

**CHURCH OF ST JOHN THE EVANGELIST**  
**REPORT OF THE VESTRY**  
**AND**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2016**



# CHURCH OF ST JOHN THE EVANGELIST

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Name and Principal address</b>	The Church of St John the Evangelist Princes Street Edinburgh EH2 4BJ
<b>Charity Number</b>	SC012836
<b>Principal Officers:</b>	
<b>Rector</b>	Rev Markus Dúnzkofer
<b>Associate Rector</b>	Rev Stephen Holmes
<b>Business Manager</b>	George Fyvie (from October 2015)
<b>Secretary to the Vestry</b>	Alistair Dinnie (to 1 December 2015) Austin Reilly (from 1 December 2015)
<b>Treasurer</b>	Peter Silver
<b>Members of the Vestry</b>	Rev Markus Dúnzkofer Rev Stephen Holmes Eden Anderson Alistair Dinnie (from 1 December 2015) Jill Duffield Grace Durham Anthony Falconer (from 9 November 2015) Barbara Graham Maureen Grant George Harris Wren Hoskyns-Abrahall Romy Langeland Colin McEachran (from 9 November 2015) Ade Odunsi (to 9 November 2015) Anne Pankhurst Peter Silver
<b>Bankers</b>	Bank of Scotland plc Princes Exchange 3 Earl Grey Street Edinburgh EH3 9PN  CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
<b>Solicitors</b>	Morton Fraser LLP Quartermile Two 2 Lister Square Edinburgh EH3 9GL
<b>Auditor</b>	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL

# CHURCH OF ST JOHN THE EVANGELIST

## REPORT OF THE VESTRY

The members of Vestry (the Vestry) report to the congregation for the year ended 31 July 2016 as follows:-

### ***Mission***

St John's, by the grace of the Spirit, seeks to be an open community, walking in the way of Jesus, engaging with an ever-changing world and living a faith which is timeless yet contemporary, thoughtful and compassionate.

### ***Achievements and Performance***

The congregation of St John's is the bedrock of all the Church does. St John's would not be the same without the life the members of the congregation bring to this building, the volunteering they carry out and the financial support they give.

St John's continues to serve all ages within the church community and to develop our mission to the wider community of Edinburgh's West End including continuation of the close ecumenical relationship with our neighbouring Church of Scotland parishes.

Levels of activity at St John's have remained high. Among the many groups who have used St John's this year are: support groups; Ragged University; community groups; visiting churches from USA; musical concerts; educational training; ecumenical meetings, and a large number of performers throughout the year. We have continued to support Souper Saturday run its project from its temporary home at Old St. Paul's helping homeless and otherwise impoverished people in Edinburgh by providing a meal and social interaction in a relaxed and non-judgemental environment. We look forward to welcoming them back once the development is completed.

The pattern of worship during the week has been comprehensively revised and shows increased numbers at not only its 12.30 services but also the evening service of Compline.

St John's Terrace has been rather empty this year with the development works (see below) due to start and has said goodbye to Henderson's, the One World Shop, The Peace and Justice Centre, and Edinburgh Inter-Faith Association but managed to remain a home to Cornerstone Bookshop and Just Festival.

Much has taken place at St John's over the past twelve months including a 100% staff turnover and a complete organisational review, while also dealing with the final planning stages and launch of the development and we are eagerly looking forward to the future.

### ***The Development Project***

The Development aims to achieve the vital changes and upgrades necessary to ensure that St. John's continues to be a place of welcome, support and inspiration for many future generations. More information can be found at [www.stjohns-edinburgh.org.uk/development](http://www.stjohns-edinburgh.org.uk/development).

Our members continue to support the project enthusiastically through their time, contacts, and resources, including financially. In addition we are very grateful to the significant number of Trusts, individuals and companies outside our membership who have given generously. To date over 75% of the final amount has been secured. Donations have continued to arrive despite the Fundraiser leaving in February (on completion of her contract).

The Development is getting underway in autumn 2016 A new Development Manager was recruited in June, responsible for fundraising and marketing of the Development. It is envisaged that the commencement of the building works will reinvigorate fundraising activities. Fundraising activities will continue with a calendar of events and activities during the period of the building works. New avenues for sponsorship will be explored with specific items highlighted (such as the kitchens, the lift, furniture and fittings) to attract donors. Arrangements are being put in place with our bankers to cover any shortfall in funding with a term loan.

## **CHURCH OF ST JOHN THE EVANGELIST**

### **REPORT OF THE VESTRY (continued)**

#### **Plans for the future**

Concurrently with the preparation of these accounts contractors have moved on site and work has begun on fulfilling much needed plans to make our building a welcoming centre and inspiring environment in which to work and from which to reach out to the community.

The funds to realise these plans are largely in place. Fundraising continues for the final £800,000, with a sufficient loan to cover any shortfall on this amount having been offered by our bankers. The detail for this is in the final stages of agreement.

#### **Financial review**

The result for the year is set out in the attached Financial Statements. The normal operations of the Church (i.e. the General Fund transactions) showed an unadjusted deficit of £16,872 (2015: £44,406 including legacy income of £10,000).

The Development Fund received donations, grants and a share of interest on deposits of £231,427 (2015: £333,315), including Gift Aid. Costs of £60,870 (2015: £97,005) were incurred in fundraising and other costs (see Note 7).

The restricted Graveyard Fund was fully expended during the year with excess costs being met from the General Fund.

Stock market values rose again in the year to 31 July 2016 and the unrealised gain on the revaluation of the Unit Trust Pool units at the year end was £116,730 (2015: £81,803).

#### **Reserves**

Vestry have resolved to hold in the region of 9 months running costs in the general fund and in line with this currently aim to hold £300,000 for this purpose. In addition to being a reserve to cover emergencies, this amount takes account of the ownership of a Grade A listed building and its associated maintenance risks. A number of other designated funds are also set aside for specific purposes, as disclosed in Note 15 to the financial statements. Any remaining reserves in excess of this figure have been allocated to the Designated Development Fund. These funds are largely held in unit trust investments and are therefore subject to stock market performance.

Any legacies received, unless there are any conditions attached requiring the legacy to be used for a specific purpose, are added to reserves or used to fund other expenditure. In view of the imminent development project it is thought inappropriate to add these funds to the stock market portfolio at the present time, so they are kept on bank deposit.

The aggregated current balance of the Restricted and Designated Development Funds (shown in note 16(b)) is £2,012,993 (2015: £1,792,318) and is earmarked for the remaining phases of the Development Project.

#### **Investment policy**

The Vestry is authorised by its Constitution to invest unrestricted funds in securities suitable for the investment of Trust Funds and investment in a wider range of securities can be made upon the advice of a qualified financial adviser. Currently most of the Church's investments are in the Scottish Episcopal Church Unit Trust Pool (SEC UTP) as specifically authorised by the Constitution. The investment objective of the Unit Trust Pool, which accords with that of the Vestry, is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to unit holders.

In anticipation of the final phases of the Development Project starting in the near future, no funds have been added to the SEC UTP since July 2011 and these funds are being retained on interest bearing deposit. Those cash deposits which represent legacy funds have been included as investment deposits. All amounts relating to the Restricted Development Fund are held in a combination of bank deposit and current accounts.

## **CHURCH OF ST JOHN THE EVANGELIST**

### **REPORT OF THE VESTRY (continued)**

#### **Grant Making Policy**

The Rector and Associate Rector are both provided with modest discretionary funds with which to make small grants to needy individuals at their discretion. From time to time, St John's makes modest grants as approved by the Vestry. In addition, there are regular congregational collections/donations to specific charities.

#### **Structure, Governance and Management**

The Church of St John the Evangelist, Princes Street, Edinburgh ("the Church", or "St John's"), is a component part of the Scottish Episcopal Church in communion with the Anglican Church. The superior authority is the Bishop of Edinburgh. The present Constitution of the church dates from 1817 and was last revised in 2012. It is available for inspection if required.

The 'Trustees' of the Church are officials of the Diocese but the funds are controlled by the Vestry, whose constitutionally appointed officers are The Rector and Associate Rector, *ex officio*, up to eight elected members and up to five co-opted members. Vestry members are listed on page 1.

Whilst the Vestry is responsible for the overall control of the church's activities, many of the day to day responsibilities rest on the Rector and on the Business Manager who are responsible to the Vestry for the discharge of their duties under standing orders approved by the Vestry. The Vestry meets ten times per annum (monthly with the exceptions of July and December).

The Vestry is drawn from and elected by the members of the congregation and serve for a term of four years. Members are eligible for re-election for one further term of four years if they so desire and thereafter must stand down for at least one year. New members are provided with copies of the constitution of the church and of its standing orders to assist them in the execution of their duties.

There are sub-committees who report to the Vestry who cover the following areas of St John's activities – Finance, Fabric, Personnel (formerly GPC), Policy and Planning, Charities and Events. Each sub-committee has its own Remit and Convenor who reports to the Vestry on a regular basis.

#### **Key Management personnel**

Key management personnel constitute the Vestry, the Rector and Associate Rector and the Business Manager. The Rector and Associate Rector are *ex officio* members of the Vestry and as such receive remuneration, benefits and expenses in respect of services as stipendiary clerics but other members of the Vestry receive no remuneration or expenses.

#### **Risk Management**

The Vestry has assessed the major risks to which the Church is exposed, in particular, those related to the operations and finances of the Church, retention of key personnel, Health and Safety, stewardship of a Grade A building and the Development. The Vestry keeps these matters under review and is satisfied that systems are in place to mitigate its exposure to them. The key mitigating strategies in place in respect of these include: the Church having insurance cover through the Ecclesiastical Insurance Office under their Parishguard Policy against a range of risks appropriate to the activities of a church. The level of insurance cover required is reviewed annually. Embarking on major development works inevitably exposes the Church to unforeseen risks in time and costs. To mitigate these a clear programme of work will be in place with our contractors and arrangements are well advanced with our bankers to have the necessary loan funding available.

#### **Statement of responsibilities of the Vestry**

The Vestry is responsible for preparing the Report of the Vestry and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the members of the Vestry to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Church and of the incoming resources and application of resources of the Church for that period.

## **CHURCH OF ST JOHN THE EVANGELIST**

### **REPORT OF THE VESTRY (continued)**

#### **Statement of responsibilities of the Vestry (continued)**

In preparing these financial statements the Vestry is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Church will continue in operation.

The Vestry is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Church and enable it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Constitution of the Church. The Vestry is also responsible for safeguarding the assets of the Church and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Vestry is responsible for the maintenance and integrity of the charity and financial information included on the Church's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **BY ORDER OF THE VESTRY**

Rev Markus Dúnzkofer

27 October 2016

**INDEPENDENT AUDITOR'S REPORT TO THE VESTRY OF  
THE CHURCH OF ST JOHN THE EVANGELIST**



We have audited the financial statements of the Church of St John the Evangelist for the year ended 31 July 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Vestry (the charity's trustees), as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Church and the Vestry 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 Church and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Responsibilities of the Vestry, set out on pages 4 and 5, the Vestry is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Church's affairs as at 31 July 2016, and of its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**INDEPENDENT AUDITOR'S REPORT TO THE VESTRY OF  
THE CHURCH OF ST JOHN THE EVANGELIST (Continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Annual Report of the Vestry is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

4 November 2016

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CHURCH OF ST JOHN THE EVANGELIST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 July 2016

	Notes	Unrestricted General Funds	Designated Funds	Restricted Funds	Total 2016	Total 2015
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	3	195,513	-	229,491	425,004	494,566
Other trading activities	4	82,358	-	-	82,358	113,566
Investments		38,928	-	1,936	40,864	41,936
		-----	-----	-----	-----	-----
<b>Total income</b>		316,799	-	231,427	548,226	650,068
<b>Expenditure on:</b>						
Raising Funds	7	-	-	60,870	60,870	88,551
Charitable activities	8	333,671	-	14,392	348,063	369,613
		-----	-----	-----	-----	-----
<b>Total expenditure</b>		333,671	-	75,262	408,933	458,164
		-----	-----	-----	-----	-----
<b>Net income/(expenditure) before gains and losses on investments</b>		(16,872)	-	156,165	139,293	191,904
Net gains/(losses) on revaluation of investments	12	35,064	81,666	-	116,730	81,803
		-----	-----	-----	-----	-----
<b>Net income/(expenditure) for the year</b>		18,192	81,666	156,165	256,023	273,707
Transfers between funds	15	(18,192)	75,451	(57,259)	-	-
		-----	-----	-----	-----	-----
<b>Net movement in funds</b>		-	157,117	98,906	256,023	273,707
<b>Total funds brought forward</b>		300,000	1,777,236	1,021,507	3,098,743	2,825,036
		-----	-----	-----	-----	-----
<b>Total funds carried forward</b>		300,000	1,934,353	1,120,413	3,354,766	3,098,743
		=====	=====	=====	=====	=====

All activities are continuing.

The notes on pages 11 to 19 form part of these financial statements

**CHURCH OF ST JOHN THE EVANGELIST**

**BALANCE SHEET**

**As at 31 July 2016**

	<b>Note</b>	<b>2016</b>		<b>2015</b>	
		£	£	£	£
<b>Fixed assets</b>	11				
Heritable property (including plant)			981,773		932,033
Furniture and equipment			50,839		56,294
			-----		-----
			1,032,612		988,327
Investments	12		1,526,256		1,409,526
			-----		-----
			2,558,868		2,397,853
<b>Current assets</b>					
Stock		1,081		1,081	
Debtors	13	42,340		55,811	
Cash at bank		795,027		671,509	
		-----		-----	
		838,448		728,401	
<b>Creditors</b> – amounts falling due within one year	14	42,550		27,511	
		-----		-----	
<b>Net current assets</b>			795,898		700,890
			-----		-----
<b>Net assets</b>			3,354,766		3,098,743
			=====		=====
<b>Funds of the charity:</b>					
General Fund	15		300,000		300,000
Designated Fund	15		1,934,353		1,777,236
Restricted Funds	15		1,120,413		1,021,507
			-----		-----
			3,354,766		3,098,743
			=====		=====

Approved by Members of the Vestry on 27 October 2016 and signed on their behalf by:-

Rev Markus Dúnzkofer

The notes on pages 11 to 19 form part of these financial statements

**CHURCH OF ST JOHN THE EVANGELIST**

**CASH FLOW STATEMENT**

**For the year ended 31 July 2016**

	Unrestricted £	Restricted £	2016 £	2015 £
<b>Cash provided by / (used in) operating activities (see below)</b>	(9,599)	153,364	143,765	189,448
<b>Cash flows from investing activities</b>				
Investment income	38,928	1,936	40,864	41,551
Purchase of fixed assets	(3,852)	(57,259)	(61,111)	(160,028)
Cash provided by / (used in) investing activities	35,076	(55,323)	(20,247)	(118,477)
<b>Change in cash and cash equivalents in the year</b>	25,477	98,041	123,518	70,971
Cash and cash equivalents at the beginning of the year	9,840	1,018,437	1,028,277	957,306
<b>Cash and cash equivalents at the end of the year</b>	35,317	1,116,478	1,151,795	1,028,277
	=====	=====	=====	=====
<b>Analysis of cash and cash equivalents</b>				
Investment cash			356,768	356,768
Cash at bank – current accounts			795,027	671,509
<b>Total cash</b>			1,151,795	1,028,277
			=====	=====
<b>Reconciliation of net income/(expenditure) to cash provided by / (used in) operating activities</b>				
<b>Net income/(expenditure) for the year</b>	99,858	156,165	256,023	273,707
<b>Adjustments for:</b>				
Depreciation charges and losses on disposals	16,826	-	16,826	15,255
(Gains)/losses on investments	(116,730)	-	(116,730)	(81,803)
Deduct investment income shown in investing activities	(38,928)	(1,936)	(40,864)	(41,936)
Decrease in stock	-	-	-	14
Decrease/(increase) in debtors	14,336	(865)	13,471	26,251
Increase/(decrease) in creditors	15,039	-	15,039	(2,040)
<b>Cash provided by / (used in) operating activities</b>	(9,599)	153,364	143,765	189,448
	=====	=====	=====	=====

The notes on pages 11 to 19 form part of these financial statements

# CHURCH OF ST JOHN THE EVANGELIST

## NOTES to the FINANCIAL STATEMENTS

### For the year ended 31 July 2016

#### 1. Accounting policies

##### **Accounting convention**

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Church constitutes a public benefit entity as defined by FRS 102.

The Vestry considers that there are no material uncertainties about the Church's ability to continue as a going concern. There are no significant areas of judgement or key assumptions that affect items in the financial statements. With respect to the next reporting period, 2016-17, the most significant area of uncertainty relates to the progress of the Development Project and any unforeseeable issues that may arise. The Vestry considers that they have sufficient retained reserves and loan arrangements prudently to cover such risks.

##### **Transition to FRS 102**

These are the first financial statements prepared in accordance with FRS 102. The date of transition is 1 August 2014, and the last financial statements prepared under the old UK GAAP were for the year ended 31 July 2015.

The transition to FRS 102 has not resulted in any changes to the reported financial position of the Church or resulted in any changes to accounting policies.

In accordance with the requirements of FRS 102 a reconciliation of net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

##### Reconciliation of reported net income

	£
Net income/(expenditure) as previously stated	191,904
Adjustments for gains/(losses) on investment now treated as a component of net income	81,803
	-----
2015 net income restated	273,707
	=====

##### **Fixed assets**

Fixed assets are initially recorded at cost. Purchases of furniture and equipment are capitalised provided the individual asset's cost is greater than £500.

##### **Depreciation**

Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:-

Church central heating	-	4% straight line
Furniture and equipment	-	10% straight line
IT Equipment	-	25% straight line

No depreciation is charged on heritable property. The Vestry carries out an impairment review and in their opinion the market value of the property exceeds its book cost.

##### **Stock**

Stocks of books and musical CDs are stated at the lower of cost and Net Realisable Value.

##### **Tax recoverable on gift aided income**

Tax recoverable on gift aided income is recognised on the accruals basis.

# CHURCH OF ST JOHN THE EVANGELIST

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year ended 31 July 2016

#### 1. Accounting policies (continued)

##### **Investment income and assets**

Investment income is recognised when it is receivable. Income tax deducted from investment income is recognised as recoverable on the same basis.

Investment assets are included in accounts at market value at the balance sheet date, the unrealised gain or loss being applied to Unrestricted Funds. Gains or losses arising on the sale of investments during the year are taken to the Unrestricted Fund.

##### **Collections, donations and legacies**

Collections, covenants, donations and legacies are recognised as receivable when it is clear that the Church is entitled to the income, it is virtually certain that it will be received and when its monetary value can be measured with sufficient reliability.

##### **Grants receivable**

Grants receivable for revenue purposes are recognised in the period to which they relate.

##### **Deferred income**

Rents received in advance are treated as deferred income and disclosed according to the period to which they relate.

##### **Expenditure**

All expenditure is recorded on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The Church is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

Resources expended are shown in the Statement of Financial Activities categorised as costs of raising funds and costs of charitable activities which includes support costs. Support costs, which include governance costs, are attributable wholly to charitable activities and are shown under "Clergy and Church".

##### **Governance costs**

Governance costs relate to those costs necessary to provide the governance infrastructure which allows the Church to operate and to generate the information required for public accountability.

##### **Pensions**

The Church operates a defined contribution pension scheme and is a member of a multi-employer defined benefit scheme (as defined by FRS 17). Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the Schemes.

##### **Quota**

Contributions to Provincial and Diocesan Quota, to help in the funding of central costs, are requested on a calendar year basis and the charge included in these financial statements reflects a portion of the two relevant calendar year requests.

#### 2. Funds

Unrestricted funds may be used by the Church at its discretion to meet future capital and revenue expenditure. Designated funds are those where the Vestry has set aside reserved funds for use on specific projects. Restricted funds are the funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. The nature and purpose of each fund is explained in note 15.

In order to more accurately reflect the proportion of General Funds which might easily be realisable in an emergency, it was decided to create a separate Unrestricted Designated Fund for Property since the church would be unable to continue its functions without such properties.

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

				<b>Total</b>	<b>Total</b>
	<b>Unrestricted</b>	<b>Designated</b>	<b>Restricted</b>	<b>2016</b>	<b>2015</b>
	£	£	£	£	£
<b>3. Income from donations</b>					
Donations, collections and porch box	34,330	-	-	34,330	31,421
Net donations and grants	129,712	-	215,322	345,034	394,460
Gift aid tax recoveries	31,471	-	14,169	45,640	58,685
Legacies	-	-	-	-	10,000
	-----	-----	-----	-----	-----
	195,513	-	229,491	425,004	494,566
	=====	=====	=====	=====	=====
<b>2015</b>	163,874	-	330,692	494,566	
	=====	=====	=====	=====	

**4. Other trading activities (unrestricted)**

	<b>Total</b>	<b>Total</b>
	<b>2016</b>	<b>2015</b>
	£	£
Rents	72,557	108,349
Sundry income	9,801	5,217
	-----	-----
	82,358	113,566
	=====	=====

**5. Special collections**

In addition to the income and expenditure reflected in the Statement of Financial Activities, special collections amounting to £8,369 (2015: £12,412) were made and paid over to other charities.

**6. Information regarding employees and members of the Vestry**

	<b>2016</b>	<b>2015</b>
	£	£
Gross stipends and salary	173,734	200,555
Employers' national insurance contributions	11,006	14,219
Pension contributions	22,691	21,305
	-----	-----
	207,431	236,079
	=====	=====
Average number of employees during the year	11	12
	=====	=====

Information regarding stipendiary clergy who are not technically employees but office holders, is included above.

**Remuneration of key management personnel**

Key management personnel constitute the Members of the Vestry, the Rector and Associate Rector and the Business Manager. The Rector and Associate Rector are *ex officio* members of the Vestry and as such receive remuneration, benefits and expenses in respect of services as stipendiary clerics but other Members of the Vestry receive no remuneration or expenses.

No employee received emoluments in excess of £60,000 and the total remuneration, including employer pension contributions, of key management personnel amounted to £90,806 (2015 £103,169).

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

<b>7. Costs of generating funds (restricted)</b>	<b>2016</b>	<b>2015</b>
	£	£
Staff costs	51,145	73,709
Communications	-	5,600
Events and support costs	9,725	9,242
	-----	-----
	60,870	88,551
	=====	=====

<b>8. Charitable activities</b>	<b>Unrestricted</b>	<b>Designated</b>	<b>Restricted</b>	<b>2016</b>	<b>2015</b>
	£	£	£	£	£
Clergy and church					
Stipend, NI, pension	72,998	-	-	72,998	71,853
Other clergy costs	1,049	-	-	1,049	1,020
Music, liturgy and worship	19,698	-	-	19,698	18,650
Support costs (see note 9)	100,096	-	-	100,096	122,119
Diocesan Treasurer – Quota	33,652	-	-	33,652	33,902
Church and fabric costs:					
– unrestricted funds	78,971	-	-	78,971	84,310
– restricted funds (graveyard)	-	-	14,392	14,392	8,454
Outreach activities					
– donation to Just Festival	20,500	-	-	20,500	13,000
– other activities	6,707	-	-	6,707	16,305
	-----	-----	-----	-----	-----
	333,671	-	14,392	348,063	369,613
	=====	=====	=====	=====	=====
2015	361,159	-	8,454	369,613	
	=====	=====	=====	=====	

<b>9. Support costs</b>	<b>2016</b>	<b>2015</b>
	£	£
Non clergy wages, NIC and pension costs	64,105	91,501
Other staff costs	2,984	-
Telephones	4,951	4,164
Printing, stationery and postage	8,117	14,878
Other expenses	2,616	3,495
Governance costs (note 10)	17,323	8,081
	-----	-----
	100,096	122,119
	=====	=====

<b>10. Governance Costs</b>	<b>2016</b>	<b>2015</b>
	£	£
Auditor's remuneration	4,344	3,600
Accountancy fees	4,320	4,481
Legal costs	8,659	-
	-----	-----
	17,323	8,081
	=====	=====

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

<b>11. Fixed assets</b>	<b>Heritable Property (incl plant) £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 August 2015	947,534	235,060	1,182,594
Net additions (see footnote and note 15)	57,259	3,852	61,111
Disposals	-	(2,472)	(2,472)
	-----	-----	-----
As at 31 July 2016	1,004,793	236,440	1,241,233
	-----	-----	-----
<b>Depreciation</b>			
As at 1 August 2015	15,501	178,766	194,267
Charge for year	7,519	7,821	15,340
Disposals	-	(986)	(986)
	-----	-----	-----
As at 31 July 2016	23,020	185,601	208,621
	-----	-----	-----
<b>Net book value</b>			
As at 31 July 2016	981,773	50,839	1,032,612
	=====	=====	=====
As at 31 July 2015	932,033	56,294	988,327
	=====	=====	=====

The estimated residual value of the buildings is in excess of the net book value and accordingly, there is a nil depreciation charge on buildings for the year. The Vestry have carried out an impairment review and in their opinion the market value of the property exceeds its book cost.

Additions to heritable property represent development project expenditure net of VAT recoveries on the costs of the replacement heating system in the church incurred in the previous two years.

<b>12. Investments</b>	<b>2016 £</b>	<b>2015 £</b>
Market value at 1 August	1,052,758	970,955
Unrealised gain	116,730	81,803
	-----	-----
Market value at 31 July	1,169,488	1,052,758
Cash held as investment deposits	356,768	356,768
	-----	-----
Total investments at 31 July	1,526,256	1,409,526
	=====	=====
Cost (including cash) at 31 July	1,176,894	1,176,894
	=====	=====

The majority of investments are held in the SEC Unit Trust Pool which is principally invested in United Kingdom securities. Cash held as investments represents legacy income (including Development Fund legacies) received from August 2011 to 31 July 2016.

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

<b>13. Debtors</b>	<b>2016</b>	<b>2015</b>
	£	£
Gift Aid recoverable	16,732	24,411
Prepayments	4,694	7,542
Accrued income – Unit Trust Pool distribution	19,271	19,271
Sundry debtors	1,643	4,587
	-----	-----
	42,340	55,811
	=====	=====

<b>14. Creditors – amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	£	£
Accruals	14,422	6,966
Deferred income	14,755	2,980
Other creditors	10,654	17,565
Taxes and social security costs	2,719	-
	-----	-----
	42,550	27,511
	=====	=====

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

**15. Movement on funds**

	Balance at 1 August 2015 £	Incoming Resources £	Outgoing Resources £	Transfers £	Realised/ Unrealised Gains £	Balance at 31 July 2016 £
<b>Unrestricted general fund</b>						
General Fund	300,000	316,799	(333,671)	(18,192)	35,064	300,000
	=====	=====	=====	=====	=====	=====
<b>Designated funds</b>						
Property Fund	932,033	-	-	49,740	-	981,773
Maintenance Fund	60,000	-	-	-	-	60,000
Development Fund	785,203	-	-	25,711	81,666	892,580
	-----	-----	-----	-----	-----	-----
	1,777,236	-	-	75,451	81,666	1,934,353
	=====	=====	=====	=====	=====	=====
<b>Restricted funds</b>						
Graveyard Fund	14,392	-	(14,392)	-	-	-
Development Fund	1,007,115	231,427	(60,870)	(57,259)	-	1,120,413
	-----	-----	-----	-----	-----	-----
	1,021,507	231,427	(75,262)	(57,259)	-	1,120,413
	=====	=====	=====	=====	=====	=====
<b>Total</b>	<b>3,098,743</b>	<b>548,226</b>	<b>(408,933)</b>	<b>-</b>	<b>116,730</b>	<b>3,354,766</b>
	=====	=====	=====	=====	=====	=====

**Unrestricted and designated funds**

The General Fund represents funds which the Vestry is free to use in accordance with the Church's constitution, aims and objectives. The Vestry have resolved that the General Fund should hold in the region of 9 months of running costs and aim to hold £300,000 for this purpose. Any funds in excess of this amount are available to be allocated to other designated funds. Each year the Vestry will review the balance on the General Fund. In the event that it stands at below the £300,000 target, then amounts may be transferred from any of the designated funds, including the designated Development Fund, back to the General Fund.

In order to more accurately reflect the proportion of General Funds which might easily be realisable in an emergency, the Designated Fund for Property reflects funds which are represented by property assets. The transfers to the designated property fund in the year represents funding of capitalised development expenditure net of VAT recoveries borne by the restricted development fund of £57,259 and net of the depreciation charges borne by the General Fund of £7,519.

A further transfer of £25,711 has been made to the designated Development Fund from the General Fund maintaining that fund at £300,000 after the deficit for the year and the year end unrealised investment gain. It should also be noted that part of the funds held in the designated Development Fund are currently represented by investments in a unit trust (see note 16(b)). As a result, the value of these investments can rise or fall, which has an impact on the value held in this fund. The Vestry have decided that any income generated from these investments will be taken to the General Fund.

Further Designated Funds recognise the need to set aside funds for periodic major maintenance such as repainting the church and refurbishment of the organ and the Vestry decides annually whether any transfer is required.

**CHURCH OF ST JOHN THE EVANGELIST**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 July 2016**

**15. Movement on funds (continued)**

**Restricted funds**

The Graveyard Project fund balance of £14,392 has been fully expended in the year on graveyard maintenance costs.

The Development fund consists of donations received from the congregation and external bodies together with grants and other fundraising income and interest income thereon, to be used for the Development project. Donations towards the development have been accumulated in this fund and are repayable should the Development not proceed. Work is estimated to start by the end of 2015 subject to the receipt of all the necessary permissions, and tender submissions being within anticipated costs.

The transfer to the Property Fund of £57,259 represents the funding of the costs in the year on the further capital expenditure as noted in note 11, Fixed Assets.

**16. Analysis of net assets between funds**

<b>(a) Total Funds</b>	<b>Fixed Assets</b>	<b>Net Current Assets/ (Liabilities)</b>	<b>Total</b>
	£	£	£
Unrestricted funds	327,727	(27,727)	300,000
Designated funds	1,874,353	60,000	1,934,353
Restricted funds	356,768	763,645	1,120,413
	-----	-----	-----
Total net assets	2,558,868	795,898	3,354,766
	=====	=====	=====
 <b>(b) Development Funds only</b>	 <b>Designated</b>	 <b>Restricted</b>	 <b>Total</b>
	£	£	£
Investments			
SEC Unit Trust Pool	892,580	-	892,580
Cash	-	356,768	356,768
	-----	-----	-----
	892,580	356,768	1,249,348
Debtors – tax recoveries	-	3,935	3,935
Cash at bank	-	759,710	759,710
Creditors	-	-	-
	-----	-----	-----
	892,580	1,120,413	2,012,993
	=====	=====	=====

Because amounts held in the designated fund are invested in the SEC Unit Trust Pool, its value is subject to stock market performance.

# CHURCH OF ST JOHN THE EVANGELIST

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year ended 31 July 2016

#### 17. Pension commitments

The Church subscribes to two different pension schemes and contributes to personal pension policies of employees.

- (i) The Church participates in the Scottish Episcopal Church Pension Fund, a multi-employer non-contributory defined benefit pension scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and so the Church accounts for its contributions as if the Fund was a defined contribution scheme.

The Church paid contributions at the rate of 34.9% on the Scottish Episcopal Church basic stipend for the first five months of the year to 31 December 2015 and at the rate of 32.2% for the remainder of the year. The pension charge payable by the Church was £17,094 (2015: £17,094).

The most recent triennial actuarial valuation of the Fund was carried out as at 31 December 2014 showed the Fund to be fully funded at 103% of the value of Technical provisions. This resulted in the contribution level being reduced by 2.7% from 1 January 2016.

- (ii) A defined contribution scheme is operated, the assets of which are held separately from those of the Church in independently administered funds.

The pension charge represents contributions payable by the Church and amounted to £691 (2015: £1,425).

- (ii) Contributions are made to personal pension policies for certain employees. The pension charge, being contributions payable by the Church, amounted to £4,906 (2015: £2,786).

#### 18. Capital commitments

At the balance sheet date there were no capital commitments.

#### 19. Related party transactions

Financial Reporting Standard 8 "Related Party Disclosures" requires disclosure of material related party transactions and year end balances with related parties and these are noted below:

Related party	Nature of transaction	Amount of transaction (Receipt)/payment £	Balance due (to)/by related party 31 July 2016 £
Diocese of Edinburgh	Quota	33,652 =====	- =====

#### 20. Post balance sheet events

Since the year end contracts have been signed for long planned development and the contractors moved on site on 12 September. In order to give greater certainty as to the funds available £860,000 has been withdrawn from the Scottish Episcopal Church Unit Trust Pool, leaving £334,000 (at 31 August prices) in the fund in line with the church's established reserves policy. Fund raising has continued concurrently with loan arrangements being negotiated with the church's bankers to ensure funds are available in a timely manner.