

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2022**

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ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL

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ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL
LEGAL AND ADMINISTRATIVE INFORMATION

Parochial Name	St Luke's and St Francis
Correspondence Address	St Luke's Vicarage, Penn Road, London. N7 9RE
PCC Members	
<i>Ex Officio Members</i> The Incumbent Associate Priest Curate	The Reverend John MacKenzie The Reverend Martin Wroe The Reverend Elizabeth Campbell (until 30 November 2022)
Wardens	Jacqueline Christian (from 8 May 2022) Joy Hinson Jif Thompson (until 8 May 2022)
Treasurer	Mike Dark
<i>Deanery Synod Representatives</i>	Liz Curran Mike Dark Catherine Waithaka (until 8 May 2022)
<i>Elected Members</i>	Julius Ajeigbe Dayo Ashaye Bernadette Cagnoni (from 8 May 2022) Jacqueline Christian (until 8 May 2022) Adam Hardy Ceri Humm (from 8 May 2022) Daniel Northam-Jones Rosemary Sheldon Tom Turner Jonathan Ward
<i>Co-opted Members</i>	Justin Butcher – Director of Music (until 8 May 2022) Sheena Cruse – Safeguarding Officer (until 8 May 2022) Susie Holland – Children and Young People's Champion (until 8 May 2022) Rhian Roberts – Chair of Worship Group (from 7 September 2022)
Charitable Status	St Luke's Parochial Church Council is registered with the Charity Commission Registered Charity Number 1128923
Bankers	NatWest Bank PLC, 490 Holloway Road, London. N7 6JB
Parish Administrator	Tina Cooney
Independent Examiner	Caroline Jackson

ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL

FINANCIAL REVIEW OF THE YEAR

During 2022 the St Luke's community has worked toward restoring some normality after two years of disruption to services and the work of the church during the Covid19 pandemic. We have been able to provide in person services for the full year and a number of groups and activities started up and continued through the year. These are detailed within the main annual parish report.

Financially we have had another year where costs have exceeded income, recording a net reduction in funds of £27,223 in the year. This is the second year of deficit (£21,781 – 2021) and our reserves have now been depleted by a total of £49k over the last two years. This is not a sustainable position and in November 2022 the PCC set and approved a budget with a small surplus for 2023 which we expect to be the start of the recovery of our financial situation.

Total income for the year ended 31 December 2022 was £233,274 (£164,878 in 2021). Expenditure has increased to £260,498 (£186,659 in 2021) by a bigger margin than the increase in income leading to higher deficit, and subsequent decrease in funds, in 2022 than in 2021.

The 2022 figures are impacted by some significant transactions relating to the St Francis building which is let on a long term lease. Negotiations were concluded towards the end of the year to extend the leasing arrangement and this resulted in backdated rent being received which has boosted income on the 'Activities for Generating Funds' line. Legal and professional fees incurred have similarly increased costs at St Francis in the year. These are one off receipts and payments and we expect a more normal pattern in 2023.

Donations from the congregation have continued their downward trend totalling £70,917 (£80,017 in 2021) .

St Luke's has been able to generate income from letting the church and church hall for a full year for the first time since before Covid and as a result the figures are about double what was achieved in 2022. This is in line with expectations. Detail of income by category is in Note 2 to the accounts.

Expenditure during the year has risen from £186,659 to £260,498. The full detail by category, with comparison to the prior year, is given in Note 3 to the accounts.

The main increase between the two years is due to the St Francis costs explained above. However there were also increases due to the St Luke's contribution to the cost of hosting a curate in the Parish for a full year (compared to 6 months in 2021) plus increases in general ministry costs and music totalling c £9,000. Utilities and cleaning increased c. £3,500 as the church was open for the full year. We were however shielded from the immediate impact of the energy price increases thanks to a fortuitous fixed price deal done in 2021.

ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL

FINANCIAL REVIEW OF THE YEAR (CONTINUED)

St Luke's donated grants totalling £8,743 to projects and charities during the year both within the UK and overseas. It has been a policy of the PCC over many years to aim to give approximately 10% of our congregational donations in grants to charitable causes whose work aligns with our objectives. Any additional congregational collections are also included to this grants line.

Restricted funds can only be spent on the projects for which the funds have been given. At 31 December 2022 restricted funds stood at £10,206 (£13,888 at 31 December 2021); unrestricted funds (also known as general reserves) stood at £87,030 down from £110,571 in 2021 as a result of the ongoing excess of expenditure over income.

St Luke's PCC has a policy of maintaining a minimum of £55,000 in unrestricted funds (general reserves) as a contingency against unexpected risks and to maintain adequate cashflow to operate. This figure represents a little under three months of unrestricted expenditure at 2022 levels. At 31 December St Luke's general reserves were in excess of this figure.

After making appropriate enquiries, the PCC have a reasonable expectation that St Luke's has adequate resources to continue in operational existence for the foreseeable future, and in particular for at least 12 months from the date of the approval of these accounts. For this reason, they adopt the going concern basis in preparing the financial statements.

Financial hardship and challenges have faced many organisations this year as they rebuild from the impact of the pandemic, face rising costs due to inflation alongside decreases in donated income for a variety of reasons including the cost of living crisis.

Being in Islington we benefit enormously from the generosity and support of Cloudesley, a charity which provides support to churches in Islington for building maintenance. We gratefully acknowledge a grant of £6,714 this year (£5,000 in 2021) shown in note 2b of the accounts. This grant enabled us to complete emergency electrical safety works. We are also extremely thankful for commitments from Cloudesley of support towards significant upcoming major repairs to the roof and to sustainability improvement projects at St Luke's to install a heat pump and solar panels which will commence during 2023. We also benefited from professional advice, funded by Cloudesley, regarding improving access to the church building and are working on implementing those improvements as part of our commitment to inclusion.

**ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL
TRUSTEES' (PCC MEMBERS') RESPONSIBILITIES**

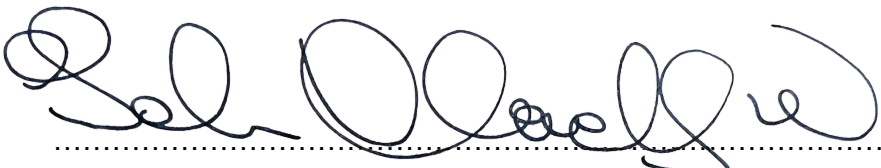
PCC Members' responsibilities in relation to the financial statements

Law applicable to charities in England and Wales requires that the trustees prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements the trustees are required to:

1. Select suitable accounting policies and apply them consistently
2. Observe the methods and principles of the Charities SORP
3. Make judgements and estimates that are reasonable and prudent
4. State whether applicable accounting standards have been followed subject to any departures disclosed and explained in the financial statements
5. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the activities of the charity will continue.

The PCC is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports Regulations) 2008 and the provisions of the Parochial Church Council Powers Measure. They 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.

Approved by the members of the PCC and signed on their behalf by:

Signature 

Name Rev. JOHN MACKENZIE

Date 3 May 2023

INDEPENDENT EXAMINER'S REPORT TO THE ST LUKE'S AND ST FRANCIS PAROCHIAL CHURCH COUNCIL

This report on the financial statements of the PCC for the year ended 31 December 2022, which are set out on pages 8 to 15, is in respect of an examination carried out in accordance with the Church Accounting Regulations 2006 ('the Regulations') and the Charities Act 2011 ('the Act').

Respective Responsibilities of the PCC and the Examiner

As members of the PCC you are responsible for the preparation of the accounts in accordance with the requirements of the Act. The PCC consider that an audit is not required for this year under section 144(2) of the Act and that an independent examination is needed. I report in respect of my examination of the St Luke's and St Francis PCC accounts carried out under section 145 of the Act. In carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement - matter of concern identified

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept as required by section 130 of the Act; or
2. the accounts do not accord with those records.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

In carrying out my examination I noted a lapse in financial controls. A change in payments to a then PCC member who supplied services to St Luke's was implemented from February 2022 without appropriate PCC sign off. This was not in line with statutory requirements in regard to payments to charitable trustees for services, which include a requirement for a written agreement with the PCC, who must ensure the arrangement is in the best interests of the church. In response you have stated that the PCC subsequently discussed and secured new arrangements which were confirmed in a written agreement, and which secure best value for St Luke's. You have also stated that new financial expenditure controls are being implemented to ensure that such a situation does not recur.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Signed:



Caroline Jackson
Affiliate Member, Association of Charity Independent Examiners
77 Penderyn Way
London
N7 0EY

Date: 11th May 2023

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted Funds £	Restricted Funds £	2022 £	2021 As restated £
INCOMING RESOURCES					
Voluntary Income from Donors	2a	68,417	2,500	70,917	80,017
Other Voluntary Income	2b	4,800	6,714	11,514	7,800
Activities for Generating Funds	2c	145,780	-	145,780	70,101
Investment Income	2d	148	-	148	14
Incoming Resources from Charitable Activities	2e	4,300	-	4,300	6,398
Other Incoming Resources	2f	615	-	615	548
TOTAL INCOMING RESOURCES		224,060	9,214	233,274	164,878
RESOURCES USED					
Grants	3a	8,743	-	8,743	881
Direct Charitable Expenditure	3b	163,057	12,897	175,954	155,467
Cost of Generating Funds	3c	48,761	-	48,761	13,522
Support Costs	3d	27,040	-	27,040	16,789
TOTAL RESOURCES USED		247,601	12,897	260,498	186,659
NET (OUTGOING) RESOURCES		(23,541)	(3,682)	(27,223)	(21,781)
Transfer from Unrestricted to Restricted Funds			-	-	-
NET MOVEMENTS IN FUNDS		(23,541)	(3,682)	(27,223)	(21,781)
Funds Brought Forward at 1 January		110,571	13,888	124,459	146,240
Funds Carried Forward at 31 December		87,030	10,206	97,235	124,459

Movements in funds and all recognised gains and losses are shown above. All of the charity's operations are classed as continuing.

The notes on pages 10 to 15 form part of these financial statements.

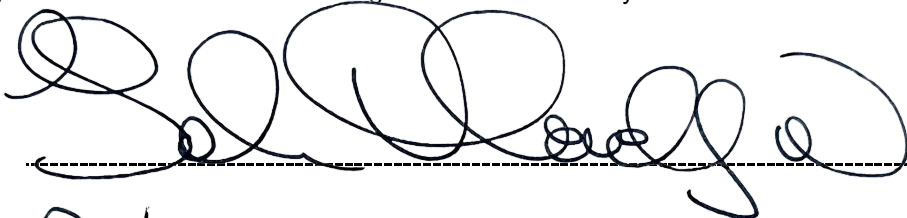
**ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Notes	2022		2021	
		£	£	£	£
Current Assets					
Cash at Bank	5	71,418		133,569	
Debtors	6	<u>67,816</u>		<u>6,451</u>	
		<u>139,234</u>		<u>140,019</u>	
Creditors					
Amounts Falling Due Within One Year	7	(41,999)		(15,561)	
NET CURRENT ASSETS			97,235		124,459

CAPITAL AND RESERVES

General Funds			87,030		110,571
Restricted Funds	4		10,206		13,888
			97,235		124,459

Approved by the members of the PCC and signed on their behalf by:

Signature 

Name Revd JOHN MacKENZIE

Date 3rd MAY 2023

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

The financial statements of the PCC have been prepared in accordance with the Church Accounting Regulations 2006 and s.43 of the Charities Act 1993 together with applicable accounting standards and the Charities SORP.

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 of the PCC. Funds designated for a particular purpose by the PCC are also unrestricted.

Restricted funds are those funds that must be spent on restricted purposes and details of the funds held and restrictions are provided in note 4.

The financial statements include all transactions, assets and liabilities for which the PCC is responsible in law. They do not include the financial statements of church groups that owe their main affiliation to another body, nor those that are informal gatherings of church members.

Incoming Resources

Voluntary Income and capital sources:

Collections are recognised when received by or on behalf of the PCC. Planned giving receivable under covenant is recognised only when received. Tax recoverable on Gift Aid donations is recognised when the donation is recognised. Grants and legacies to the PCC are accounted for as soon as the PCC is notified of its legal entitlement, the amount due is quantifiable and its ultimate receipt by the PCC is reasonably certain.

Other income

Rental income from the letting of church premises is recognised when the rental is due.

Income from Investments

Dividends are accounted for when due and payable, and interest entitlements are accounted for as they accrue. Tax recoverable on such income is recognised in the same accounting year.

Resources Used

Grants

Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding obligation on the PCC.

Activities directly relating to the work of the church

The diocesan parish share "common fund" is accounted for when due. Any parish share unpaid at 31 December is provided for in these financial statements as an operational, though not a legal liability and is shown as a creditor in the balance sheet.

Current Assets

Amounts owing to the PCC at 31 December in respect of fees, rents or other income are shown as debtors less provision for amounts that may prove uncollectable. Short-term deposits include cash held on deposit either with the CBF Church of England Funds or at the bank

Fixed Assets

Consecrated land and benefice property such as the church building and vicarage is excluded from the accounts in accordance with S 10 of the Charities Act 2011. All expenditure incurred on consecrated or benefice buildings whether maintenance or improvement is expensed within the Statement of Financial Activities

To date all other expenditure has also been expensed. However from 1 January 2023 the cost of other moveable church contents, furniture, fittings, office and other equipment, will be capitalised at cost value if the item can be used for more than one year and costs more than £1,000. Depreciation will be applied on a straight line basis over the effective useful life of the asset as follows:

- Fixtures and fittings at 10% per year
- Computers, office, audio visual and other electrical equipment at 25% per year

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	TOTAL 2022 £	TOTAL 2021 £
a) Voluntary Income from Donors				
Planned Giving	48,154	-	48,154	56,711
Collections	14,102	2,500	16,602	15,060
Gift Aid	6,161	-	6,161	8,247
	68,417	2,500	70,917	80,017
b) Other Voluntary Income				
Grants: Cloudesley	-	6,714	6,714	5,000
Diocesan Contribution to Curacy Costs	4,800	-	4,800	2,800
	4,800	6,714	11,514	7,800
c) Activities for Generating Funds				
Church Hall and Rents	145,780	-	145,780	70,101
	145,780	-	145,780	70,101
d) Investment Income				
Bank Interest	148	-	148	14
	148	-	148	14
e) Incoming Resources from Charitable Activities				
Ministry and Fees	4,300	-	4,300	6,398
	4,300	-	4,300	6,398
f) Other Incoming Resources				
Extraordinary Income	615	-	615	548
	615	-	615	548

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. RESOURCES USED

	Unrestricted Funds	Restricted Funds	TOTAL 2022	TOTAL 2021 As restated
	£	£	£	£
a) Grants				
Christian Aid	-	-	-	381
Connection at St. Martin's	500	-	500	-
Islington Giving	-	-	-	500
Copenhagen Youth Project	500	-	500	-
Housing Justice	500	-	500	-
Support Deprived Children - Sierra Leone	2,650	-	2,650	-
Ukraine Appeal	843	-	843	-
Centre 404	650	-	650	-
Union Chapel - homeless work	500	-	500	-
Freedom From Torture	650	-	650	-
St Mary Magdalene's Academy	650	-	650	-
The Bike Project	650	-	650	-
Islington Food Bank	650	-	650	-
	8,743	-	8,743	881

b) Direct Charitable Expenditure

Diocesan Quota - Common Fund	85,200	-	85,200	85,200
Curacy Costs	14,700	-	14,700	8,505
Worship	1,562	-	1,562	1,483
Sunday School/Youth Club	481	-	481	189
Other Ministry	10,848	-	10,848	4,770
Churchyard	9	-	9	8
Repairs, Renewals & Maintenance	7,018	-	7,018	8,863
Music Costs	13,318	-	13,318	10,400
Verger	720	-	720	600
Church Running Expenses - Utilities	11,230	-	11,230	9,970
Church Running Expenses - Cleaning	4,620	-	4,620	2,410
Church Running Expenses - Household	1,590	-	1,590	817
Church Running Expenses - Insurance	6,507	-	6,507	6,256
IT Subscriptions	1,099	-	1,099	828
Postage, Printing and Stationery	1,122	-	1,122	2,529
Other Expenditure	94	-	94	1,428
Cost of Governance	596	-	596	270
Bank Charges	441	-	441	380
Sustainability Fund	-	-	-	4,599
Stonework and Solar Panels Fund	715	3,123	3,838	3,600
AV Equipment and IT Fund	-	3,059	3,059	2,022
Electrical Fund	1,184	6,714	7,899	-
Light Staging Fund	-	-	-	340
	163,057	12,897	175,954	155,467

c) Costs of Generating Funds

St Francis Insurance	140	-	140	140
St Francis Costs	48,621	-	48,621	13,382
	48,761	-	48,761	13,522

d) Support Costs

Administration Costs	27,040	-	27,040	16,789
	27,040	-	27,040	16,789

Total Resources Used	247,601	12,897	260,498	186,659
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ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. RESTRICTED FUNDS	Balance at 1 Jan 22 £	Income £	Expenditure £	Transfer from General £	Balance at 31 Dec 22 £
Sustainability Fund	2,326	-	-	-	2,326
AV Equipment and IT Fund	5,718	-	(3,059)	-	2,659
Nightshelter Fund	2,292	-	-	-	2,292
Lighting and Staging Fund	1,844	-	-	-	1,844
Stonework and Solar Panels Fund	50	2,500	(2,550)	-	-
Net Zero Fund	573	-	(573)	-	-
Vestry Fund	1,084	-	-	-	1,084
Electrical Fund	-	6,714	(6,714)	-	-
	13,888	9,214	(12,897)	0	10,206

The charity spends all restricted monies that it receives and makes good any deficit on restricted funds from its general unrestricted funds.

Sustainability Fund

Funds received and expended to improve the sustainability of the church

AV Equipment and IT Fund

Funds received and expended to enable the church to live stream services

Nightshelter Fund

Funds received and expended to support the work of the Nightshelter project for homeless people that is hosted by St Luke's.

Lighting and Staging Fund

Funds received and expended to upgrade the lighting and staging.

Stonework and Solar Panels Fund

Funds received and expended to repair the stonework of the south wall and to install solar panels on that side of the church

Net Zero Fund

Funds received and expended to assist the church moving to carbon neutrality

Vestry Fund

Funds received and expended to upgrade the vestry.

Electrical Fund

Funds received and expended to undertake emergency electrical work

5. CASH AT BANK AND IN HAND

	TOTAL 2022 £	TOTAL 2021 £
St. Luke's Deposit Account	29,390	128,056
St. Luke's Current Account	2,000	2,000
St Luke's Lettings Account	40,028	3,513
	71,418	133,569

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. DEBTORS	TOTAL 2022 £	TOTAL 2021 £
Prepayments	983	1,200
Accrued Income	66,832	5,251
	67,816	6,451

7. CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR	TOTAL 2022 £	TOTAL 2021 £
Accruals	14,961	3,411
Deferred Income	27,038	12,150
Loans due in less than 1 year	-	-
	41,999	15,561

8. ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds £	Restricted Funds £	TOTAL 2022 £	TOTAL 2021 £
Current Assets	129,028	10,206	139,234	140,019
Current Liabilities	(41,999)	-	(41,999)	(15,561)
Liabilities > 1 year	-	-	-	-
	87,030	10,206	97,235	124,459

9. STAFF COSTS

Salary and social security costs of £21,763 were paid in 2022 (£2,990 - 2021).

The average number of full time employees in the year was 0.71 (0.08 - 2021).

No employees had total benefits (excluding pension contributions and employer's National Insurance) in excess of £60,000.

ST LUKE'S & ST FRANCIS PAROCHIAL CHURCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. RELATED PARTY TRANSACTIONS

The PCC members received no remuneration in relation to fulfilling their role as trustees.

During the year to 8 May 2022, payments totalling of £4,318 (£6,625 in 2021) were made to co-opted PCC member Justin Butcher, in connection with the provision of musical services as Director of Music.

Miscellaneous expenses totalling £4,241 (£6,776 in 2021) were paid to 7 (8 in 2021) other PCC members during financial year 2022. These were reimbursements of routine items including maintenance, purchase of IT equipment, charitable donations, youth club/Sunday school, accounting software or other expenses incurred on behalf of the church. These items were paid on production of an invoice or receipt.

Donations totalling £11,490 were received in 2022 from 16 PCC members and related parties (£15,213) in 2021.

Payments totalling £14,700 were made in relation to the provision of accommodation for the Curate, Rev. Elizabeth Campbell. Contributions of £4,800 were received from the Diocese of London towards the cost of this provision.

Payments totalling £660 were made in 2022 (£600 in 2021) for verger services provided by Matthew Sheldon who is the son of Rosemary Sheldon (elected PCC member).

Vox Holloway (N7 Community Choir) rehearses and performs in St Luke's. It made donations to St Luke's totalling £1,599 in 2022 (£1599 – 2021). Sheena Cruse, co-opted member of St Luke's PCC, until May 2022, was also a trustee of Vox Holloway during the period.

11. RESTATEMENT OF 2021 EXPENDITURE

In 2022 some expenditure items have been recategorised and so the corresponding 2021 items have been restated to ensure like for like comparatives. There is no change to the total figure of Resources Used which remains at £186,659 for 2021. The individual changes are detailed below.

	2021 as restated	2021 as filed	Difference
Statement of Financial Activities			
Direct Charitable Expenditure	155,467	168,161	(12,694)
Cost of Generating Funds	13,522	828	12,694
Total	168,989	168,989	0

Note 3

Direct Charitable Expenditure

Church Running Expenses - Insurance	6,256	6,396	(140)
IT Subscriptions	828	0	828
St Francis Costs	0	13,382	(13,382)
Total	7,084	19,778	(12,694)

Cost of Generating Funds

St Francis Insurance	140	0	140
St Francis Costs	13,382	0	13,382
Fundraising and Publicity	0	828	(828)
Total	13,522	828	12,694