

Finance & Support Services Committee
21st April 2018

Summary Report

Financial Report

The process undertaken through preparing the annual accounts, the audit of, the trustee reports through to FSSC and Council were discussed and acknowledged and thanks were expressed to all staff and trustees concerned.

An explanation was provided between the difference and requirements of the statutory accounts compared to the management accounts and budgets – summaries of both go to Assembly.

It was reported that the statutory accounts had received a clean audit report with no matters or issues noted.

The operating deficit for 2017 is £614k (2016: £719k), exceptional items of £1.628 million were received resulting in a net movement of funds for the year of £1.014 million. Total assets have increased to £15.249 million. It was noted that investments can go down as well as up.

A total of £156k had been paid out in the year in grants to CF Churches; retired ministers; CF Area's and Christian Aid.

CF continues to run operations at significant deficit levels and this is a significant commitment made in supporting member Churches. There is a reliance on historic and current capital receipts.

The 2018 forecast is for an operating deficit of £604k but further capital receipts is likely to reduce that down to an overall deficit of £9k.

The 2019 budget is for an operating deficit of £411k but further capital receipts is likely to reduce that down to £111k.

Of the £411k, the deficit for the Core Operations is £317k of which £72.5k is historic depreciation. This deficit is funded from the main CF reserves. There is a deficit of £94k from the other specific and restricted funds who all have their own fund reserves.

The Trading activities for 2019 has a budget gross profit of £66k and after overheads a net profit of £637. The Ministers Pension Fund has seen deficits fall from around £20k to £1k for 2019. The Homes for Retired Ministers deficit has also fallen from around £50k down to £14k for 2019.

The Protected Programme Fund has £4million @ 2017 and this is expected to increase to around £5 million by 2019 providing investment income of £150k pa to support the Core Operations.

CWM MSP3 – it was noted that there remains unspent around £30k and most of that is for the Youth development for emerging leaders. It was identified that having held this money for ten years this needs to come to the Church Support Committee to ensure it is looked into.

CIPT – Concerns was noted that the anticipated grant income for 2017-2019 has been reduced by around £68k alongside under provisions made for the University Charges of over £7k.

Other Matters

Church Affiliation Fees – It was agreed to write-off unpaid fees relating to 2016 & 2017 of £5,123.60. For 2018, it was agreed to waive/not raise an invoice for five of the member churches. It was also agreed to look into the mechanism for charging and in trying to raise overall affiliation fee income to £80k from 2020, for the next meeting.

Finance Strategy and Funding Requirements – The overall strategy of CF is to break-even by 2020 and on current operations it was unlikely that this will be met. Various discussions took place including the need to protect the asset base whilst also ensuring that the churches are supported. In doing so, it is important to focus on what Churches want and not what CF think they want. Further clarification of the Protected Programme Fund is required and a deeper understanding of CF overall funds.

Operating costs for the Training Course – Clarity of the costs associated with the Tutors compared to the Students was discussed at length. Queries were raised over whether certain costs were being allocated correctly and it was agreed to refer back to the CIPT department.

Education Grants – It was agreed that this scheme is unworkable given the low level of income when compared to the possible number of young people who can claim education grants. Instead, it was agreed to approach the Charity Commission to change the use into perhaps providing support and/or grants for young people.

Review of Expenses Policies – Subsistence levels and rail cards were discussed and recommendations made to Council.

CF Area Grants (England & Wales) – It was noted that there remains £95,534 available for churches to apply for grants from. That some CF Area's were better than others at utilising these funds but it was emphasised that CF encourage the Area's in supporting the churches through making use of these funds.

Membership Application – An application for membership was received from Hay Mills Congregational Church in the West Midlands Area. FSSC recommended to Council their membership.

Treasurers Training Day – This will be held on Friday 12th October in Nottingham and booking forms have already been sent to all Area Treasurers for them to invite all Churches within their area to. Charity law and year end accounts including fund accounting will be covered.

DONM: 13.10.18