

**St Andrew's Chesterton**  
**Financial statements and notes to the**  
**accounts**  
**for the year ended 31 December 2006**

The accompanying financial statements were approved by the Parochial Church Council.  
The notes that follow form part of these accounts.

**Simon Peyton Jones**  
Treasurer

**John Reynolds**  
Churchwarden

## **1 General Accounting Policies**

The accounts have been prepared in accordance with the Church Accounting Regulations 1997 together with applicable accounting standards and the Charities SORP.

The accounts have been prepared under the historical cost convention except for the valuation of investment assets, which are shown at market value.

Opening and closing balances are shown without including any liabilities or income not yet received. Any such sums are small.

### **1.1 Funds**

General Funds represent the funds of the PCC that are not subject to any restrictions regarding their use and are available for application on the general purposes. The accounts include all transactions, assets and liabilities for which the PCC is responsible in law. They do not include informal gatherings of Church members.

### **1.2 Incoming Resources**

Collections, planned giving, grants and legacies and income from letting of Church premises are recognised when received. Funds raised are accounted for gross. Income Tax recoverable on covenants and investment income is accounted for together with the associated income on a received basis. This is not in accordance with the accruals concept but the impact on the accounts is not considered to be material.

### 1.3 Current assets

Short-term deposits include cash held either with the CBF or COIF Church of England Funds, or at the Bank.

### 1.4 Fixed Assets

Consecrated land and buildings are excluded from the accounts by Section 96(2)(a) of the Charities Act 1993.

No value is placed on movable church furnishings held which require a faculty for disposal since the PCC considers this to be inalienable property. All expenditure incurred during the year on consecrated buildings and movable church furnishings, whether maintenance or improvement, is written off as expenditure in the SOFA.

Individual items of equipment are written off at cost when the equipment is acquired.

### 1.5 Investments

Investments are valued at market value on 31 December. Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at 31 December.

## 2 Categorisation of funds

During 2001 the PCC decided to distinguish between "current" and "capital" funds. These decisions are reproduced here:

- **Current** income and expenditure relates to recurrent items. On the income side: regular giving and collections, general fundraising, etc. On the expenditure side: parish share, gas, electricity, minor repairs, ministry expenses, Junior Church, and so on.
- **Capital** income and expenditure relates to large or one-off items. On the income side: money intended for capital projects, such as that from the Friends of St Andrews. On the expenditure side, major repairs to the building, new equipment, and so on.

Some of this capital is **restricted**, meaning that we can only spend it on particular purposes; some is **unrestricted**, meaning that while the PCC has designated it for capital projects, there is no legal obligation to do so.

These distinctions are reflected in the PCC's funds, as follows:

#### Current funds (unrestricted)

**PCC current:** the church's main day-to-day fund. It mostly lives in three accounts:

PCC Current account

PCC Deposit account

Vicar's ministry account (closed during 2007)

#### Youth choir fund

### **Capital funds (unrestricted)**

**Capital Fund:** general capital projects

**Hall Capital Fund:** this money came from selling the old Hall, but is entirely unrestricted. It is kept separate simply so that we remember where it came from.

**Ince Bequest:** unrestricted, but by convention used for music

### **Capital accounts (restricted)**

**TB Robinson**

**Tuck Bequest**

**St Andrew's Sunday School Fund** (expended during 2006)

For the Hall Project there are just two accounts:

**Hall Current account**

**Hall Deposit account**

For balance sheet purposes, the capital funds are for simplicity treated as fixed assets, although they are somewhat liquid.

#### **2.1 Endowment funds**

The church benefits from a number of non-expendable endowments: Bellamy Bequest, Mrs M R Clark Bequest, Dixon Bequest, Elsom Bequest, Harris Bequest, Mrs E Kettle Grave Trust, Miss H G King Trust, Onyett Bequest

At its November 2000 meeting the PCC resolved:

- To treat King and Kettle Grave as endowment funds (i.e. we can't touch the capital), whose income can be used as the PCC sees fit.
- To treat the TB Robinson capital (some £2000) as an endowment fund (i.e. we can't touch the capital) whose income must be used for the church fabric only (i.e. it is "restricted").

These resolutions, based on advice from our previous auditor, Jones Golding, are aimed at removing a qualification on our accounts. They are reproduced here for completeness.

### **3 Changes in accounts**

There were several changes in the account structure during 2006

- The vicar left St Andrew's so we closed the Vicar's Ministry account (which he ran). It turned out that there was £767.21 more in the account than expected, a discrepancy which had presumably accumulated in the account over several years. This unexpected windfall shown as "Other income".

- There were two different unit-trust accounts for the Ince Bequest, one with CBF and one with COIF. Since they are managed by the same team, there appears to be no merit in diversity, so we closed the COIF one (547260002T) and merged it with the CBF one (614086004S).
- For the same reason we closed the COIF unit trust Tuck fund (547260001T) and opened a CBF unit trust fund for the Tuck Bequest, 614086013S.
- As explained in Section 4, we expended the entire balance of the Sunday School Fund on the St Andrew's Hall Project. The Fund was held in a unit trust (614086011S), and the units were not in fact sold. Instead, the account 614086011S is simply re-designated in the accounts as part of the Hall Capital Fund. (NB: this change of name has not yet been carried out on the CBF account itself.)
- The PCC resolution to treat TB Robinson as an endowment (see 2.1) was expressed in the accounts for the first time by transferring £17,581.25 from "restricted" to "endowment".
- We closed COIF 547260001C, transferring the balance to the Capital Fund. The account was labelled "Tuck" but apparently all its money came from accumulated dividends from the Ince Bequest, an unrestricted fund. That is why the funds were put into the Capital Fund, and this is reflected by a transfer of £5,900.78 from "restricted" to "unrestricted". In effect these funds were never restricted in the first place; the label on the account was misleading.
- The Friends of St Andrew's asked that £1000 of their 2005 grant, and £1000 of their 2006 grant, be regarded as specifically for future work on the organ. This is recognised in the 2006 accounts by a specific Organ Fund, treated as restricted. The 2005 grant is transferred from unrestricted to restricted to reflect this.

#### **4 The St Andrew's Hall Project**

The Hall Project has separate accounts, although the Project is not a separate legal entity. The PCC is ultimately responsible for the Hall Project's assets and liabilities.

In 2004, the PCC made a loan of £414,600 to the Hall Project, being the proceeds of the sale of the old Hall; this loan is shown as an asset in the 2005 accounts. During 2006 the Hall Project finances clarified, and the following events took place:

- The City Council gave the Hall Project a grant of £246,000 towards the cost of building the Hall. This grant is covered by a Section 106 agreement with a 25-year term, which provides for repayment of part of the loan should the PCC not meet its obligations under the agreement. This contingent liability is not shown in the accounts, since it is most unlikely to transpire.
- The PCC decided to make a grant of £314,800 to the Hall Project. Of this, £35,359.69 came from the Sunday School Fund, which the PCC decided to expend in its entirety to fund the building of the Hall. This meets the objectives of the Fund. The rest came from PCC unrestricted funds.

- The Hall Project paid off the loan of £414,600 to the PCC
- The Hall Project paid off the loan of £110,000 to the diocese

The value of the building is shown in the Hall balance sheet, of £680,000, is based on the actual cost of the building (not including equipment). The insurance valuation carried out in 2005 valued the building at £655,000.

## 5 SNAP Nursery debt

The SNAP Nursery purchased the old Hall from the PCC in 2004. Beyond the purchase price they agreed to pay a further £60,000 over 10 years. The figures for 2006 are:

Debt at 1 Jan 2006	£52,903.28
Paid during 2006	£4,000.00
Debt at 1 Jan 2007	£48,903.28

SNAP only paid £4,000 in 2006 because they had not yet started a standing order. They have now done so, and are paying at a rate of £500/month.