

Blessed Mary notes to external examination 2020 (for the year ending 31/12/20)

Background

1. I have read the minutes from the PCC of Blessed Mary's ordinary meetings, together with notes from APCM, and the finance reports. These are sent to me throughout the year by the secretary. These minutes reflect the movements on the accounts.
2. No mention is made in the financial accounts of PCC members interests, so I have confirmed with the Treasurer that this is the case.
3. I have read 'The duties of an independent examiner', chapter 11 from 'The Charities Act and the PCC' which details my role. More recently I have read the Independent examination of charity accounts: directions and guidance for examiners (CC32) for examinations that occur after 30/11/17 and the checklist is attached to my examination.
4. I have read chapter 3 from 'Practical Church Management' which details the role of a PCC.
5. I have not attended a PCC meeting during this financial year.
6. The only trust appears to be the Wardrop Fund (157 units in the Church of England Fixed Interest Securities Fund). This is used in the maintenance of the churchyard.
7. Income is derived from voluntary contributions (various forms including gift aid), and some specifically organised activities, mainly the church fete. There are also occasional legacies.
8. The PCC has large funds held in deposit accounts (£62,000), which includes £16,000 in restricted funds and £34,000 in designated funds, £32,000 of which is for a major project (see legacy notes below). This leaves £12,000 in their general reserves, which does not meet the policy of £30,000 in unrestricted reserves, approximately one years running costs.
9. I have seen the annual report for 2019, which details those people involved in the PCC, their positions, and their term of office, and would like to see 2020 once it is completed please. I have also seen the Treasurers report for 2020.
10. I have seen a letter from the Diocese dated 2004 discussing the role and suitability of the Independent Examiner, and believe that I am conducting the examination in accordance with their wishes.
11. The windows are ongoing and will be a major fabric expense. The Treasurer is still hopeful that a grant can be obtained for 3 of them, but it will still leave a shortfall that Blessed Mary will need to finance. The cost for the windows has been estimated at £5,500.
12. As agreed in 2019, part of the recent legacies are to be used to finance the Youth Worker and the revamped website, although the invoices are yet to be received. However, the purchase of chairs is currently on hold; no other discussions have been held regarding spending the remaining legacies.
13. Expenditure, despite being strictly controlled, continues to exceed income. The general reserves continue to drop.
14. There are a number of areas in which the PCC don't conform to the expected internal financial controls concerning the treatment of cash. The system they use has been agreed by the PCC.

Accounting procedures

The financial statement has been prepared using the receipts and payments method. This is in accordance with the guidance. Financial statements follow those laid out in the guidelines.

Comparisons between years (11.33)

Receipts

2015	£41,967
2016	£49,800
2017	£48,025
2018	£45,715 (plus legacies totalling £36,538 giving a total of <u>£85,253</u>)
2019	£52,187
2020	£36,453

Voluntary income

2015	£31,392
2016	£37,075
2017	£35,111
2018	£34,591 (plus legacies totalling £36,538 giving a total of £71,129)
2019	£37,142
2020	£32,367

Raising funds has obviously been a problem during 2020; due to COVID 19 the fete was cancelled and other fundraising activities have been unable to go ahead. There was, however, a Christmas raffle, which raised £2000 and the letter to the local community to ask for ongoing giving was very successful, raising over £2500 in one off donations.

Collections at services have understandably dropped, but the Treasurer is contacting people who regularly donate this way, to try to persuade them to donate through tax efficient giving. Inflation linked giving was discussed, but no action was taken. Equally problematic was the lack of weddings, usually a good source of income.

Payments

2015	£36,260
2016	£48,969
2017	£46,478
2018	£53,275 (exceptional costs of £4,568 for legacy legal costs and £23,921 for fabric costs bring the total to £81,764)
2019	£55,284
2020	£44,496

Charitable donations

2015	£2,395
2016	£2,219
2017	£ 773
2018	£1,983 (includes £1000 to AIM, £500 owed from last year).
2019	£1,792
2020	£650 (in addition, £500 is in the hardship fund)

The Treasurer has retained very tight financial control, and therefore expenditure has reduced this year. Clearing the churchyard and upgrading the path cost £3,750; this was considerably cheaper than the original £9,000 quote and financed through the Legacy Fund (voted on by PCC June 2020).

The minutes show that, in June, the PCC did not feel it would be able to meet its Parish Share contribution. However, reduced expenditure in other areas, plus income being higher than forecast, enabled the full payment to be made. It is worth noting for the future though, that the diocese stated any reduction in the payment would be counted as a debt, with the expectation that it would be cleared.

Bank reserves

National savings	Organ fund	£4882
	Bells fund	£4604
	Wardrop	£266
	CCLA	£37,915
	Barclays	£ 4,255
		£10,000
	Total	£61,922

Bank reserves

2013	£53,501
2014	£57,476
2015	£63,145
2016	£64,069
2017	£66,700
2018	£72,475
2019	£69,623
2020	£61,922

Accounting records and transaction testing.

I have reviewed the invoices provided by the Treasurer, and they appear to be in accordance with church business.

Planned giving

I have checked a sample of bank statements to the accounting records. All transactions are in order.

Payments

I have checked a number of invoices received to the transactions report and to the bank statement. All are in order.

Receipts

I have sampled a number of the receipts and they agree to bank statements and accounting records.

It must be noted that the PCC have voted against following the diocese guidelines that two people should count all money for practical reasons.

Overview

Again a tight control has been kept on the Church finances, with the PCC being kept aware of the issues.

Profit/Loss for the year

2011	-£18,824
2012	-£74
2013	-£17,720
2014	£4,356
2015	£5,707
2016	£831
2017	£1647
2018	£7000
2019	-£3,096

I would like to thank the Treasurer, Simon Beloe, for the help he has given me whilst I have been conducting this examination, and the Secretary, Andrea Penter, for keeping me updated throughout the year.

Sue Harris

25.3.21

Items requested:

1. 2020 annual report