

## **Christ Church Portsdown Building Development Fund Report** **year ending 31 December 2010**

### **Introduction**

This is a report of the Christ Church Building Development Fund that comprises of funds earmarked for building development; these are primarily building improvement funds that remained following the suspension of the Parish Centre project in 2007.

### **Background**

Since the Reverend Andy Wilson's institution in Oct 2007 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) and a very pragmatic approach as it allowed 2008-09 capital fundraising to be focused on funding essential roof repairs. Following the completion of roof work the Vicar has led the PCC toward an updated building development proposal.

### **The Need for Improvements**

There is no question that modernisation is overdue. Worship is constrained by the lack of flexibility offered by the current furniture layout. Church access does not meet current standards 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 also require updating to twenty-first century standards.

### **Mission and Objectives**

The following mission statement is taken from the minutes the November 2009 PCC meeting and the summary recommendations are taken from the October 2010 meeting. Both the mission and recommendations of the BDG were debated and ratified at full meetings of the PCC.

#### ***Mission statement:***

- *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.*

### **The Building Development Group**

In 2009 the embryo Building Development Group (BDG) prepared aims and principles that any development work must follow; these recommendations were discussed and endorsed through PCC and various consultations. Early in 2010 the emerging BDG started preparatory work, defining the needs, objectives and constraints that would govern any building improvements. It sought the views of churchgoers while balancing the anticipated costs against potential budget.

In May 2010 the PCC approved the formal establishment of the BDG and the first full meeting was held in June under the leadership of Mr Andy Minchin with the following PCC approved Terms of Reference

### **Christ Church Portsdown Buildings Development Group - Terms of Reference**

**1. Name** : Christ Church Portsdown Buildings Development Group  
(hereafter abbreviated to the BDG)

**2. Appointment** : The BDG is appointed by the Christ Church Portsdown Parochial Church Council (PCC) Standing Committee although it may report and make recommendations direct to the PCC

**3. Membership** : as approved by the Standing Committee, to include the Vicar and at least one churchwarden

**4. Aim** : To develop the church buildings such that they are better suited to their purpose

**5. Objectives** :

- a) Consider the priorities for the development of the church building and church hall as directed by the PCC
- b) Take into account the needs of the congregation and the surrounding community as well as potential cost
- c) Liaise with the Diocesan Advisory Committee for the Care of Churches, the church architect and other bodies as necessary
- d) Submit proposals to the PCC and/or Standing Committee
- e) Advise and assist the PCC with communication regarding any proposals

**6. Interpretation:** The PCC shall be the final interpreter of these TORs and retains authority and ultimate responsibility for any associated financial or other liabilities. AW (Vicar) June 2010

The following personnel were appointed to serve in the BDG:

- Mr Andy Minchin (Chairman)
- Revd Andy Wilson (Vicar)
- Mrs Ismay Doughty (Church Warden)
- Mrs Sylvia Fisher
- Mr Richard Hutchins
- Mrs Pauline Metcalfe
- Mr Nigel Wheatley (Deputy Chairman)
- Mr Graham Olway (Secretary)

The BDG met regularly throughout the summer of 2010 leading to a September presentation to the PCC of main development recommendations. Following detailed discussion and some minor amendments the recommendations, outlined below, were unanimously accepted at the October meeting of the PCC.

**BDG Main Recommendations from October PCC minutes:**

- *Recognising the provision of toilets is a high priority, the BDG recommended that the PCC gave consideration to building a toilet facility outside the current footprint of the church, attached to the north west corner.*

- *To enable the provision of a toilet and tea/coffee making facilities, a new water and sewerage system needs to be installed as the existing services do not meet current regulations. These works to be undertaken using existing funds.*
- *Fund raising for the cost of the toilet works will need to be authorised by the PCC and other small and low cost improvements to be undertaken during the fund raising period.*
- *Other improvements listed in the BDG report to follow the implementation of the toilet, subject to funding availability.*
- *Establish a communications approach for the building development works to keep the congregation up to date with activity.*

**BDG Detailed Recommendations are:**

<i>Requirement</i>	<i>Chosen Option</i>
<i>Improve Infrastructure i.e. mechanical &amp; electrical services/ICT</i>	<i>Review of all M&amp;E services to ensure appropriate capacities and 'future proofing'</i>
<i>Provide Church with temporary Tea and Coffee preparation area</i>	<i>Locate on footprint where coffee is currently served in the south west corner of the church</i>
<i>Provide Flexible Worship Space in Church A</i>	<i>Create separate space for prayer ministry</i>
<i>Provide Flexible Worship Space in Church B</i>	<i>Remove existing furniture from Chancel (choir stalls)</i>
<i>Improve Church Entrance</i>	<i>Refurbish and clean up the existing entrance porch.</i>
<i>Upgrade Church Audio and Visual Systems A</i>	<i>Provide large retractable projector screen at front of Nave</i>
<i>Upgrade Church Audio and Visual Systems b</i>	<i>Improve lectern microphone</i>
<i>Storage</i>	<i>Review storage requirements</i>
<i>Furnishings</i>	<i>Consistent theme i.e. 'Tidy Up'</i>
<i>Facilities for flower preparation</i>	<i>Storage of flower preparation materials</i>
<i>Facilities for flower preparation</i>	<i>Temporary facilities for flower preparation</i>

## **The Way Ahead**

Following PCC approval of the main recommendations in September, preparatory work on planning and costing the priority tasks is underway, along with further consultation as the proposal is developed. Exploratory discussions with the Church Architect and Chairman of the Diocesan Advisory Committee for the Care of Churches (DAC) a body that governs any changes to our church have commenced. This will be followed by ongoing consultations with the congregation and PCC approval leading to detailed design that will support a faculty submission to the DAC.

## **State of Account**

The building fund remains exclusively for the purpose of building development, a restriction on the remaining funds that came from the sale of the former Curate's house and are formally restricted for 'Church development'. Additional funds were also raised under the Parish Centre Project, thus these funds must remain restricted for building development to the Church.

The management of these funds returned to the control of PCC, managed by the honorary church treasurer, when the Parish Centre project team disbanded. Some donations to funds continued throughout 2009/10, which, together with interest from investments, provided a modest income. In late 2010 the PCC approved that a £5000 bequest be equally divided between the Building Development Fund and the Screen Appeal.

This financial report is on an accrual basis for the Church financial year ending 31 December 2010. The report follows the format recommended to meet Church and Charity Commission accounting regulations.

## **Fund Raising**

Building development fund raising ceased in 2007 when the Parish Centre Project was suspended but some ongoing contributions, donations and a bequest have been credited to the building development account and are reflected in this report.

During 2008/9 specific appeals for capital funding to meet roof repairs costs and in 2009/10 for a screen and projector have been run. These separate appeals together with the recession are believed to have reduced voluntary donations to the building fund. When the roof repairs were completed that appeal has been closed but the screen appeal is ongoing with a target of raising a further £2.5k. While outside the

2010 reporting period the outstanding £2.5K was unexpectedly met by a further bequest received in early 2011 which specifically supports the screen appeal. Thus future capital fund raising can be re-focused toward building improvements.

Currently the only building fund liability is a fund administration charge that may be levied by the external administrators for building fund account management; this charge is normally only levied in a year when a withdrawal is made hence no administration charge was made in 2010. No payments or expenses have been made to personnel within the BDG, wider church nor any other party in 2010.

### **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.

### **Project Sponsor and Patrons**

All the former Parish Project patrons, sponsors and correspondents have been advised that the former Parish Centre Project has ceased.

### **Treasurer's Report**

The only 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; this allows year-end closure figures to be finalised. In this process there is small risk that the Gift Aid refund differs from the accrual calculation, while in monetary terms this is very small, the risk is borne by the Church.

The 2010 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**

All Christ Church invested reserves have been allocated to the building development fund, approximately £55k 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 can be found on the Church of England website: <http://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

The building development funds Annual Report approved by the Christ Church Parochial Church Council on 8 March 2011 and signed on its behalf by the Chairman.

**Signed: (AM Wilson in original)**

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**Print: AM WILSON**

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The notes on pages 10 to 13 form part of this account. The Annex on page 14 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 2010**

	Totals			
	Restricted	Reserve	2010	2009
	£	£	£	£
<b>Incoming Resources (note 3 &amp; 15)</b>				
Voluntary income				358
Activities generating funds	Nil		Nil	
Income from Investments	792		792	1213
Income From Standing Orders	60		60	60
Gift Aid (note 7)	17		17	350
Other incoming (bequest/gift in memoriam)	2500		2500	1000
<b>Total Incoming Resources</b>	<b>3369</b>		<b>3369</b>	<b>2981</b>
<b>Resources Expended (note 4)</b>				
Cost of generating voluntary income				
Trading Costs				
Building development support activities				
Governance Costs				
<b>Total Resources Expended</b>			Nil	Nil
<b>Net incoming gains before other recognised gains</b>	<b>3369</b>		<b>3369</b>	<b>2981</b>
<b>Gains (Losses) on Investment Assets</b>				
Management Charges/Liability (CBF Funds)	(1)		(1)	(1)
On revaluation (fixed building fund)	68		68	(421)
<b>MOVEMENT IN FUNDS</b>				
Adjustment Gift Aid accrual & rounding errors (note 7)	3		3	(5)
<b>NET MOVEMENT IN FUNDS</b>	<b>3439</b>		<b>3439</b>	<b>2554</b>
<b>Balances brought forward 1 January</b>	<b>56928</b>		<b>56928</b>	<b>54374</b>
<b>Balances brought forward 31 December</b>	<b>60367</b>		<b>60367</b>	<b>56928</b>

Christ Church Portsdown Building Development Fund - Financial Statement 2010 Annex 1

**Balance Sheet 31 December 2010**

	Totals		2010 £	2009 £
	Restricted £	Investments £		
<b>Fixed/Invested Assets</b>				
Tangible/Fixed Assets (note 5)				
Investments (note 6)				
Building Fund CBF deposit account	45005		45005	44211
Fixed Building Fund account		10062	10062	9994
<b>Total Fixed Assets</b>	<b>45005</b>	<b>10062</b>	<b>55067</b>	<b>54205</b>
<b>Current Assets</b>				
Stock (note 8)				
Debtors - due fm Church Account (note 13)	2500		2500	1117
Gift Aid Accrual 2010 (note 7)	17		17	350
Cash at bank	2784		2784	1257
<b>Total Current Assets</b>	<b>5301</b>		<b>5301</b>	<b>2724</b>
<b>Liabilities</b>				
Creditors: amounts falling due in one year	(1)		(1)	(1)
<b>Total Assets less current Liabilities</b>				
Creditors: amounts falling after one year				
<b>Total Net Assets</b>	<b>50305</b>	<b>10062</b>	<b>60367</b>	<b>56928</b>
<b>Building Development Funds</b>				
Held in Term Deposits	45005	10062	55067	54205
Bank Account	2784		2784	1257
Debtors (Less liabilities)	2516		2516	1466
<b>Total Building Development Funds</b>	<b>50305</b>	<b>10062</b>	<b>60367</b>	<b>56928</b>

Approved by the Parochial Church Council on 8 March 2011 and signed on its behalf by:

Signed: (A M Wilson in original)  
 Print: AM WILSON Chairman of the PCC

Signed: (B J Mansbridge in original)  
 Print: B J MANSBRIDGE Honorary Treasurer

## Notes to the Financial Statement

### 1. Accounting Policies

The financial statements have been prepared in accordance with the Church Accounting Regulations 2005 together with applicable accounting standards and the SORP 2005 and Charity Commission requirements. 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 funds which may be expended only on those restricted objectives described in the terms of the trust, bequest or appeal. All of the funds in this annex are restricted and attributed to building development for improvements 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.

c) "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 although any unused surplus raised in a restricted fund appeal may 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 for the Church accounting year by estimating and accruing outstanding income. This means there is a risk that the actual gift aid refund differs from the accrual calculation, and while small, it is borne by the Church. The Gift Aid income included in this report, Church year 2010, includes actual receipts for the last quarter of the tax year 2008-09 and the first and second quarter of the tax year 2010-11. The third quarter tax year 2010-11 (last quarter of the Church account year) is based on the calculated claim.

**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 acts as a custodian for building development investments. 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, BDG volunteers nor other parties have been paid, reimbursed or received money from the building fund in 2010.

**11. Fund Raising 2010**

There was no fund raising activity in the year.

**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 31 Dec on closure of the Church and Building Fund accounts, thus the end of year closure transfer due appears as a debtor. In 2010 the £2500 bequest received late in the year has been used to support church cash flow until the receipt of Gift Aid and thus also appears as a debtor.

**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.

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15. Incoming Resources (note 3)

	Totals		2010	2009
	Restricted	Reserve		
	£	£	£	£
<b>Voluntary income from donors</b>				
Planned giving	60		60	60
Donations/Bequest	2500		2500	1358
Gift Aid accrual 2010	17		17	350
<b>Total Voluntary income</b>	<b>2577</b>		<b>2577</b>	<b>1768</b>
<b>Activities generating funds</b>				
None in 2010				
<b>Total Activities generating funds</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Income from Investments</b>				
Interest Building Fund Fixed Account	569		569	569
Interest Building Fund CBF Account	223		223	539
Interest on £10k loan (paid by Church)				105
<b>Total Income from Investments</b>	<b>792</b>		<b>792</b>	<b>1213</b>
<b>Income from Church activities</b>				
<b>Total Income from operating activities</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Adjustments</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Total Income</b>	<b>3369</b>		<b>3369</b>	<b>2981</b>

16. Resources Expended(note 4)

	Totals		2010	2009
	Restricted	Reserves		
	£	£	£	£
<b>Cost of generating voluntary income</b>				
Fund Raising events				
<b>Total Cost of generating voluntary income</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Fund raising trading costs</b>				
Fund raising trading expenses				
<b>Total Fund raising trading costs</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Building development support</b>				
Architect				
Other professional Fees				
Administration				
Fund Administration Charges				
Postage				
Expenses				
<b>Total building development costs</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Governance Costs</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Total Governance Costs</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>
<b>Total Resources Expended</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>

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17. **Assets**

	Restricted £	Reserves £	Totals	
			2010 £	2009 £
<b>Tangible Assets</b>				
Fixed Assets				
Depreciation				
<b>Tangible Assets at 31 December</b>			Nil	Nil
<b>Investment Assets (notes 6)</b>				
Building Fund Fixed Account (1 Jan)	9994		9994	10415
Building Fund CBF Account	45005		45005	44211
Revaluation Gain/(Losses) to 31 Dec	68		68	(421)
<b>Total Investment Assets at 31 December</b>	55067		55067	54205
<b>Current Assets</b>				
<b>Debtors</b>				
Building Funds in Church Account(note13)	2500		2500	1117
Gift Aid 2010	17		17	350
<b>Cash at Bank and In hand</b>				
Bank account	2784		2784	1257
Cash	Nil		Nil	Nil
<b>Total Assets at 31 December</b>	5301		5301	2724
<b>Liabilities</b>				
Creditors - Falling due within a year				
Unpresented Cheques				
Management Cost on Funds	(1)		(1)	(1)
<b>Total Assets At 31 December</b>	60367		60367	56928

18. **Funds:**

	Restricted £	Reserves £	Totals	
			2010 £	2009 £
<b>Analysis of building development assets</b>				
Invested Assets	10062		10062	9994
Reserve Accounts	45005		45005	44211
Current Assets	5301		5301	2724
Liabilities	(1)		(1)	(1)
<b>Totals</b>	60367		60367	56928

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**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)**

	2010		Totals		
	Share Holding	Receipts £	Expenditure £	2010 £	2009 £
<b>Fund value 1 Jan</b>	6462			9994	10415
Gains (losses) on valuation				68	(421)
2010 Expenditure				Nil	
<b>(Share Holding 31 Dec remains 6462 shares)</b>					
<b>Fund Share value 31 Dec (6462 @ 1.572 Dec 10)</b>				<b>10062</b>	<b>9994</b>

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

	2010			Totals	
	Unrestricted £	Restricted £	Transfers £	2010 £	2009 £
<b>Income</b>					
Building Fund interest (accrued for last Qt 10)		226		226	539
Interest in from fixed Building Fund		569		569	569
Repayment of interest on loan to Church					105
<b>Total Income from Building Funds</b>		<b>795</b>		<b>795</b>	<b>1213</b>
<b>Repayment of Internal Loan</b>					<b>10000</b>
Expenditure Loan to Church general					
<b>Brought Forward 1 Jan</b>		<b>44211</b>		<b>44211</b>	<b>32999</b>
Liability for management fees		(1)		(1)	(1)
<b>Totals (Balance on 31 Dec)</b>		<b>45005</b>		<b>45005</b>	<b>44211</b>

**Calculated Administration Fees Liability (note 9)**

2010 @ 2% of first £2000 dividend + 1% any remaining interest at 1% = ~£1. Total liability to 31 Dec 10 = £1