

Christ Church Portsdown Building Development Fund Report **year ending 31 December 2009**

Introduction

This is a report of the Christ Church Building Development Fund that comprises of funds earmarked for building development, following the Parish Centre project that was suspended in 2007 when the former Vicar retired from the incumbency.

Background

During the Reverend Andy Wilson's first year in office he advised the PCC that he intended to get to know the Church and fully determine the requirements before restarting building development work. This was fully supported by the Parochial Church Council (PCC) as a very pragmatic approach. It also had the additional advantage of allowing all 2008-09 capital fundraising to be focused on raising finance to fund essential roof repairs.

The Need for Improvements

There can be no question that modernisation is overdue. Church access does not meet current standards and as a public building it lacks the basic amenities of toilets and kitchen facilities. Suitable hygienic means to serve refreshments is essential. The building is also hampered by dated provision for heating, lighting and energy management. Communications, audio and visual support arrangements require updating to twenty-first century standards.

The Way Ahead

In late 2009 the Vicar, together with the PCC, began the ground work to recommence building improvements by setting up an embryo Building Development Group to draft a set of aims and principles that any development work must follow. These building development recommendations were discussed and agreed at the October and November PCC meetings and are reported in the following Mission and Objectives paragraph. The PCC has approved that Mr Andy Minchin lead the Building Development Group. One of the groups' first tasks is expected to be drafting the Terms of Reference to be submitted to the PCC prior to any formulation work on building development plans.

Mission and Objectives

The following agreed statements, to which all building development work must adhere, are taken from the minutes of the October and November 2009 PCC meetings and are preparatory for the re-commencement of building improvements at Christ Church Portsdown:

Church Building

- The primary aim of the church building should be to provide a 'sacred space' where people, be they members of our church or not, can be aided as they seek to encounter the living God. This aim is supported by the secondary aims of being a place where worshippers can enjoy fellowship with one another and where community focussed events can be held.
- The current building is not considered fit for these purposes. It is uncomfortable, cluttered and lacks basic facilities. Therefore improvement is essential for the sake of the continuing proclamation of the Gospel in this parish.
- The affordability of any improvement must be considered.
- Improvements to the building should be within the existing footprint, if feasible.

In order to understand how Christ Church Hall complements the church property portfolio the PCC also endorsed the following statement about the function and future of the Hall, under the heading:

Church Hall

- The church hall has, and should continue to have, a dual role.
- The hall should be a resource for community groups.
- The hall should be a venue for church activities, including outreach activities.
- The existing building, especially the main hall, is in sound condition and is a valuable resource.
- Improvement should be made to the rear (east) end of the hall.
- Any development should be within the existing footprint of the building.

State of Account

The building fund remains exclusively for the purpose of building development as some of the remaining funds came from the sale of the former Curate's house and are formally restricted for "Church development". Additionally much of the remaining

balance was raised under the Parish Centre Project thus the funds must remain restricted for the purpose of building development and improvement to the Church.

The management of these funds defaulted to the control of the honorary church treasurer when the Parish Centre project team disbanded. Some donations to funds continued throughout 2009, which, together with interest received from investments provided a modest income.

This financial report is made on an accrual basis for the Church financial year ending 31 December 2009. The report retains the full format recommended in the Church and Charity Commission accounting regulations.

Fund Raising and the Portsdown Trust Company

The fund raising group has ceased promotional activity but some ongoing contributions and donations have been credited to the building development account and are reflected in this report.

The annual re-registration of the dormant Portsdown Trust Company, which was originally started as a fund management tool and the submission of annual accounts for the company and charity registration became onerous in time and costs. Due to changes in the way charity money can now be managed the Standing Committee recommended both the dormant trust company and its charity registration be wound up. This was approved by the PCC and actioned in late 2009.

This means that the only remaining building fund liability is a fund administration charge that may be levied by the administrators for building fund account management; this charge was not levied in 2009 and is normally only charged in a year when a withdrawal is made.

Structure, Governance and Management

All management finance and governance responsibilities have defaulted to the honorary treasurer in the absence of any other volunteer. The accounting principles applied are the same as those employed to administer Christ Church accounts.

Risk Management, Health and Safety and Protection Policies

Risk Management is a statutory requirement. The risk management policy, health and safety obligations and protection policies, where applicable, are managed in the same way as provided to the Church.

Former Project Committees and Groups

All former Parish Centre project committees and sub groups have been disbanded. The PCC agreed in late 2009 that Mr Andy Minchin will lead a new Building Development Group. It is expected that as this group establishes itself in early 2010, its Terms of Reference, including aims and membership, will be submitted to the PCC for approval.

Project Sponsor and Patrons

All the former Parish Project patrons, sponsors and correspondents have been advised that the project has been placed on hold.

Treasurer's Report

The principal account activity has been the receipt of donations; all these have been managed by Christ Church honorary treasurer and are included in this report. The costs associated with winding up the dormant Portsdown Trust Company were borne by the Church.

The Christ Church account has acted as a conduit for some donations to the building development fund during the year; such income can be traced in both accounts. Gift Aid and accrual has been calculated for the full year and credited to this account, so that year end closure figures can be finalised. The very slight risk that the actual refund differs from the accrual calculation, while small, is borne by the Church.

A PCC approved transaction was the temporary internal loan from the building development fund to Christ Church, arranged in November 2008. This was used to pay roof repair bills while awaiting the receipt of gift aid refunds. This loan was repaid in full with interest in July 09. The interest was calculated at a rate equivalent to that which it would have earned if the sum had remained invested in the building fund deposit account. The Church was very fortunate in being able to arrange this internal loan, while awaiting the processing of gift aid, as it saved the much greater cost of an external loan.

The 2009 report, presented here, has been inspected together with Church accounts and agreed as an accurate and true record by the Independent Examiner.

Reserves & Investment Policy

Christ Church reserves have been allocated to the building development fund, approximately £56.9k is held in restricted funds. These Building Development Funds are both a fixed interest securities fund and a linked CBF deposit account. This was formerly '159 The Dale Fund' and are the proceeds from the sale of the former Curate's house some years ago which the Charity Commission have approved to use for church development.

Other than cash held in a bank account (to avoid banking charges being levied and to keep a working account available) all fund balances are held within the CBF Church of England deposit scheme. Collectively Church of England funds are invested through CCLA Investment Management Ltd. CCLA accords to the principles and ethical considerations of the Church of England Ethical Investment Advisory Group.

Full details of the policy can be found on the Church of England website.
<http://www.cofe.anglican.org/info/ethical/policystatements/policyethicalinvestmentstatement.pdf>

The building development funds Annual Report approved by the Christ Church Parochial Church Council on 9 March 2010 and signed on its behalf by the Chairman.

Signed: _____

Print: _____

The notes on pages 6 to 11 form part of this account. The Annex on page 12 is not part of the account but included for information.

Statement of Financial Activities for Christ Church building development funds on an Accrual Basis for the year ending 31 December 2009

	Totals		2009	2008
	Restricted	Reserve s		
	£	£	£	£
Incoming Resources (note 3 & 15)				
Voluntary income	358		358	153
Gift Aid Income from 2008 (note 7)				257
Gift Aid 2009 (note 7)	350		350	18
Activities generating funds				
Income from Investments	1213		1213	2841
Income From Standing Orders	60		60	65
Other incoming (gift in memorium)	1000		1000	
Total Incoming Resources	2981		2981	3334
Resources Expended (note 4)				
Cost of generating voluntary income				
Trading Costs				
Building development support activities				
Governance Costs				(25)
Total Resources Expended				(25)
Net incoming gains before other recognised gains	2981		2981	3309
Gains (Losses) on Investment Assets				
Management Charges/Liability (CBF Funds)	(1)		(1)	(1)
On revaluation (fixed building fund)	(421)		(421)	317
MOVEMENT IN FUNDS				
Adjustment Gift Aid accrual & rounding errors (note 7)	(5)		(5)	25
NET MOVEMENT IN FUNDS	2554		2554	3650
Balances brought forward 1 January	54374		54374	50724
Balances brought forward 31 December	56928		56928	54374

Balance Sheet 31 December 2009

	Totals		2009	2008
	Restricted	Investments		
	£	£	£	£
Fixed Assets				
Tangible/Fixed Assets (note 5)				
Investments (note 6)				
Building Fund CBF deposit account	44211		44211	32999
Fixed Building Fund account		9994	9994	10415
Total Fixed Assets	44211	9994	54205	43414
Current Assets				
Stock (note 8)				
Debtors - due fm Church Account (note 13)	1117		1117	10000
Gift Aid Accrual 2009 (note 7)	350		350	
Cash at bank and in hand	1257		1257	961
Total Current Assets	2724		2724	10961
Liabilities				
Creditors: amounts falling due in one year	(1)		(1)	(1)
Total Assets less current Liabilities				
Creditors: amounts falling after one year				
Total Net Assets	46934	9994	56928	54374
Building Development Funds				
Held in Term Deposits	44211	9994	54205	43414
Bank Account	1257		1257	961
Debtors (Less liabilities)	1466		1466	10000
Total Building Development Funds	46934	9994	56928	54375

Approved by the Parochial Church Council on 9 March 2010 and signed on its behalf by:

Signed _____

Print _____ Chairman of the PCC

Signed _____

Print _____ Honorary Treasurer

Notes to the Financial Statement

1. Accounting Policies

The financial statements have been prepared in accordance with the Church Accounting Regulations 2006 together with applicable accounting standards and the SORP 2005. The financial statements have been prepared under the historical cost convention except for the valuation of investment assets, which are shown at market value. The financial statements include all transactions, assets and liabilities for which the PCC is responsible in law.

2. Funds

Restricted funds

- a) Represent income from trusts or endowments which may be expended only on those restricted objects provided in the terms of the trust or bequest. All of the funds in this annex are restricted and attributed to building development for improvement at Christ Church Portsdown.
- b) Donations or grants received for building improvements or invited by the PCC for a specific purpose. These funds may only be expended on the specific purpose for which they were given. Any balance remaining unspent at the end of each year must be carried forward as a balance on that fund. Christ Church has allocated the Building Fund as restricted funds in support of building development.

"159 The Dale" funds formerly called 'The Building Fund'. Two funds, a deposit fund and fixed interest fund that are the proceeds from the sale of the former Curate's house some years ago. The Charity Commission has approved the use of this fund for improvement work at Christ Church Portsdown.

Unrestricted funds are general funds which can be used for ordinary purposes. No unrestricted funds are held by the PCC in the building development account. Any unused surplus raised in a restricted fund appeal will be put to the general purposes of the PCC.

3. Incoming resources:

Planned giving, collections and donations are recognised when received. Tax refunds are recognised when claimed. Grants and Legacies are accounted for when the PCC is legally entitled to the amounts due. Dividends are accounted for when receivable, interest is accrued. All other income is recognised when it is receivable. All incoming resources are accounted for.

4. Resources expended:

Expenditure is accounted for when paid over, or when invoiced, if that invoice reflects a binding or constructive obligation on the PCC. All other expenditure is recognised when it is accounted for.

5. Fixed assets:

This fund does not own any fixed assets.

6. Investments:

All investments are shown at quoted market value for 31 December. Deposit accounts show an accrued figure for 31 Dec.

7. Gift Aid

Gift aid income is finalised in the building fund account annually, on closure. This means that the risk that the actual gift aid refund differs from the accrual calculation, while small, is borne by the Church. The Gift Aid Secretary was unable to process gift aided income for 2007/08 thus gift aid figures were not available, nonetheless, gift aid accruals were calculated and transferred to the building fund in order that the account could be closed year on year. All overdue Gift Aid claims have now been processed. The 2009 Gift Aid income reflects current refunds and a fourth quarter accrual.

8. Stock

The building development fund does not own any stock or stationery; any requirements are met by the Church.

9. Fund Administration Fees

The Diocesan Board of Finance as custodian Trustees levy finance administration fees on the profit of invested funds (CBF deposit accounts). Charges are 2% of the income up to £2000 and 1% for those funds when the income exceeds £2001. Fees are usually collected when withdrawals are made, otherwise intermittently and not annually, so at most times we carry a liability to the Diocesan Board of Finance. The cost of disinvesting the Fixed Building Fund will be subject to its value at the time of disinvestment, any broker costs are deducted from the value of the fund prior to receipt and thus are not estimated in advance but would be reported in year as 'gains or losses on investments'.

10. Declaration of payments

No Church members or other persons have been paid, reimbursed or received money from the building fund in 2009.

11. Fund Raising 2009

There was no fund raising activity in 2009.

12. Finance Management

Christ Church Honorary Treasurer has maintained these responsibilities.

13. Debtors

There are no external debtors to this account. The 'debtor' to the account represents money donated to the building fund via the Church account and due to be transferred. The final transfer sum is calculated annually on closure of the Church and Building Fund accounts and thus the transfer due appears as a debtor on 31 Dec.

14. Appendices

The appendix section is provided for information with this financial statement but it does not form part of the official Statement of Financial Activities.

Christ Church Portsdown Building Development Fund - Financial Statement 2009 Annex 1

15. Incoming Resources (note 3)

	Totals			
	Restricted	Reserve s	2009	2008
	£	£	£	£
Voluntary income from donors				
Planned giving	60		60	65
Donations	1358		1358	153
Gift Aid receipt 2007 (Received 2009)				257
Gift Aid accrual 2009	350		350	18
Total Voluntary income	1768		1768	493
Activities generating funds				
Parish Centre Cards				
Total Activities generating funds	Nil		Nil	Nil
Income from Investments				
Interest Building Fund Fixed Account	569		569	569
Interest Building Fund CBF Account	539		539	2272
Interest on £10k loan (paid by Church)	105		105	
Total Income from Investments	1213		1213	2841
Income from Church activities				
Total Income from operating activities	Nil		Nil	Nil
Adjustments	Nil		Nil	Nil
Total Income	2981		2981	3334

16. Resources Expended(note 4)

	Totals			
	Restricted	Reserves	2009	2008
	£	£	£	£
Cost of generating voluntary income				
Fund Raising events				
Total Cost of generating voluntary income	Nil		Nil	Nil
Fund raising trading costs				
Fund raising trading expenses				
Total Fund raising trading costs	Nil		Nil	Nil
Building development support				
Architect				
Other professional Fees				
Administration				
Fund Administration Charges				
Postage				
Expenses				
Total building development costs	Nil		Nil	
Governance Costs				
Re-registration fee Portsdown Trust company	Nil		Nil	25
Total Governance Costs	Nil		Nil	25
Total Resources Expended	Nil		Nil	25

Christ Church Portsdown Building Development Fund - Financial Statement 2009 Annex 1

17. **Assets**

	Restricted £	Reserves £	Totals	
			2009 £	2008 £
Tangible Assets				
Fixed Assets				
Depreciation				
Tangible Assets at 31 December	Nil		Nil	Nil
Investment Assets (notes 6)				
Building Fund Fixed Account (1 Jan)	10415		10415	10415
Building Fund CBF Account	44211		44211	32999
Revaluation Gain/(Losses) (31 Dec)	(421)		(421)	
Total Investment Assets at 31 December	54205		54205	43414
Current Assets				
Debtors				
Building Funds in Church Account(note13)	1117		1117	Nil
Gift Aid 2009	350		350	
Loan to Church Account (repaid 2009)				10000
Cash at Bank and In hand				
Bank account	1257		1257	961
Cash	Nil		Nil	Nil
Total Assets at 31 December	2724		2724	54375
Liabilities				
Creditors - Falling due within a year				
Unpresented Cheques				
Management Cost on Funds	(1)		(1)	(1)
Total Assets At 31 December	56929		56929	54374

18. **Funds:**

	Restricted £	Reserves £	Totals	
			2009 £	2008 £
Analysis of building development assets				
Invested Assets	9994		9994	10415
Reserve Accounts	44211		44211	32999
Current Assets	2724		2724	961
Loan 2008				10000
Liabilities	(1)		(1)	(1)
Totals	56928		56928	54374

Appendices: These notes are for information and are not a formal part of the Account

Building Development Fixed Interest & Deposit Funds (Restricted)

Note: The former 159 The Dale funds are transferred to the building development fund as Building Fund reserves.

Appendix 1 - Building Development Fixed Fund (note 2)

	Share Holding	2009		Totals	
		Receipts £	Expenditure £	2009 £	2008 £
Fund value 1 Jan	6462			10415	10098
Gains (losses) on valuation				(421)	317
2009 Expenditure					
(Share Holding 31 Dec remains 6462 shares)					
Fund Share value 31 Dec (6462 @ 1.5466 Dec 09)				9994	10415

Appendix 2 - Building Development Fund CBF Deposit Account (note 2)

	Unrestricted £	2009		Totals	
		Restricted £	Transfers £	2009 £	2008 £
Income					
Building Fund interest (accrued for last Qt 09)		539		539	2272
Interest in from fixed Building Fund		569		569	569
Repayment of interest on loan to Church		105		105	
Total Income from Building Funds		1213		1213	2841
Repayment of Internal Loan		10000		10000	
Expenditure Loan to Church general					(10000)
Brought Forward 1 Jan		32999		32999	40159
Liability for management fees		(1)		(1)	(1)
Totals (Balance on 31 Dec)		44211		44211	32999

Calculated Administration Fees Liability (note 9)

2009 @ 2% of first £2000 dividend + 1% any remaining interest at 1% = ~£1. Total liability to 31 Dec 09 = £1