

Scottish Charity No: SC09999

St Mary's Church, Anytown

Annual Report and Accounts for the year ended 30 September 2012

Revised April 2012 (original version dated 2007)

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General Synod of the Scottish Episcopal Church
Scottish Charity No SC015962

St Mary's Church, Anytown

Annual Report and Accounts for the year ended 30 September 2012

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St Mary Church, Anytown

Reference and Administrative Information

Charity name and address	St Mary Church 1 St Mary's Walk Anytown AN10 5DD
Scottish Charity Number	SC09999
Charity Trustees	<i>Members of the Vestry:</i> Rev James Kirk Rector and Chairman Derek Bryan Peoples Warden Bill Nicholson Rectors Warden Ruth Jennings Lay Representative Morris Robinson Secretary Alastair Goodfellow Treasurer Ann Spicer (to 4 December 2012) Kate Donald (from 5 August 2012) David Dobson Anne Watson Lucy Andrews Alan Watson Helen Martin (from 28 August 2012)
Ministry Team	Rev William Johnson Rev Peter Hendry Rev Mary Robb
Bankers	Bank of Scotland 15 London Court Anytown AN11 8BR
Independent Examiner	Mr GBH Bash, CA Tick & Bash Chartered Accountants 5 London Street Anytown AN5 2EE
Solicitors	Balderdash & Piffle LLP 10 London Road Anytown AN3 4XY

Report of the Vestry (Trustees' report) Year ended 30 September 2012

As the Charity Trustees of St Mary's Church, the Vestry presents its report and accounts for the year ended 30 September 2012. These have been prepared in accordance with the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005).

Structure, governance and management

The Church is an unincorporated association, governed by Constitution dated 25 December 1938, and last amended in January 2005. For the purposes of charities law, the members of the Vestry are the Charity Trustees of the Church. The Church is a member congregation of the Diocese of Anywhere in the Scottish Episcopal Church. The Bishop of Anywhere has pastoral oversight of all congregations within the diocese, and all congregations are subject to Canon Law of the Scottish Episcopal Church. The members of the Vestry normally hold office for three years and are elected at the Annual General Meeting. The Lay Representative who represents the church at Diocesan Synod is elected annually by the lay members of the congregation at the Annual General Meeting. The People's Warden is elected by the congregation at the Annual General Meeting and holds office for five years. The Rector's warden is appointed by the Rector and also holds office for five years. The Vestry Secretary and Treasurer are appointed by Vestry. The Vestry has delegated specific powers to its three sub-committees: Finance, Property and Mission. These sub-committees regularly report to and submit recommendations to the Vestry. The Rector is appointed by the Vestry and the Bishop of the diocese.

Day to day management is delegated to the ministry team with the Vestry authorising policy relating to temporal affairs and appointing staff. The Rector is responsible for the spiritual affairs of the Church and delegates aspects of the Church's operations to the ministry team.

In addition to attending a short induction session all new Vestry members are provided with a copy of "Guidance for Charity Trustees" issued by the Office of the Scottish Charity Regulator when appointed.

The Vestry reviews on a regular basis the major risks to which the Church is exposed, and systems or procedures have been established to manage those risks.

Objectives and activities

The objectives of the Vestry are to advance the mission of the Christian Church, through worship, service, and fellowship. These objectives are carried out through mission and pastoral activities. The principal activities of the Church are public worship and the spiritual development of its members.

Donations are made regularly to charitable causes that provide benefits to disadvantaged individuals and communities in Scotland, the rest of the United Kingdom and overseas.

In carrying out its objectives the Vestry depends upon the contribution, both human and material, of many volunteers from the congregation. Activities carried out include contributions preparatory to and during worship, service on sub-committees and through group activities, the maintenance of premises and fabric, and a variety of pastoral and social activities. These contributions are all highly valued and all members of the congregation are encouraged to, and many do, participate in them.

Achievements and performance

During the past year the Vestry has taken forward its vision and goals project for the growth and development of St Mary's. As part of this process the Vestry met on a number of occasions at specially convened meetings to discuss the key issues and also consulted widely throughout the membership of the church community.

The final phase of restoration work to the church was completed during the year.

Financial Review

Results

The completion of the restoration project and the associated redecoration works have contributed to a total deficit of £11,550 in the year. These costs were however in line with budget and have, in the most part, been funded by grants and donation specifically given for these purposes.

The General Fund produced a surplus of £8,081 in the year – largely in line with budget, without any great changes in expenditure from last year or significant unexpected expenditure. One area of significant improvement is the continued increase in congregational giving to the General Fund. At just over £177,000 giving to the General Fund is some £105,000 higher than last year as a result of the stewardship campaign during the year. .

There was however a substantial increase in the expenditure incurred on clergy and ministry costs and maintaining the fabric of the church and the rectory

St Mary's received three legacies totalling £6,750 in the year. The Vestry are grateful to those members both past and present who make such provision in their wills. One of the legacies (£5,000) was specifically to be used to fund the Rector's stipend and, in accordance with established practice, has been invested to produce additional income for the Stipend Fund.

To help fund the restoration and redecoration works in the early part of the year it was necessary to realise £15,000 of investments from the General Fund.

Reserves Policy

The Vestry's reserves policy is to maintain reserves so that cash and investment income is sufficient to meet three months normal operating costs and any other committed expenditure. The unrestricted cash balances held at 30 September 2012 were £37,365 and anticipated annual income from investments was £17,000. The vestry is satisfied that the reserves are sufficient to meet three months normal operating costs (approximately £30,000 and the committed expenditure of £14,000.)

Investment Policy

Investments are held in the Scottish Episcopal Church Unit Trust Pool (UTP). The investment objective of the UTP, which accords with that of the Vestry, is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to unit holders. The objective was achieved in the year under review.

Plans for Future Periods

The Vestry will continue its range of present activities in the foreseeable future. The Vestry aims to conclude its review of vision and goals and to present its conclusions and recommendations to the congregation during spring 2013.

Statement of Responsibilities of Members of Vestry

Charities Law requires the persons concerned in the management or control of every recognised body to prepare accounts for each financial year which give a true and fair view of its state of affairs and of its results for that period. In preparing those financial statements the members of the Vestry are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Church will continue in operation.

The members of the Vestry are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Church and to enable them to ensure that the financial statements comply with the relevant legislation. The members of the Vestry are also responsible for safeguarding the assets of the church and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Conclusion

In conclusion, the Vestry wishes to thank all members of the Congregation who help in so many different ways in carrying on the work of the Church, without whom nothing would be possible.

BY ORDER OF THE VESTRY

Morris Robinson
Vestry Secretary
30 November 2012

Independent Examiner's Report to the Vestry of St Mary's Church, Anytown

I report on the accounts of the charity for the year ended 30 September 2012 which are set out on pages 8 to 16.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

- 1 which gives me reasonable cause to believe that in any material respect the requirements:
 - ❖ to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - ❖ to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave not been met, or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Mr GBH Bash, CA

Tick & Bash
Chartered Accountants
5 London Street
Anytown
AN5 2EE
1 December 2012

ST MARY'S CHURCH, ANYTOWN
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	Unrestricted Funds		Restricted Funds		Total	Total
		General Fund £	Fabric Fund £	Restoration Fund £	Stipend Fund £	2012 £	2011 £
Incoming Resources							
Incoming resources from generated funds							
<i>Voluntary income</i>							
Congregational giving		177,354	-	2,500	-	179,854	88,369
Donations		23,750	-	1,000	-	24,750	4,632
Legacies		1,750	-	-	5,000	6,750	250
Grants		-	-	10,000	-	10,000	35,000
<i>Activities for generating funds</i>							
Rent and hall lets		18,750	-	-	-	18,750	8,450
Summer Concert		-	985	-	-	985	865
Other fundraising activities		343	-	500	-	843	1,534
<i>Investment income</i>							
Investment income - UTP distributions		10,780	-	-	5,720	16,500	15,942
Investment income - interest		1,024	50	50	-	1,124	1,560
Incoming resources from charitable activities							
Sale of parish magazine		300	-	-	-	300	259
Other income		100	150	-	-	250	302
Other incoming resources							
Gain on sale of investments		425	-	-	-	425	-
Total Incoming Resources		<u>234,576</u>	<u>1,185</u>	<u>14,050</u>	<u>10,720</u>	<u>260,531</u>	<u>157,163</u>
Resources Expended							
Charitable activities							
Clergy and ministry costs		90,016	-	-	5,720	95,736	69,235
Worship costs		15,269	-	-	-	15,269	4,325
Mission and education costs		3,187	-	-	-	3,187	6,512
Fabric costs		101,298	17,366	22,500	-	141,164	60,000
Quota	12	12,725	-	-	-	12,725	11,500
Mission support (home and overseas)		2,750	-	-	-	2,750	4,500
Governance costs	13	1,250	-	-	-	1,250	1,150
Total Resources Expended		<u>226,495</u>	<u>17,366</u>	<u>22,500</u>	<u>5,720</u>	<u>272,081</u>	<u>157,222</u>
Net Incoming (Outgoing) Resources Before Transfers		8,081	(16,181)	(8,450)	5,000	(11,550)	(59)
Transfers between funds	10	(5,000)	20,000	(15,000)	-	-	-
Unrealised gain on revaluation		5,880	-	-	1,725	7,605	8,523
Net Movement in Funds		<u>8,961</u>	<u>3,819</u>	<u>(23,450)</u>	<u>6,725</u>	<u>(3,945)</u>	<u>(59)</u>
Fund balances at 1 October 2011		612,823	3,496	25,289	130,000	771,608	771,667
Fund balances at 30 September 2012		<u>621,784</u>	<u>7,315</u>	<u>1,839</u>	<u>136,725</u>	<u>767,663</u>	<u>771,608</u>

The notes on pages 10 to 16 form part of these accounts.

**ST MARY'S CHURCH, ANYTOWN
BALANCE SHEET AS AT 30 SEPTEMBER 2012**

	£	2012 £	2011 £
Fixed Assets (note 7)			
Heritable Properties at book value		359,723	344,723
Investments at market value (Book Cost: £77,314) (2011: £77,326)		372,774	375,169
		732,497	719,892
Current Asset			
Debtors (note 8)	4,342		4,247
Bank & Cash	38,204		54,228
	42,546		58,475
Creditors: amounts falling due within one year			
Creditors & Accruals (note 9)	(7,380)		(6,759)
Net Current Assets		35,166	51,716
TOTAL ASSETS LESS LIABILITIES		767,663	771,608

Represented by:

Unrestricted Funds:

General Fund	621,784		612,823
Fabric Fund	7,315		3,496
		629,099	616,319

Restricted Funds:

Restoration Fund	1,839		25,289
Stipend Fund	136,725		130,000
		138,564	155,289

TOTAL FUNDS (note 11)

	767,663		771,608
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Approved by the Vestry on 30 November 2012 and signed on their behalf by

Alastair Goodfellow
Vestry Treasurer

Rev James Kirk
Rector

The notes on pages 10 to 16 form part of these accounts.

ST MARY'S CHURCH, ANYTOWN
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 Accounting policies

Basis of preparation of accounts

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) issued in 2005.

Note 2 explains the general purposes of St Mary's funds.

Tangible fixed assets and depreciation

Heritable properties are shown at cost and expenditure on improvements is capitalised. Depreciation is not provided on heritable properties. The heritable properties have useful lives in excess of fifty years. No depreciation has been provided against the book value of heritable properties as, in the opinion of the Vestry, due to the long useful economic lives of the properties and their high residual values, any depreciation charge and resultant accumulated depreciation are immaterial. In the opinion of the Vestry, no impairment of the carrying values has occurred during the year. Expenditure on other tangible fixed assets is charged to revenue as incurred.

Fixed asset investments

Investments are shown at market value and unrealised gains and losses are included in the Statement of Financial Activities.

Congregational giving, donations, legacies and similar income

Congregational giving is accounted for when received. Donations, legacies and similar income are accounted for when St Mary's becomes entitled to the income and a reliable estimate of the amount to be received can be made. Gift Aid tax recoverable is accounted for at the point the tax reclaim is submitted.

Disposals of investments

Realised profits and losses on investments are recognised on the date of disposal and are included in the Statement of Financial Activities.

Governance Costs

Governance Costs relate to those costs necessary to provide the governance infrastructure which allows St Mary's to operate and to generate the information required for public accountability.

Apportionment of Support costs

Resources expended are shown in the Statement of Financial Activities categorised by charitable activity and governance costs in accordance with the requirements of the Statement of Recommended Practice. Certain costs and grants awarded are capable of direct attribution to the categories; however other costs, in particular non clergy staff costs and costs associated with running the church buildings, are attributable to more than one category. These costs have been apportioned to the specified categories based in proportion with the direct costs. (See note 5)

2 Funds

Unrestricted funds are available for use at the Vestry's discretion in furtherance of the Church's objectives; restricted funds are those given for specific purposes. Designated funds are unrestricted funds that have been allocated for a specific purpose by the Vestry. St Mary's has four Funds:-

Unrestricted Funds:

General Fund	Funds held for the general work of the church. The value of all capitalised improvements and additions to church buildings are held in the General Fund.
Fabric Fund	Specific funds set aside by the Vestry for the general maintenance of the Church buildings (including the Rectory). The Vestry has agreed that the income generated by the annual Summer Concert will be credited to the Fabric Fund.

Restricted Funds:

Restoration Fund	A three phase restoration of the Church building was initiated in 1998. All appeal funds and grants given specifically for restoration have been credited to the Restoration Fund which has been used to finance the works. Elements of the works categorised as repairs have been treated as revenue expenditure and charged to the Restoration fund. Elements of the works deemed to be improvements and have been capitalised. The value of capitalised works have been transferred to the General Fund.
Stipend Fund	St Mary's has benefited from a number of legacies in the past given specifically to fund the Rector's stipend. Whilst there are no specific restrictions on the use of the capital in this Fund the Vestry has agreed that, as far as possible, only the income of the Fund should be used each year.

3 Clergy and Staff costs and emoluments

	2012	2011
	£	£
Gross Stipends and Salaries	80,500	58,425
Employer's National Insurance Contributions	4,045	2,957
Pension contributions	8,500	5,922
	<hr/>	<hr/>
	93,045	67,304

	2012	2011
	No.	No.
Average number of employees during the year	6	6
Average number of employees during the year (full time equivalent)	3	3

No employee received emoluments in excess of £60,000.

Information regarding stipendiary members of the clergy, who are technically not employees but office-holders, is included above.

Employees are eligible to join the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme with benefits based on final pensionable salary. The Rector is a member of the Fund and others employed by the Scottish Episcopal Church are also members. St Mary's is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis and so accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year under review was 25.3%; the rate is based on the recommendations of the Fund's Actuary following the periodic valuation of the Fund as at 31 December 2010 which estimated the Fund's total surplus to be £389,525. There were no contributions outstanding at 30 September 2012 in relation to St Mary's employees.

4 Trustee remuneration, benefits and expenses

Except for the Rector, no member of the Vestry received remuneration or reimbursement of expenses, other than reimbursement of purchases made on behalf of the Church. The Rector is *ex officio* a member of the Vestry and a trustee, and receives remuneration, benefits and reimbursement of expenses in respect of services as a stipendiary cleric in line with scales determined by General Synod of the Scottish Episcopal Church.

5 Resources expended on charitable activities

Resources expended on charitable activities include direct costs, grants awarded and support costs. Support costs, which relate primarily to non clergy staff costs and costs associated with running the church buildings, are attributable to more than one category. These costs have been apportioned to the specified categories based in proportion with the direct costs.

	Direct Costs £	Grants awarded £	Support Costs £	Total £
Charitable activities				
Clergy and ministry costs	78,320	-	17,416	95,736
Worship costs	14,057	-	1,212	15,269
Mission and education costs	2,069	500	618	3,187
Fabric costs	131,698	-	9,466	141,164
Quota	12,725	-	-	12,725
Mission support	-	2,750	-	2,750
	238,869	3,250	28,712	270,831

6 Grants

The following grant support was provided during the year.

	£
Grants to organisations:	
Anytown Homeless project <i>To support work of project</i>	1,000
Christians together in Anytown <i>To fund Easter celebration</i>	500
Roscoro School for the deaf <i>Small school for deaf run by Church of Africa</i>	1,000
	2,500
Grants to individuals:	750
<i>Grants paid to five individuals to assist in costs of study or travel costs associated with voluntary work overseas.</i>	
	750
Total Grants	3,250

During the year there were two special collections:

	£
Bishops lent appeal	750
Christian Aid	200

These funds (which are not reflected in the accounts) have been remitted to the charities concerned.

7 Fixed Assets

	Investments	Heritable Property	Total
	£	£	£
At 1 October 2011	375,169	344,723	719,892
Additions during year	5,000	15,000	20,000
Disposals during year	(15,000)	-	(15,000)
Net profit on revaluation at 30 September 2012	7,605	-	7,605
Balance at 30 September 2012	372,774	359,723	732,497

The church building and the rectory, both in St Mary's Walk, Anytown are owned by St Mary's. The original cost of these assets and the cost of improvements prior to the restoration works started in 1998 are not known and have not been included because, in the opinion of the Vestry, the cost of professionally valuing them to include a value in the accounts outweighs the benefits to users of the accounts.

On 1 April 2012 the church building and rectory were insured for £10,000,000, which is an estimate of the replacement cost of buildings and all contents. Replacement building cost does not represent market value of the properties, and does not include valuation of the land on which the properties are situated.

St Mary's investments are held in the Scottish Episcopal Church Unit Trust Pool. The Unit Trust Pool was established by the Investment Committee of the General Synod to bring together the disparate investments of the various funds of the General Synod, the Dioceses and the individual congregations of the Church to enable these to be managed professionally. The Unit Trust Pool is therefore purely an investment vehicle of the Scottish Episcopal Church. The majority of investments in the Unit Trust Pool relate to UK investments.

8 Debtors

	2012	2011
	£	£
Grants awarded not received	2,500	3,000
Interest receivable	442	362
Gift Aid tax reclaimed	758	527
Other debtors and prepayments	642	358
	<u>4,342</u>	<u>4,247</u>

9 Creditors

	2012 £	2011 £
Tax and National Insurance	1,575	1,495
Restoration work accrued costs	2,000	2,500
Grant awarded not yet paid	1,000	-
Other creditors and accruals	2,805	2,764
	7,380	6,759

10 Reconciliation of movement in funds

	Balance at 1 Oct 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Unrealised Gains and losses £	Balance at 30 Sept 2012 £
Unrestricted Funds						
General Fund	612,823	234,576	(226,495)	(5,000)	5,880	621,784
Fabric Fund	3,496	1,185	(17,366)	20,000	-	7,315
	616,319	235,761	(243,861)	15,000	5,880	629,099
	£	£	£	£	£	£
Restricted Funds						
Restoration Fund	25,289	14,050	(22,500)	(15,000)	-	1,839
Stipend Fund	130,000	10,720	(5,720)	-	1,725	136,725
	155,289	24,770	(28,220)	(15,000)	1,725	138,564
Total Funds	771,608	260,531	1 (272,081)	-	7,605	767,663

The following transfers between funds were made during the year:

From General Fund to Fabric Fund	£20,000 to fund redecoration and other repairs and maintenance to church buildings
From Restoration Fund to General Fund	£15,000 representing cost of restoration works capitalised in the year

11 Analysis of net assets between funds

	Unrestricted		Restricted		Total
	General Fund	Fabric Fund	Restoration Fund	Stipend Fund	
	£	£	£	£	£
Fund balances at 30 September 2012 are represented by:					
Fixed Assets					
Heritable Property	359,723	-	-	-	359,723
Investments at market value	236,049	-	-	136,725	372,774
Current Assets					
Debtors & Prepayments	1,342	-	3,000	-	4,342
Bank & Cash	28,997	8,368	839	-	38,204
Current Liabilities					
Creditors & Accruals	(4,327)	(1,053)	(2,000)	-	(7,380)
	<u>621,784</u>	<u>7,315</u>	<u>1,839</u>	<u>136,725</u>	<u>767,663</u>

The General Fund is an undesignated fund.

12 Quota

Quota is paid by St Mary's to the Diocese of Anywhere to support the work of the Diocese and of the Scottish Episcopal Church as a whole.

13 Governance costs

Independent Examiners fee	£1,250	(2011: £1,150)
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14 Future commitments

At the balance sheet date the Vestry had authorised the following expenditure:-

Replacement of rectory windows	£12,500
New chairs for church hall	<u>2,000</u>
	<u>£14,500</u>