The Church of the Assumption of the Blessed Virgin Mary, Tysoe
Treasurer’s Report 2021

# Introduction:

The year saw a measured return to the re-opening of the church for Sunday worship and the reinstatement of a more normal pattern of income and expenditure. There was an encouraging response to the appeal for increased personal giving and the shortfall in income in the General Fund was partially reduced. The Parish Giving Scheme was introduced and has been well supported. The major restoration project of the tower stonework and church windows was almost completed by the year end with everything finalised in early 2022 and all within budget. However, there remains a major challenge to balance the General Fund income and expenditure as the church is now having to withdraw from investments to cover the shortfall.

# Funds and Investments:

The structure of the various Funds that was introduced for the 2020 accounts has remained unchanged. As reported at last year’s APCM, there was no option other than to use some of the investments to pay for the building restoration work. A revised allocation of the Investments to specific funds was agreed at the PCC meeting on 19th April; this is shown in the second column of the table below (at the 2020 year-end valuations).

Investment shares were sold during 2021 as recorded below. For the General, Outreach and Churchyard Funds, the sales were necessary to reverse the negative opening bank balances and to cover expenditure which exceeded income during the year. The sales in the Building & Restoration Fund financed the planned expenditure on the major tower stonework and glass restoration project.

During the 2021 year, the investments benefited from the general improvement in financial markets due in part to the successful introduction of vaccines to address the pandemic; unrealised gains in the year totalled £62,098. The year-end valuation of the investments by Fund are shown below.

Since the beginning of 2022, there has been an unrealised loss of £21,335 as the markets were impacted by the continuing pandemic and the situation in Ukraine – investments can go down as well as up! There have also been further sales of shares as shown below to meet expenditure. The valuation of the investments on 7th April 2022 are shown in the final column.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Investments held at the Central Board of Finance of the Church of England:** | **PCC Allocation****19-Apr-21**  | **Sold in 2021** | **Year-end****31-Dec-21** | **Sold so far in 2022** | **Valuation at****7-Apr-22** |
| General Fund | £40,000 | £15,000 | £30,444 | £9,000 | £19,653 |
| General Fund – Outreach | £15,000 | £5,000 | £11,357 | £1,000 | £9,638 |
| Churchyard Fund | £70,000 | £12,000 | £77,768 | £2,000 | £70,748 |
| Churchyard Fund - additional | £5,000 | - | - | - | - |
| Churchyard Improvements Fund | £5,000 | - | - | - | - |
| Building Restoration Fund | £328,832 | £133,000 | £241,361 | £83,000 | £144,556 |
| **Total** | **£463,832** | **£165,000** | **£360,930** | **£95,000** | **£244,595** |

The original £250,000 that was invested in the CFB Church of England Investment Fund from the Doris Smith bequest in 2010 had grown to £463,832 by January 2021. Last year’s reallocation of the investments has covered the costs for the restoration project as well as made up the shortfall in the other Funds. The originally stated main objective of the legacy (to maintain the Churchyard) has been protected and adequate funding reserved for the future.

However, as a direct consequence of having to use some of the investments, the dividend income will be significantly reduced in future years. The impact of this income reduction is further discussed below.

# The General Fund:

The normal day-to-day income and expenditure for the church is recorded in the General Fund. For many years, expenditure has exceeded income in the General Fund by some considerable margin. The income, expenditure and shortfall for the last seven years are shown in the table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **£** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Income | 20,429 | 19,616 | 23,900 | 22,146 | 21,973 | 13,918 | 20,971 |
| Expenditure | 37,203 | 32,767 | 33,569 | 38,577 | 48,430 | 34,292 | 33,442 |
| Shortfall | (16,774) | (13,151) | (9,669) | (16,431) | (26,457) | (20,374) | (12,471) |

Whilst the figures for 2020 and 2021 were impacted by the pandemic, it is encouraging to see that the deficit for 2021 is the smallest since 2017. Total income has remained relatively steady at about £20,000 for the last seven years – apart from 2020 when the church was closed for many months due to the pandemic. Income from fund-raising and church activities (weddings, etc.) was significantly reduced in 2020 and 2021. Therefore, it is good to see that Voluntary Receipts in 2021 have increased and were responsible for over 86% of the total income received:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **£** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Planned Giving | 9,029 | 8,344 | 7,819 | 7,998 | 7,935 | 8,731 | 12,278 |
| Church Collections | 3,399 | 3,207 | 3,524 | 3,684 | 5,093 | 866 | 1,461 |
| Gift Aid | 1,966 | 2,246 | 3,361 | 3,639 | 2.961 | 3,162 | 3,607 |
| Other Voluntary | 1,313 | 588 | 2,114 | 1,826 | 632 | 504 | 690 |
| **Voluntary Receipts** | **15,707** | **15,485** | **16,818** | **17,147** | **16,621** | **13,263** | **18,036** |

Planned Giving in 2021 is the highest it has been in the last seven years. The Parish Giving scheme has been well supported and the old Standing Orders have been replaced by new Direct Debit arrangements. It is also very encouraging to report that there have been some new contributors who have responded to the general appeal that was made to the village.

The Parish Share (£20,834) represented the largest individual cost within the 2021 General Fund expenditure (£33,442) and covers the allocated share of the costs related to the Clergy. All other expenditure on insurance, heating, security, etc. has been managed carefully throughout the year.

Over the previous 10 years, the shortfall in income has been covered by transferring the dividend income and interest received from the investments into the General Fund. In 2021, with the allocation of the investments to specific funds, the dividend income for the General Fund has been significantly reduced, as shown in the table below. The income shortfall in 2021 had to be covered by the sale of investment shares (£15,000). This sale of investments also addressed the opening negative bank balance for the General Fund.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **£** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Dividend Income | 12,417 | 10,515 | 12,772 | 12,935 | 12,895 | 13,281 | 1,105 |
| Interest | 38 | 15 | 12 | 15 | - | - | - |
| Sale of Investments | - | - | - | - | - | - | 15,000 |

As reported to last year’s APCM, a reserve representing 12 months of expenditure for the General Fund was recommended. The closing balance for the General Fund at year end 2021 was £32,002. A more normal reserve level would be 3 to 6 months of expenditure. However, given the continuing imbalance between income and expenditure, the income will need to be supplemented whilst the giving level is further addressed. It may be necessary to transfer some of the surplus in the Building & Restoration Fund to the General Fund to maintain an adequate reserve.

**Using the sale of investment shares to make up the General Fund shortfall can only be sustained for a few more years. Whilst good progress has been made with Planned Giving in 2021, the shortfall remains as the biggest financial risk for the continuing presence of the church in the village.**

# The Tower and Glass Restoration Project:

The major restoration project to repair the stonework on the tower and clean the glass throughout the church has been completed successfully and within budget. The PCC is very grateful to Roland Cherry for acting as the Project Manager and to Boden & Ward, as main contractors, who have demonstrated their professionalism and outstanding craftmanship throughout.

Although the major part of the funding for the project came from the Church’s long term investments, the following donations have been very gratefully received:

* £21,000 from the Tysoe Church Restoration Fund for the restoration of the Chancel and Vestry windows;
* £9,973 from Christine Chapman’s bequest towards the cost of restoring the clock faces;
* £1,725 in individual donations;
* £651 from the sale of Hazel Robinson’s paintings, generously donated by John Scott;
* Donations in memory of Tom Pilkington and …
* A recent donation in memory of Keith Billing towards the restoration of the clock faces.

Whilst the project was largely completed in 2021, the final work and many of the invoices rolled over into 2022. For completeness, the total costs of the project are shown below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **2021** | **2022** | **Total** |
| Boden & Ward, Stonemasons | 140,399 | 111,242 | 251,641 |
| Acanthus Clews, Architects | 22,791 | 3,018 | 25,809 |
| The Cumbria Clock Company | 17,052 | 480 | 17,532 |
| Various surveys (including ecology and a “bat licence”), insurance, blacksmith, lightning conductor, cleaning, etc. | 7,917 | 6,248 | 14,165 |
| Listed Places of Worship VAT reclaim grants | (18,244) | (32,894) | (51,138) |
| **Total Costs** | **£169,915** | **£88,094** | **£258,009** |

There is a further 2.5% retention sum of £5,377 (exc. VAT) which will become payable to Boden & Ward in 12 months’ time.

During the project, there was a significant amount of work that was originally planned to be carried out, but which was later found not to be required – some of the stonework was not in as bad a condition as was expected by the architect. However, additional repairs to the pinnacles, chancel belfry, nave walls, tower louvres and tower roof were added whilst access was available from the scaffolding. It is understood that the building is now in good repair, but the next quinquennial inspection is scheduled for later this year – the report is awaited with interest!

# Summary:

The 2021 Financial Statement has been prepared in accordance with the Church of England’s reporting requirements and the detailed accounts are available in the Church or on request.

In summary, the Church continues to enjoy a very fortunate financial position with significant investments remaining, even after the major building project. However, the General Fund has a serious shortfall in income. Covering the shortfall by selling the investments can only be sustained for a few more years. Fundamentally, the Planned Giving needs to be increased to balance the normal expenditure.

**M A Palmer
Church Treasurer
7 April 2022**