple of years this does not cause us too much concern. At the time of writing the value of the investment had recovered almost to that at which it was purchased.

The Church Hall and Community Centre continue to be popular and rental incomes and fees have continued to be strong at £32,078 and £35,170 respectively compared to £32,280 and £34,014 recorded last year.

Total Income – removing the one off grants and legacies and including the net return from fundraising rather than the gross fundraising income - was £201,465, an increase from £191,808, the equivalent of £3,874 a week compared to £3,689 last year.

Expenditure

Total expenditure fell this year to £206,458 from £232,103 predominately because of maintenance items for the church which reduced from £19,902 last year to just £4,075, and for both Elm Bank Gardens and the Church Hall, both of which had large items purchased in 2017, Elm Bank Gardens due to new tenants and new heaters for the church hall. These level of costs did not thankfully reoccur in 2018 although we are expecting several large bills in 2019 as we need to repair doors and windows at Elm Bank Gardens.

Table 1 : Extrapolation of the underlying trends in Income and Expenditure since 2016

	2018		2017		2016	
Total Income		£238,805		£209,844		£231,787
Less Fundraising	£41,851	(£41,851)	£28,395	(£28,395)	£8,339	(£8,339)
Fundraising Costs	£30,167		£17,342		£3,742	
Add Fundraising Surplus	£11,684	£11,684	£11,053	£11,053	£4,597	£4,597
		£208,638		£192,502		£228,045
Grants, appeals & legacies		(£7,173)		(£694)		(£30,043)
Underlying Income Trent		£201,465		£191,808		£198,002
Income per week		£3,874 5%		£3,689 -3%		£3,808
Total Expenditure		£206,458		£232,103		£251,781
Less Fundraising costs		(£30,167)		(£17,342)		(£3,742)
Less Depreciation		(£14,072)		(£14,072)		(£14,072)
Exceptional costs - organ campaign						(£41,224)
Planning costs		£0		(£6,915)		(£29,152)
Underlying Expenditure		£162,219		£193,774		£163,591
Expenditure per week		£3,120 -16%		£3,726 18%		£3,146
Net Surplus/(Deficit) before Depreciation, Legacy Income & Investment loss		£39,246		(£1,966)		£34,411
Surplus/(Deficit) per month		£755		(£38)		£662
Surplus/(Deficit) per month		£3,019		(£151)		£2,647
Splitting Recurring Loss between Income Streams						
Church Hall		£20,800		£11,945		£20,525
Community Centre		£19,042		£20,436		£23,744
Fabric Fund (Surplus on EBG less maintenance)		£21,470		(£6,261)		£26,453
Church		(£22,066)		(£28,086)		(£36,311)
Net Surplus/(Deficit) before Depreciation, Legacy Income & Investment loss		£39,246		(£1,966)		£34,411
Net Church loss after Community Centre		(£3,024)		(£7,650)		(£12,567)

Removing the costs of fundraising and the exceptional organ costs and looking at the underlying expenditure trend in Table 1 expenditure is back down to the 2016 levels a 16% fall on last year. We are averaging expenditure of £3,120 per week, compared to £3,726 and thankfully are back in surplus, however when we look at the key source of this we can see that so much of our income growth is due to

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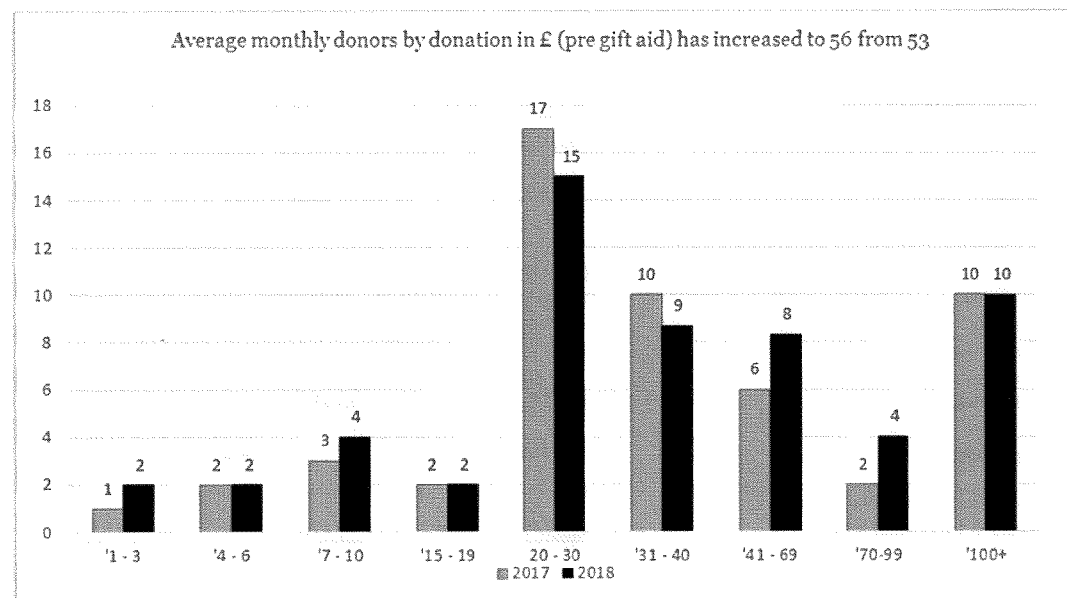
income from Elm Bank Gardens, and therefore ring fenced for the Fabric Fund for long term maintenance of the church and Community Centre, or from Hall income which we are trying to maximise to set aside for the new development.

The reality is the church continues to lose money even after all the surpluses from the Community Centre are absorbed – based on this year’s figures I estimate that the church (net of Community Centre surpluses) in 2018 ran a deficit of just £3,024. While our loss is significantly less than £7,650 recorded in the previous year and certainly now within reach of elimination, it is still a loss, so while there are reasons for some optimism in that it has reduced, it has not yet been eliminating and with rising costs and inflation we still need to work on increasing our fundraising and stewardship.

Outlook for 2019 and the need to constantly refresh stewardship

Last year we ran a campaign to increase the level of stewardship and this is starting to show results although we still need to do more. I have re run the analysis I did last year using our Fund filer system, which we use to process our stewardship returns and gift aid – which shows that on average we had 56 regular donations in 2018 compared to 53 in 2017. The graph indicates donation, prior to gift aid claim by level of giving by number of regular givers, namely those that reoccur regularly throughout the months.

At St Michaels average monthly giving in October 2018 approached £46, with the majority of regular givers around £20 - £30 a month.



Our continuing challenge is to not only increase the number of regular givers, given that our average monthly congregation is now regularly 120 but also to encourage giving to rise to at least the national average which is now £51. While we know this is not possible for all and we as an inclusive church welcome all – we have to educate and encourage those who can afford it to increase their giving on a regular basis and for those who don’t give to encourage them to join and contribute to the work of the church. While the data includes both standing order and envelope giving – giving via standing order is still the most efficient way for the church to reclaim tax – and we also would like to invite those who can to convert their giving to standing orders.

Unrestricted and Designated Funds

Unrestricted funds encompass funds for the general running of the Church, Church Hall and Community Centre and include the Fabric Fund, Music Fund, Hall Renovation Fund and Arthur Ford Community Fund. The deficit from the General Fund is eliminated by a transfer from the Community Fund and from the Church Hall fund. Any surplus from the Church Hall fund is transferred to the Hall Renovation

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Fund. This year we set up a new music fund to support music events at St Michael's and to help pay for assistant organist fees. This balance on the music fund is £5,420.

The fabric fund, which is set aside to fund the fabric of the Church and the Community Centre is £78,510. The balance on the Hall Renovation Fund is £44,902.

The fabric fund continues to repay the Arthur Ford following £95,897 borrowed in 2010 to renovate Elm Bank Gardens. £30,000 remains to be repaid having made a £10,000 transfer this year.

The balance on Arthur Ford Community Fund is now £179,392. Following completion of the business case for the redevelopment of the Hall, and following long discussions at PCC a decision has made to re designate this entire Fund for the development of the Hall. Arthurs wish was for his funds to be for the needs of the people of the parish and as such we felt allocating these funds to this project felt appropriate. As part of the business plans we have proposed that once the new Hall is established and generating surpluses we will allocate those surplus back to a Community fund for ad hoc projects so ensuring his endowment continues into the future.

Endowment Funds

These include the assets of St Michaels. The Campaign for St Michael's which includes the build cost for the Community Centre now reflects the value of the asset of the cloisters, after depreciation, of £535,203. The total value of all funds rose by £22,246 to £1,895,817.

Public Benefit Reporting

The Parochial Church Council confirms that it follows the Charity Commission guidance on public benefit in setting its objectives and believes it has fully fulfilled its obligations with the variety of work and activities undertaken throughout the community. St Michael & All Angels is registered as a Charity under Charity Number 1133927.

Reserves Policy

The policy of the Parochial Church Council is to target a level of reserves in the General Fund equal to three months' running costs of the church, excluding planning hall and community centre costs, which at a run rate of £3,120 per week, a total of £37,440. This remains a target, albeit an ambitious one. The Parochial Church Council have designated any surplus on the Community Centre for the purposes of the church and the general fund and approved the allocation of part of the Hall Surplus to repay the remaining deficit.

Investment Policy and Cash Deposits

The Finance Committee have developed what they regard as a mixed risk strategy with all funds invested in the CCLA UK Equity Income Fund/cash deposits with the CCLA and Barclays Bank. The Parochial Church Council reinvested in the CCLA UK Equity Income Fund during the year due to the poor returns from cash deposits as they are not planning on requiring funds until 2020.

Risk Management

The Parochial Church Council has assessed the major risk to which St Michael's might be exposed, in particular those related to the activities and finances of the Church, and is satisfied that there are systems and processes in place to mitigate exposure to any major risk. The Finance Committee reviews the financial position of the church at least quarterly, while the Churchwardens regularly report on the status of the fabric of the church and other buildings to determine appropriate courses of action. Fabric and Finance are standing items on PCC agendas.



Father Stephen Stavrou (Vicar)
On behalf of the PCC

ST MICHAEL AND ALL ANGELS, BARNES

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2018

	Notes	Unrestricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
<i>Income from:</i>					
Donations and legacies	2(a)	87,489	-	87,489	77,016
Other trading activities	2(b)	42,916	-	42,916	29,446
Investments	2(c)	37,498	-	37,498	32,814
Charitable church activities	2(d)	70,902	-	70,902	70,568
		-----	-----	-----	-----
TOTAL INCOME		238,805	-	238,805	209,844
		-----	-----	-----	-----
<i>Expenditure on:</i>					
Raising funds	3(a)	30,167	-	30,167	17,342
Managing Investments	3(b)	10,341	-	10,341	18,616
Charitable church activities	3(c)	151,681	14,269	165,950	196,145
		-----	-----	-----	-----
TOTAL EXPENDITURE		192,189	14,269	206,458	232,103
		-----	-----	-----	-----
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS		46,616	(14,269)	32,347	(22,259)
		-----	-----	-----	-----
NET (LOSS)/GAIN ON INVESTMENT		(10,101)	-	(10,101)	-
		-----	-----	-----	-----
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		36,515	(14,269)	22,246	(22,259)
		-----	-----	-----	-----
TRANSFER BETWEEN FUNDS		-	-	-	-
		-----	-----	-----	-----
NET MOVEMENT IN FUNDS		36,515	(14,269)	22,246	(22,259)
		-----	-----	-----	-----
BALANCE AT 1.1.2018		271,709	1,601,862	1,873,571	1,895,830
		-----	-----	-----	-----
BALANCE AT 31.12.2018		308,224	1,587,593	1,895,817	1,873,571
		=====	=====	=====	=====

The notes on pages 14 to 24 form part of these financial statements.

ST MICHAEL AND ALL ANGELS, BARNES

BALANCE SHEET As at 31 December 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets:					
Tangible fixed assets	6		786,203		800,275
Investment property	6		800,000		800,000
Investments	7		109,899		-
			<u>1,696,102</u>		<u>1,600,275</u>
Current assets:					
Debtors	8	8,424		5,118	
Short term deposits		80,151		198,538	
Cash at bank		<u>137,099</u>		<u>98,681</u>	
		225,674		302,337	
Creditors – Amounts falling due within one year:	9	<u>(25,959)</u>		<u>(29,041)</u>	
Net current assets			<u>199,715</u>		<u>273,296</u>
Total assets less current liabilities			1,895,817		1,873,571
Net assets			<u><u>1,895,817</u></u>		<u><u>1,873,571</u></u>
Funds:					
Endowment funds	10,11 & 12		1,587,593		1,601,862
Unrestricted funds	10 & 12		308,224		271,709
			<u><u>1,895,817</u></u>		<u><u>1,873,571</u></u>

Approved by the Parochial Church Council on 14 April 2019 and signed on its behalf by:



Jacqueline Russell
(Honorary Treasurer)

The notes on pages 14 to 24 form part of these financial statements.

ST MICHAEL AND ALL ANGELS, BARNES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018 (continued)

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the current Church Accounting Regulations to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements 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. The financial statements 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 (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

They have also been prepared under the historic cost convention, except for the valuation of fixed assets which are shown on the basis described below.

They 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 an affiliation to another body nor those that are informal gatherings of church members.

Funds

Funds held by the PCC are:

Unrestricted funds:

- Undesignated funds which can be used for PCC ordinary purposes.
- Designated funds – monies set aside by the PCC out of unrestricted funds for specific future purposes or projects. Funds for the day-to-day running of the Church Hall and the Community Centre, and the Fabric Fund, have been designated in this way.

Restricted funds, which comprise either (a) income from trusts or endowments which may be expended only on those restricted objects provided in the terms of the trust or bequest or (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.

Endowment funds – funds the capital of which must be maintained. Only income arising from the investment of the endowment may be used, either as restricted or unrestricted funds, depending on the purpose set out in the terms of the original endowment. A list of the endowment funds is in note 10 to the financial statements.

ST MICHAEL AND ALL ANGELS, BARNES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018 (continued)

Accounting Policies - continued

Income

All income is accounted for gross.

Donations, legacies 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 claimable from HMRC.

Grants and legacies are accounted for when the PCC is legally entitled to the amount due, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Other income

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

Investment income

Interest is received gross and accounted for when receivable.

Rental income from 41 Elm Bank Gardens is recognised when the rental falls due.

Expenditure

Expenditure is accounted for on an accruals basis and is accounted for gross.

Liabilities are recognised as expenditure where that is a legal or constructive obligation, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants and church activities

Grants and donations are accounted for when paid over or when awarded, if that award creates a binding obligation on the PCC. All church activity costs are accounted for on a full accruals basis and any prepayments or accruals are shown in the balance sheet as either current assets or current liabilities.

Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

- Valuation of the investment property has been undertaken by the trustees themselves. The basis for the valuation includes consideration of the declining property market around the area of Barnes they foresee and the level of work required to bring the property into a resalable condition.

ST MICHAEL AND ALL ANGELS, BARNES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018 (continued)

Accounting Policies - continued

Tangible fixed assets and depreciation

Consecrated land and buildings and movable church furnishings

The value of consecrated and beneficed property of any kind is excluded from the financial statements under section 10(2)(a) and (c) of the Charities Act 2011. Moveable church furnishings held by the vicar and church wardens on special trust for the PCC, and requiring a faculty for disposal are accounted for as inalienable property, unless consecrated. Inalienable property acquired prior to 2000 is not valued in the financial statements, as there is insufficient information available. From 1 January 2001, the acquisition cost of such an item, where it exceeds £1,000, is capitalised and depreciated over its anticipated useful life.

Other fixtures, fittings and office equipment

Individual items of equipment costing £1,000 or less are written off when the asset is acquired. Items costing more than £1,000 are depreciated over 3 years on a straight-line basis.

Land

No depreciation is charged on the value attributed to land.

St Michael's Community Centre

Depreciation is provided to write off the cost of the Community Centre over its useful life of 50 years.

Investment properties

Certain of the charity's properties are held for long term investment. In accordance with the Financial Reporting Standard 102, investment properties are included in the balance sheet initially at their cost. Subsequently investment properties are valued at fair value through the Statement of Financial Activities. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This policy represents a departure from statutory accounting principles, which require annual depreciation of fixed assets. The members believe that this policy of not providing depreciation or amortisation is necessary for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current valuation, are of primary importance rather than a calculation of annual depreciation. Depreciation or amortisation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be simply identified or quantified.

Going Concern

These accounts have been prepared on a going concern basis.

Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Current assets

Amounts owing to the PCC on 31 December in each year in respect of fees, rents and other incomes are shown as debtors less any provision for amounts that may prove uncollectible. Short term deposits include cash on deposit either with the CBF Church of England Funds or with the PCC's bank.

Cash

Cash comprises cash on hand, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

ST MICHAEL AND ALL ANGELS, BARNES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.