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PARISH GIVING SCHEME

REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

PARISH GIVING SCHEME

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 DECEMBER 2017

| | |
|--|---|
| STATUS | Parish Giving Scheme is a charitable company limited by guarantee, incorporated on 23 rd December 2013 and registered as a charity on 17 th March 2014. |
| GOVERNING DOCUMENT | The Company was established under a memorandum of association which sets out its objects and powers and is governed under its articles of association. |
| COMPANY NUMBER | 08824540 |
| CHARITY NUMBER | 1156606 |
| REGISTERED OFFICE & OPERATIONAL ADDRESS | Church House, College Green, Gloucester GL1 2LY |
| TRUSTEES | John Preston (Chair) Victoria James Benjamin Preece Smith Gordon Randall (resigned 15 th September 2017) John Sherlock Neil Williams Revd David Brooke (appointed 1 st March 2017) Adrian Beney (appointed 18 th May 2017) Rebecca Evans (appointed 15 th September 2017) |
| CHIEF EXECUTIVE OFFICER | Helen Richardson |
| MATERNITY COVER | Eleanor Stead (Acting CEO March 2017 – March 2018) |
| HEAD OF OPERATIONS | Helen Taylor |
| BANKERS | Barclays Bank, Britannia Warehouse, The Docks, Gloucester, GL1 2EH |
| AUDITOR | Haysmacintyre, 10 Queen Street Place, London, EC4R 1AG |
| SOLICITOR | Veale Wasbrough Vizards, Narrow Quay House, Narrow Quay, Bristol BS1 4QA |

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees present their report and the audited financial statements for the year ended 31 December 2017. Reference and administrative information set out on page 1 forms part of this report. Parish Giving Scheme (PGS) (also referred to as The Scheme) was incorporated on 23 December 2013 and registered as a charity on 17 March 2014. Dioceses that participate in the activities of PGS are required to become members of the company.

It commenced independent operations on 1 November 2014. Prior to this equivalent activities were carried out by the Gloucester Diocesan Board of Finance (GDBF) and reported within their statutory accounts. Under prior agreement on 1 November 2014 donors migrated from donating to GDBF to donating to PGS.

The PGS has a board of up to twelve Trustees. Trustees are recommended by the Board and agreed by the Members at the Annual Members Meeting (AMM). There are currently eight Trustees reflecting a range of skills pertinent to the flourishing of The Scheme and the geographical spread of The Scheme around England.

Trustees are expected to engage actively in the governance of PGS. Board meetings are held quarterly where Trustees receive regular reports on The Scheme's development, activity and performance. The Board make strategic decisions on the operation of The Scheme, including structural and financial arrangements, the terms of business for The Scheme and approving, monitoring and reviewing development proposals.

Members of The Scheme are participating dioceses that have signed the Members Agreement and paid the subscription fee. Members meet annually at the AMM to approve new Trustees and receive the Annual Trustees Report and accounts as well as hear about the development of The Scheme.

The PGS team is led by the Chief Executive Officer, Helen Richardson. Between March 2017 – March 2018, Eleanor Stead was Acting Chief Executive Officer whilst Helen Richardson was on maternity leave.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

OBJECTIVES

The objects of the charity are:

- To promote and assist the work, objects and purposes of the Church of England (including the raising of funds);
- To promote and assist the work, objects and purposes of charities which advance the Christian religion, whether or not within the Church of England (including the raising of funds); and
- To support the efficiency and effectiveness of the administration of charities (including by the raising of funds) which advance the charitable purposes referred to above.

During 2017 the core PGS service has enabled over 1,300 churches to access funds from more than 25,500 donors and the accompanying Gift Aid more quickly and efficiently than would have otherwise been the case, thereby enabling them to better fulfil their key activities of promoting the whole mission of the church throughout their parishes. The Trustees have had regard to the Charity Commission's general guidance on public benefit in the review process of our aims and objectives and in planning future developments.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

ACTIVITIES

PGS's principal activity in pursuit of its objectives is to provide the most efficient and effective way for people to financially support the activity of the Church of England locally.

This is done through a regular giving scheme which collects donations through direct debit and makes the donation available to be spent in a specified church/parish within 10 days. Donors can also commit to annually inflating their gifts to ensure its spending power is maintained. The diagram to the right illustrates the operation of this system during the period of this report.



Gift Aid is claimed each month on all eligible donations, and is forwarded to the specified churches as soon as it is received from HMRC.

This activity has been designed to specifically support and enhance the ecclesiology of the Church of England; being one body working in and for every community in the country.

The administrative costs of this activity are funded by participating Diocesan Boards of Finance who make contributions to PGS in order to enable the extension of this activity into their respective region. By the end of 2017 donations from twenty one different dioceses were being processed in support of the Church's work.

STRATEGIC REVIEW

ACHIEVEMENT AND PERFORMANCE

The principal activity of PGS is the provision of a professional and cost-effective scheme to enable donors to support their local church. From the early days of its life in the Diocese of Gloucester, The Scheme was designed to be able to handle a substantial number of donors and to be usable for any parish regardless of size, or theological tradition. The simplification of parish administration is an important additional benefit, as this provides an element of future proofing to the Church's principal income stream.

During 2017 the dioceses of Bristol, Ely, Derby, Newcastle and Salisbury launched The Scheme, and the dioceses of Hereford, Lincoln and Oxford entered a pre-launch phase with the expectation that they will become members during 2018. A register of members is provided on page 23 - 25.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

KEY STATISTICS

Donor Value

PGS seeks to improve the quality of experience of donating to support parish ministry, improve the effectiveness of donations by maintaining their “real value” and reduce the local administrative burden on parishes. The following are some of the regularly monitored performance measures used by management:

| Measure | Dec-16 | Dec-17 | Change |
|--|---------|---------|---------|
| Number of Donors | 18,118 | 24,057 | +32.8 % |
| Number of Churches | 965 | 1,305 | +35.2 % |
| Total forwarded to Churches in month | £1.63 m | £2.22 m | +36.2 % |
| Average Weekly Gift (Monthly Givers) | £16.23 | £16.62 | +2.4 % |
| Percentage of gifts on which Gift Aid is claimed | 90.80% | 90.8% | |
| Percentage of donors opting to inflate | 54.60% | 53.9% | |

The level of donations received through the PGS compares very favourably to the underlying level of donations in dioceses. The table below compares the level of giving through the PGS in December 2017 for dioceses with more than 1000 donors giving through The Scheme with the average giving for givers across the dioceses.

| Diocese | PGS Dec-17 | Total Diocese PG* (2016) | Difference |
|------------|------------|--------------------------|------------|
| Chichester | £15.44 | £13.31 | +16% |
| Exeter | £14.22 | £10.20 | +39% |
| Gloucester | £15.50 | £12.26 | +26% |
| Guildford | £20.76 | £19.76 | +5% |
| Liverpool | £15.02 | £9.98 | +51% |
| Portsmouth | £15.94 | £10.91 | +46% |
| St Albans | £17.77 | £13.75 | +29% |
| Winchester | £19.56 | £13.84 | +41% |

*PG: Average weekly gift from Planned Givers across the whole diocese.

The higher value of donations to PGS cannot be attributed solely to the introduction of the PGS as we do not know the level of giving for these individuals prior to joining. We do however have many testimonials of parishes, which have seen significant increases when they have run a good stewardship campaign alongside the introduction of the PGS.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

PGS is set up to service the entire Church family, however much donors wish to give, and whether or not Gift Aid can be claimed on their giving. The lowest monthly donation handled is £1, the highest is over £1,500. Both donors receive the same high quality materials and service.

GROWTH AND FUTURE PLANS

2017 was the eighth year of the PGS serving parishes and donors across the Church. This growth has been enabled by both growing within existing areas of operation and moving into new dioceses and parishes.

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Forecast 2018 |
|-----------------------------------|--------|--------|-------|-------|--------|--------|--------|---------------|
| Underlying Donations | £0.64m | £1.08m | £2.9m | £5.3m | £8.1m | £13.3m | £19.0m | £24.8m |
| Gift Aid reclaimed | £0.16m | £0.25m | £0.7m | £1.3m | £1.9m | £3.2m | £4.5m | £5.8m |
| Total forwarded to parishes | £0.8m | £1.33m | £3.6m | £6.6m | £10.0m | £16.5m | £23.5m | |
| Donors | 1,236 | 1,869 | 4,850 | 7,244 | 11,475 | 19,267 | 25,533 | 32,000 |
| Number of Donations Processed (k) | 10.4 | 17.5 | 41.5 | 75.6 | 111.2 | 183.0 | 257.2 | 315.0 |

The Trustees expect that the income of the Charity in 2018 will again see substantial growth. This is expected to come from:

- Dioceses who were in pre-launch phase at 31/12/17 moving into full diocesan launch
- Existing dioceses continuing to attract new donors and parishes
- New dioceses wishing to join The Scheme. We expect two further dioceses will go through pre-launch to full launch during the year, and a further two to begin the process of implementing PGS during 2018.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

DIOCESAN ROLLOUT

PGS was established to serve the Church and understands the importance of the unity of the Body of the Risen Christ. In its operation it therefore actively seeks to enhance the common purpose of the Church and its structures.

The growth of PGS and its resourcing occurs through the Anglican diocesan structure. Diocesan Boards of Finance (DBFs) are invited to support the roll-out of PGS to parishes within their diocese. In committing to support PGS DBFs agree to become a member of the company, (see pages 23 - 25) pay an initial membership contribution to provide operational reserves and make an ongoing grant to PGS to cover the overhead costs of operating within the diocese. This approach ensures the PGS has the formal support of the Diocesan authority and is effectively supported by DBF staff. It also is therefore positioned as a service provided by DBFs in support of parishes, and in dioceses in which PGS operates it is seen as a prime example of DBF support for the local church.

Diocesan engagement with PGS as at 1st May 2018 was as follows:

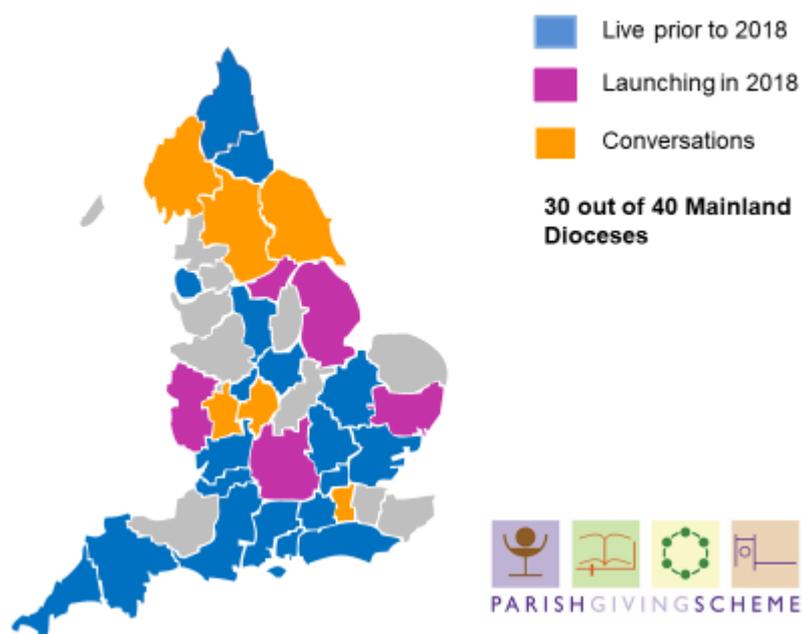
- The DBFs of Birmingham, Chelmsford, Chichester, Exeter, Gloucester, Guildford, Leicester, Liverpool, London, Newcastle, Portsmouth, Salisbury, St Albans, Truro and Winchester are members who have operated The Scheme for at least a year.
- The DBFs of Bristol, Derby, Ely and St Edmundsbury and Ipswich are members who have begun full scale Diocesan roll out during the past twelve months.
- Durham, Hereford, Lincoln, Oxford and Sheffield will launch later in 2018.

We are aware a number of other dioceses are seriously considering joining The Scheme within the next twelve to eighteen months. On the basis of these conversations, the Trustees now expect that the PGS will serve at least three quarters of the mainland UK dioceses (30) within 5 years.

FUNDRAISING STANDARDS

The Charities Act 2011, as amended by the Charities (Protection and Social Investment) Act 2016, requires charities to publish information about fund-raising standards. The Parish Giving Scheme does not itself carry out fund-raising activity and therefore has nothing to report.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017



PGS seeks to be an excellent model of inter-diocesan collaboration, with advisers from participating dioceses helping neighbouring colleagues, and good practice being refined from one launch to another. PGS has also adopted a disciplined testing model on initiatives, in which one or two dioceses will test out modifications to the concept, and only if successful, will they be introduced to the wider scheme.

FINANCIAL REVIEW

Most of the PGS restricted income relates to the restricted parish donations and associated gift aid reclaimed. For 2017, the combined donation and gift aid amounted to £23.53m (2016: £16.5m).

The unrestricted income for PGS mainly comprises services contributions of £231k (2016: £174k) and contributions from member dioceses of £100k (2016: £80k). For further details see notes 2 and 3 on page 19. Unrestricted expenditure for 2017 amounted to £277k (2016: £158k). For further details see notes 4 and 6 on pages 19 and 20).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

RISK MANAGEMENT

The Trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The Trustees place high importance on managing reputational risk. We judge there to be two principal contributors to reputational risk - the first is systems failure which would prevent money being forwarded to parishes on time, which is managed by investing time and money maintaining systems as described above. The second element of risk is cyber-fraud, which is managed by buying in external expertise and avoiding having direct access over the web to our core systems.

RESERVES POLICY

The nature of the charity's operations in forwarding donations from donors onto parishes means that the Trustees believe it is inappropriate to solely assess the required level of reserves in terms of a certain number of months' income or expenditure.

During the year the Trustees engaged in a substantial review of the reserves required by the Charity. To support the charity's future investment in IT, the Trustees decided to expand the designated Development Fund to £200,000. Beyond that, the required level of reserves is set at the maximum of £150,000 (as a contingency against identified potential issues) or six months budgeted spending on non-staff costs plus two months of staffing costs to provide cash flow contingency.

As a result of this review, and the significant number of dioceses joining the scheme, £15,000 contribution to provide an effective reserve is requested from dioceses on becoming a member and beginning implementing the PGS. This is a reduction on the initial level of £20,000 and so Trustees have approved a £5,000 repayment to relevant dioceses during 2018.

COMPLAINTS POLICY

The PGS has a complaints policy and procedure and sets high standards for our staff. The Trustees are pleased to report that during 2017 no complaints were received (2016: nil).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. The Trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

THE TRUSTEES

The Trustees who served during the period up to the date of this report are shown on page 1

AUDITORS

The re-appointment of haysmacintyre as auditors to the PGS will be proposed at the Annual Members Meeting.

Approved by the Trustees on 8th May 2018 and signed on their behalf by John Preston, Trustee

Signed: John Preston

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PARISH GIVING SCHEME

Opinion

We have audited the financial statements of Parish Giving Scheme for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT cont
TO THE MEMBERS OF PARISH GIVING SCHEME

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT cont
TO THE MEMBERS OF PARISH GIVING SCHEME

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre, Statutory Auditors. 10 Queen Street Place, London EC4R 1AG

Date:

Statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 December 2017

| | Note | Restricted £ | Unrestricted £ | 2017 Total £ | 2016 Total £ |
|---------------------------------------|------|-------------------|-------------------|--------------------|--------------------|
| Income from: | | | | | |
| Grants | 2 | - | - | - | 28,000 |
| Charitable activities | 3 | 23,530,235 | 342,391 | 23,872,626 | 16,801,775 |
| Total | | 23,530,235 | 342,391 | 23,872,626 | 16,829,775 |
| Expenditure on: | | | | | |
| Charitable activities | 4 | 23,530,235 | 276,869 | 23,807,104 | 16,725,179 |
| Total | | 23,530,235 | 276,869 | 23,807,104 | 16,725,179 |
| Net movement in funds | | - | 65,522 | 65,522 | 104,596 |
| Reconciliation of funds | | | | | |
| Funds at the start of the year | | - | 264,669 | 264,669 | 160,073 |
| Funds at the end of the year | | - | 330,191 | 330,191 | 264,669 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements

Full comparatives for the year to 31st December 2016, are shown in note 12.

Balance sheet
As at 31 December 2017

Company number 08824540

| | Note | 2017 £ | 2016 £ |
|--|------|------------------|------------------|
| Current assets | | | |
| Stock | | 6,897 | 4,049 |
| Debtors | 8 | 13,974 | 2,817 |
| Cash at bank and in hand | | 432,557 | 427,085 |
| | | <u>453,428</u> | <u>433,951</u> |
| Creditors: amount due within one year | 9 | (123,237) | (169,282) |
| | | <u>330,191</u> | <u>264,669</u> |
| Net assets | | | |
| | | 330,191 | 264,669 |
| Reserves | | | |
| Restricted funds | | | - |
| Unrestricted funds | | | |
| Designated funds | | - | 15,872 |
| General funds | | 330,191 | 248,797 |
| | | <u>330,191</u> | <u>248,797</u> |
| Total funds | | 330,191 | 264,669 |
| | | <u>330,191</u> | <u>264,669</u> |

Approved by the Trustees on

and signed on their behalf by John Preston, Trustee

Signed: John Preston

Statement of Cashflows
Year ended 31 December 2017

| | 2017 | <i>2016</i> |
|---|------------------|------------------|
| | <i>£</i> | <i>£</i> |
| Net cash inflow from operating activities | 105,472 | <i>132,265</i> |
| Cash flows from investing activities | | |
| Dividends and interest received | | - |
| Net cash provided by/(used in) investing activities | - | - |
| Cash flows from financing activities | | |
| Loans repaid by PGS | (100,000) | - |
| New loan received by PGS | - | <i>100,000</i> |
| Net cash (used in)/provided by financing activities | (100,000) | <i>100,000</i> |
| Change in cash & cash equivalents during year | 5,472 | <i>232,265</i> |
| Cash & cash equivalents at 1 January | 427,085 | <i>194,820</i> |
| Cash & cash equivalents at 31 December | 432,557 | <i>427,085</i> |
| | | |
| Reconciliation of net movement in funds to net cash inflow from operating activities | 65,522 | <i>104,596</i> |
| Adjustments for: | | |
| Advancement of loans | - | <i>(100,000)</i> |
| Repayment of loans | 100,000 | |
| (Increase) in stock | <i>(2,848)</i> | <i>(510)</i> |
| (Increase)/decrease in debtors | <i>(11,157)</i> | <i>6,170</i> |
| (Decrease)/increase in creditors | <i>(46,045)</i> | <i>122,009</i> |
| Net cash inflow from operating activities | 105,472 | <i>132,265</i> |
| | | |
| Analysis of cash and cash equivalents | | |
| Cash in bank & in hand | 432,557 | <i>427,085</i> |
| Notice deposits (less than 3 months) | - | - |
| Total cash and cash equivalents | 432,557 | <i>427,085</i> |

Notes to the financial statements
For the year ended 31 December 2017

I. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

- a) The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.
- b) PGS meets the definition of a public benefit entity under FRS 102. PGS is a company registered in England and Wales, company number 08824540. Its registered address is College Green, Gloucester, GL1 2LY. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.
- c) The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.
- d) All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.
- e) Voluntary income received as contributions from member dioceses represent the initial amounts received from members when they join The Scheme. These amounts are included in full in the statement of financial activities when receivable.
- f) Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.
- g) Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the income is deferred.

**Notes to the financial statements
For the year ended 31 December 2017**

I. Accounting policies (continued)

- h) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.
- i) Unrestricted funds are donations and other income receivable or generated for the objects of the charity.
- j) Designated funds are those earmarked by the Board of Trustees for particular purposes. Whilst such funds are kept separate for administrative purposes, they do not constitute legally separate funds.
- k) Expenditure is recognised in the period in which they are incurred. Expenditure includes attributable VAT which cannot be recovered.
- l) Governance costs include all costs of compliance with constitutional and statutory requirements, including legal and audit fees and the costs of meetings.
- m) The charity operates a defined contribution pension scheme for a number of its staff. The assets of The Scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under The Scheme by the charity to the fund. The charity has no liability under The Scheme other than for the payment of those contributions. For one member of staff, contributions are made into the Gloucester Diocesan Board of Finance's defined benefit pension scheme. The responsibilities for administering and accounting for this scheme rest with the Gloucester Diocesan Board of Finance.

Notes to the financial statements
For the year ended 31 December 2017

2. Grants

| | Restricted | Unrestricted | 2017 | 2016 |
|---------------------------------|------------|--------------|--------------|--------|
| | £ | £ | Total | Total |
| | £ | £ | £ | £ |
| Grant from Archbishops' Council | | | - | 28,000 |
| | | | - | 28,000 |

3. Income from charitable activities

| | Restricted | Unrestricted | 2017 | 2016 |
|------------------------------------|-------------------|----------------|-------------------|-------------------|
| | £ | £ | Total | Total |
| | £ | £ | £ | £ |
| Services contributions | - | 230,678 | 230,678 | 173,970 |
| Restricted donations | 19,010,938 | - | 19,010,938 | 13,362,144 |
| Gift Aid reclaimed | 4,519,297 | - | 4,519,297 | 3,177,178 |
| Contributions from member dioceses | | 100,000 | 100,000 | 80,000 |
| Other income | | 11,713 | 11,713 | 8,483 |
| | 23,530,235 | 342,391 | 23,872,626 | 16,801,775 |

4. Expenditure on charitable activities

| | Restricted | Unrestricted | 2017 | 2016 |
|--------------------------------|-------------------|----------------|-------------------|-------------------|
| | £ | £ | Total | Total |
| | £ | £ | £ | £ |
| Grants back to parishes | 19,010,924 | | 19,010,924 | 13,362,144 |
| Gift aid forwarded to parishes | 4,519,311 | | 4,519,311 | 3,177,178 |
| Staff costs – note 6 | | 167,486 | 167,486 | 136,281 |
| Governance | | 4,500 | 4,500 | 4,380 |
| Other costs | | 104,883 | 104,883 | 45,196 |
| | 23,530,235 | 276,869 | 23,807,104 | 16,725,179 |

Notes to the financial statements
For the year ended 31 December 2017

5. Net movement in funds

| | 2017 | 2016 |
|--------------------------------|--------------|--------------|
| | Total | Total |
| | £ | £ |
| This is stated after charging: | | |
| Depreciation | Nil | Nil |
| Auditors remuneration | 4,500 | 4,380 |
| • Audit | <u>4,500</u> | <u>4,380</u> |

6. Staff numbers and costs

The aggregate payroll costs for staff was as follows:

| | 2017 | 2016 |
|---------------------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 120,883 | 92,131 |
| Social security costs | 9,932 | 7,640 |
| Employers pension contributions | 12,671 | 12,510 |
| Secondment costs of CEO | 24,000 | 24,000 |
| | <u>167,486</u> | <u>136,281</u> |

The average number of persons employed by the company (excluding Trustees who are all non-executive) are as follows:

| | No of | No of |
|-----------------------|-------------------|------------------|
| | Employees | employees |
| | 2017 | 2016 |
| Charitable activities | 6.4 | 4.2 |
| | <u>6.4</u> | <u>4.2</u> |

No employee earned more than £60,000 during the period.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the directors, for planning, directing and controlling the activities of the PGS. During 2017 the key management personnel comprised the Chief Executive Officer (Helen Richardson) who is seconded from Gloucester Diocesan Board of Finance at an annual cost of £24,000 and the Head of Operations, Helen Taylor, whose remuneration and pensions amounted to £44,240 (2016: £39,872).

Transactions with Trustees

No Trustees received remuneration or expenses during the period (2016: £nil). Five Trustees made donations of £8,802 (excluding gift aid) to PGS during the year, to financially support the Church of England in their locality.

7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements
For the year ended 31 December 2017

8. Debtors: amounts falling due within one year

| | 2017 | 2016 |
|-------------------------------|---------------|--------------|
| | £ | £ |
| Trade debtors | 6,181 | 86 |
| Prepayments and other debtors | 7,793 | 2,531 |
| Cycle to work scheme | - | 200 |
| | 13,974 | 2,817 |

9. Creditors: amounts falling due within one year

| | 2017 | 2016 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 46,353 | 35,411 |
| Other taxes and social security | 3,577 | 2,082 |
| Accruals | 33,307 | 11,789 |
| Deferred income | 40,000 | 20,000 |
| Loans | - | 100,000 |
| | 123,237 | 169,282 |

During the year, the charity repaid in full two loans as follows:-

- To Gloucester Diocesan Board of Finance a loan of £50k, with interest being payable of £250.
- To Exeter Diocesan Board of Finance a loan of £50k, with interest being payable of £164.

10. Analysis of net assets between funds

| | Restricted funds | Designated funds | General funds | Total funds |
|---------------------------------------|---------------------|---------------------|------------------|------------------------|
| | £ | £ | £ | £ |
| Net current assets | - | 200,000 | 130,191 | 330,191 |
| Net assets at 31 December 2017 | - | 200,000 | 130,191 | 330,191 |

Notes to the financial statements
For the year ended 31 December 2017

11. Movement in funds

| | Balance at 1st January 2017 | Income | Expenditure | Transfers | Balance at 31st December 2017 |
|---------------------------|---|-------------------|---------------------|------------------|---|
| | £ | £ | £ | £ | £ |
| General fund | 248,797 | 342,391 | (276,869) | (184,128) | 130,191 |
| Designated fund – IT fund | 15,872 | - | - | 184,128 | 200,000 |
| Restricted funds | - | 23,530,235 | (23,530,235) | - | - |
| Total | 264,669 | 23,872,626 | (23,807,104) | - | 330,191 |

Designated fund

The IT fund was set up as a designated fund during 2016, to make a fund available to support the charity's future investment in IT. During the year, the Trustees decided to increase this designated fund to £200k.

Restricted funds

These comprise parish donations received through a regular giving scheme which collects donations through direct debit and makes the donation (including gift aid) available only to be spent in a specified church/parish.

12. Comparative statement of financial activity

| | Restricted | Unrestricted | 2016 Total |
|---------------------------------------|-------------------|----------------|-------------------|
| | £ | £ | £ |
| Income from: | | | |
| Grants | 28,000 | - | 28,000 |
| Investment income | - | - | - |
| Charitable activities | 16,539,322 | 262,453 | 16,801,775 |
| Total | 16,567,322 | 262,453 | 16,829,775 |
| Expenditure on: | | | |
| Charitable activities | 16,567,322 | 157,857 | 16,725,179 |
| Total resources expended | 16,567,322 | 157,857 | 16,725,179 |
| Net income | - | 104,596 | 104,596 |
| Transfers between funds | - | - | - |
| Net movement in funds | - | 104,596 | 104,596 |
| Reconciliation of funds | | | |
| Funds at the start of the year | - | 160,073 | 160,073 |
| Funds at the end of the year | | 264,669 | 264,669 |

REGISTER OF MEMBERS at 31st December 2017

- (1) **The Gloucester Diocesan Board of Finance** incorporated and registered in England and Wales with company number 162165, registered charity (number 251234) whose registered office is at Church House, College Green, Gloucester, GL1 2LY (**Gloucester DBF**)
- (2) **The Exeter Diocesan Board of Finance Limited** incorporated and registered in England and Wales with company number 186001, registered charity (number 249798) whose registered office is at The Old Deanery, The Cloisters, Exeter, Devon, EX1 1HS (**Exeter DBF**)
- (3) **The Winchester Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00142351, registered charity (number 249276) whose registered office is at The Diocesan Office, Old Alresford Place, Alresford, Hampshire, SO24 9DH (**Winchester DBF**)
- (4) **The Chichester Diocesan Fund & Board of Finance (Incorporated)** incorporated and registered in England and Wales with company number 00133558 and registered charity (number 243134) whose registered office is at Diocesan Church House, 211 New Church Road, Hove, East Sussex, BN3 4ED (**Chichester DBF**)
- (5) **The Guildford Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00225289 and registered charity (number 248245) whose registered office is at Diocesan House, Quarry Street, Guildford, GUI 3XG (**Guildford DBF**)
- (6) **The Liverpool Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00018301 and registered charity (number 249740) whose registered office is at St James House, St James Road, Liverpool, Merseyside, LI 7BY (**Liverpool DBF**)
- (7) **The Chelmsford Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00137029 and registered charity (number 249505) whose registered office is at The Diocesan Office 53 New Street, Chelmsford, Essex, CM1 1AT. (**Chelmsford DBF**)
- (8) **The Portsmouth Diocesan Board of Finance** incorporated and registered in England and Wales with company number 226466 and registered charity (number 249256) whose registered office is at Peninsular House, 1st Floor, Wharf Road, Portsmouth, Hants, PO2 8HB. (**Portsmouth DBF**)
- (9) **The Truro Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00049825 and registered charity (number 248330) whose registered office is at Church House, Woodlands Court, Truro Business Park, Threemilestone, Truro, Cornwall TR4 9NH. (**Truro DBF**).

REGISTER OF MEMBERS at 31st December 2017 (continued)

- (10) **The St Albans Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00145227 and registered charity (number 248887) whose registered office is at Holywell Lodge, 41 Holywell Hill, St Albans AL1 1HE. **(St Albans DBF)**
- (11) **The London Diocesan Fund** incorporated and registered in England and Wales with company number 150856 and registered charity (number 241083) whose registered office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. **(London DBF)**
- (12) **The Leicester Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00227087 and registered charity (number 249100) whose registered office is at St Martins House, 7 Peacock Lane, Leicester, LE1 5PZ. **(Leicester DBF)**
- (13) **The Birmingham Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00440966 and registered charity (number 249403) whose registered office is at 1 Colmore Row, Birmingham, West Midlands, B3 2BJ. **(Birmingham DBF)**
- (14) **The Newcastle Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00650977 and registered charity (number 247233) whose registered office is at Church House, St Johns Terrace, North Shields, NE29 6HS. **(Newcastle DBF)**
- (15) **The Salisbury Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00017442 and registered charity (number 240833) whose registered office is at Church House, 99 Crane Street, Salisbury SP1 2QB. **(Salisbury DBF)**
- (16) **The Ely Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00142183 and registered charity (number 245456) whose registered office is at Diocesan Office, Bishop Woodford House, Barton Road, Ely Cambridgeshire, CB7 4DX. **(Ely DBF)**
- (17) **The St Edmundsbury and Ipswich Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00143034 and registered charity (number 248919) whose registered office is at Diocesan Office, St Nicholas, Centre, 4 Cutler Street, Ipswich, Suffolk, IP1 1UQ. **(St Edmundsbury and Ipswich DBF)**
- (18) **The Bristol Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00156243 and registered charity (number 248502) whose registered office is at Diocesan Office First Floor Hillside House 1500 Parkway North, Newbrick Road, Stoke Gifford, Bristol, BS34 8YU. **(Bristol DBF)**
- (19) **The Derby Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00229700 and registered charity (number 249767) whose registered office is at Derby Church House, Full Street, Derby, DE1 3DR. **(Derby DBF)**

REGISTER OF MEMBERS at 31st December 2017 (continued)

Since the end of the financial year, the following new members have joined the PGS:

- (20) **The Oxford Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00142978 and registered charity (number 247954) whose registered office is at Church House Oxford Langford Locks, Kidlington, Oxford, Oxon, OX5 1GF. **(Oxford DBF)**

- (21) **The Sheffield Diocesan Board of Finance** incorporated and registered in England and Wales with company number 00196087 and registered charity (number 245861) whose registered office is at Sheffield Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL. **(Sheffield DBF)**