

**MERTON
PRIORY**
CHRISTCHURCH
HOLY TRINITY
+ ST. JOHN'S +
**TEAM
MINISTRY**

**The Parochial Church Council of the
Ecclesiastical Parish of Merton Priory**

Registered Charity Number: 1134253

**Diocese of Southwark
Merton Deanery**

Annual Report and Financial Statements

31 December 2016

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report and Financial Statements for the year ended 31 December 2016

CONTENTS	Page
Annual Report of the Parochial Church Council (PCC)	
1 Aim and purposes	3
2 Objectives and activities	3
3 Achievements and performance	4
4 Future plans	11
5 Financial review	11
6 Reserves policy	12
7 Investment policy	13
8 Volunteers	13
9 Structure, governance and management	13
10 Key management personnel	13
11 Administrative information	14
12 Statement of responsibilities of the PCC	16
13 Independent examiner	16
Independent Examiner's Report to the PCC	17
Statement of Financial Activities	18
Balance Sheet	19
Notes to the Financial Statements	20

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

The Parochial Church Council of the Ecclesiastical Parish of Merton Priory (“PCC”) submits its report and the financial statements of the PCC for the year ended 31 December 2016. The financial statements have been prepared in the format prescribed by the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2015 (FRS102)) and the Financial Reporting Standard 102.

1 Aim and purposes

Merton Priory Parochial Church Council (PCC) has the responsibility of co-operating with the Team Rector, the Revd Chris Palmer, and the Team Vicar, the Revd Alison Judge (from April 2016), in promoting in the ecclesiastical parish, the whole mission of the Church, pastoral, evangelistic, social and ecumenical.

The PCC is also specifically responsible for the maintenance of the fabric of the three churches of Christ Church, Colliers Wood; Holy Trinity and St Peter, South Wimbledon; St John the Divine, Merton, along with the two separate church halls of Christ Church and St John the Divine.

2 Objectives and activities

The PCC is committed to promoting the Gospel of Jesus Christ according to the doctrines and practices of the Church of England; the PCC seeks by encouraging co-operation between clergy, lay members of our congregation, and the wider community to undertake the whole mission of the church, pastoral, evangelistic, social, and ecumenical. We are guided by our vision statement, agreed in 2011 and reaffirmed in 2014 as part of our Mission Action Planning:

“In Merton Priory Team Ministry we aim to be a community:

Faithful to God
Sharing with those in need
Caring for one another

We know we don’t always get it right but we seek God’s grace to fulfil his mission.”

When planning the activities for the year, the Team Rector, Team Vicar, and PCC have in mind the Charity Commission’s guidance on public benefit, and especially the guidance to charities for the advancement of religion. In particular we make it possible for people to live out their faith as part of our parish community through:

- Regular worship and prayer open to all: developing knowledge of and trust in God and learning about the Gospel;
- Provision of sacred spaces for personal prayer and contemplation;
- Provision of pastoral care and sacramental ministry for people living within the parish;
- Teaching the Christian faith through sermons, courses, and small groups;
- Preparing people for baptism, communion and confirmation;
- Leading collective worship, assemblies, and classes in church and community schools;
- Provision of activities with a Christian ethos for young people;
- Provision of social and community events and groups which strengthen outreach and fellowship;
- Fostering relationships with other organisations and churches in our parish and cooperating with them in promoting social cohesion and meeting human need;
- Ministering to those who seek marriages and funerals, before, during, and after these events;
- Supporting other charities in the UK and overseas and building active links with these.

To facilitate this work we maintain the fabric of the three churches and two separate church halls.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance

This is the second full year of implementing our Mission Action Plan, agreed in December 2014 – a three year scheme to promote mission projects in our parish.

	Holy Trinity	Christ Church	St John the Divine
Faithful to God	Encourage members to explore a Rule of Life	Develop music making in the liturgy	Develop the new 10am family service
	Develop Team Music Making for Worship		
Sharing with those in need	Develop Holy Trinity as a hub for volunteering opportunities	Choose a charitable project for a year which the whole church comes together to support	Hold a monthly Saturday morning breakfast cafe
	Support for Older People living in Poverty		
Caring for one another	Create a Pastoral Network for our congregation	Create a Church Network for the congregation	Create a Church Network for the congregation
	Establish Messy Church at St John the Divine		

During the year the DCCs and PCC carried out a mid-term review of progress in order to adapt the plan to changing circumstances. The status of individual projects is described below.

Faithful to God

As Christians our first commitment is to God – and all our other vocations find their place within this commitment. Our principal expression of our faithfulness to God is in worship and prayer, the goal and end of all human existence.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Faithful to God (continued)

The PCC has a wide range of acts of worship each week, including at least one Eucharist at each of the three churches on Sunday; regular Sunday evening worship – at Holy Trinity, but for the whole team – providing a quiet and more contemplative environment; the ‘Early Service’ at Holy Trinity for children under six and their carers; weekday Morning and Evening Prayer and Eucharists; a weekly Monday evening ‘Finding Sanctuary’ service at St John the Divine, which again provides a more intimate reflective service. Sunday worship in all three churches includes provision for children, sometimes through Junior Church groups, and sometimes at All Age worship in which children actively participate.

During 2016 our congregations worshipped together on Sunday morning on three occasions, including a Eucharist during which the Annual Parochial Church Meeting took place, and a service to admit children to communion in November. In addition we had joint services for other Holy Days including a full round of Holy Week worship. In April the Revd Alison Judge was licensed as Team Vicar by the Bishop of Kingston at a joyful Team Eucharist. In November we welcomed Bishop Richard Harries to Holy Trinity for a Confirmation service. Our Team MAP (Mission Action Plan) project to develop music making in team services saw co-operation between the churches in eight team services; this included leadership from volunteers working with our paid musicians.

Our Sunday evening service, at Holy Trinity, has continued to benefit from the leadership team established in 2015; this team has initiated proposals around developing the music for these services in ways that promote greater freedom and participation.

In June we established a new Meditation Group, meeting at Christ Church on Wednesday evenings. This group, led by Revd Alison Judge, uses the method of the World Community for Christian Meditation, and has attracted people who have not been involved with our other worship. We engaged in the Church of England’s Week of Prayer, Thy Kingdom Come, leading up to Pentecost, by establishing prayer spaces in each church, holding daily services, and opening the churches at advertised times for people to come and pray; we look forward to doing so again in 2017. We held a course on prayer, Be Still and Know in the autumn, to which around 15 people came, culminating in a Quiet Day at Whiteland’s College in November both for Confirmation candidates and members of this course.

St John the Divine has continued to develop its 10.00am Family Service, one of its MAP projects, receiving a boost since the appointment of the Revd Alison Judge as Team Vicar. Holy Trinity has continued to make Rule of Life materials available, and has included a weekly ‘suggestion’ on its notice sheet to hold this in people’s minds.

Our worship is sustained by the contributions of servers, sacristans, musicians, readers, intercessors, welcomers, children’s group leaders, and those who decorate the churches and provide refreshments. We actively seek to include a large number of people in these roles and encourage them to see these as a practical offering of praise to God.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Faithful to God (continued)

We welcomed many people to worship in our churches for special days and festivals, as well as for baptisms, marriages, and funerals. Over 1,000 people attended special Christmas services (carol services, crib services, and Christmas Eucharists). In addition to our own services, we played host to school services for Harvest, Christmas, Easter, and 'Leavers'. The average Sunday attendance during 2016 was 232 adults and 73 children (Christ Church 57 adults and 10 children, Holy Trinity 153 adults and 58 children, St John the Divine 22 adults and 5 children); these figures include baptism services and Schools Sunday and have been reduced by an estimated amount to remove repeat attendances. We welcomed 52 people (Christ Church 17, Holy Trinity 35) into the fellowship of the church through baptism and 12 people from the parish were confirmed and 11 were admitted to Communion before Confirmation during the year.

Sharing with those in Need

Our churches exist for all those who live in our parish and any others who can find solace or belonging in them. 'Those in need' is not restricted to those in pastoral or material extremity but to every human being's need for fellowship and love. It is in knowing our need that we discover God's grace.

We have various groups for young children and carers. Our Toddler groups, *Colliwobbles* at Christ Church and *T3 (Trinity, Tots & Toys)* at Holy Trinity, remain popular and reach not only parents but also those who work as nannies and au pairs in our neighbourhood. *Coffee, Cake, and Chat*, a social occasion for older people on a Friday once a month, attracts people from our three churches and those with no previous connection with the parish. We again played a very active part of *Merton Night shelter Project*; both Christ Church and Holy Trinity are venues for this, and around 70 volunteers gave generous time to the project through our churches, a larger number than in previous years

Christ Church has established a link with Christian Care, a local charity based in Mitcham, that provides practical support to families in need; this fulfils a commitment in the Mission Action Plan, and involves both contributing financially to the charity as well as building more human links. Holy Trinity launched its MAP project to promote volunteering; during the Autumn we advertised opportunities for volunteering with four of our local partner projects, offering detailed information on the help they sought and the commitment involved.

We were delighted that South London Refugee Association has established a drop in centre on Wednesdays at Holy Trinity, and has become a partner project; we hope in the coming years to deepen this relationship. Late in the year local plans developed to launch a Merton branch of Citizens UK, a community organising network; our clergy attended initial meetings during the Autumn, and the PCC signalled its intention to be involved in this; this project will develop more in 2017.

We reported last year that the Team MAP project to reach out to older people felt an uphill struggle, and we have decided to step back from this for a while, keeping open the possibility of taking this in a new direction at a later date. However a very real benefit of the work previously done has been to establish good relationships between the parish and neighbourhood groups on the High Path estate; these have been of service in discussions around the development of the estate (see below) and – very differently – in a venture to sing carols on the estate in December, attracting gratitude from neighbours.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Sharing with those in Need (continued)

We contribute to ministry in the schools of our parish. The PCC appoints six foundation governors at Holy Trinity School and two at The Priory School, and members of our congregations also serve as governors appointed by Southwark Diocesan Board of Education. The Team Rector is ex officio governor of these schools and our Assistant Curate, Revd Kate Tuckett is a governor of Holy Trinity School. The Team Rector and Assistant Curate lead regular worship in these schools and welcome them for visits to church for worship and education. These included 'Schools Sunday', when staff, governors, and pupils attended the Parish Eucharist at Holy Trinity, and Holy Trinity School Eucharists which take place in church once a term. We are also in close contact with community schools in our parish, Pelham, Merton Abbey, and Singlegate schools. The clergy visit or lead assembly on occasions. Revd Alison Judge has established good relationships with Merton Abbey and Singlegate Schools since arriving in April – and it was good to see members of Singlegate School again join with many others from the community at the St Nicholas Carol Service at Christ Church in December.

We communicate with those who live in our parish through regular door to door leaflets before Christmas and Easter, through our websites and through flyers distributed in schools and other community places. Christ Church laid plans for a new website, more user-friendly both for web managers and those seeking information, and we look forward to this coming online in 2017. Both Facebook and Twitter pages have been effective in communicating our message and comply with the Social Media Policy, but we also recognise that word of mouth is the most potent way in which people learn about our parish, and are delighted to see congregation members invite friends to worship or social events.

2016 was the first year of contributing to the diocese through the *Parish Support Fund*. Each DCC had made cautious commitments for 2016; during the year in planning our payment for 2017, we have been able to be a little more bold in what we intend to give in this way.

During the year we have also given to a number of charities, both through planned donations and special collections:

Samaritans	2,620	Phab	1,400
Christian Aid (excluding Christian Aid week)	2,513	South London Refugee Association	1,120
Faith in Action Merton Homelessness Project	2,125	Surrey Churches Preservation Trust	820
Joshua Orphan & Community Care, Malawi	2,100	South London Church Fund	816
Krasif Aid, Bulgaria	2,100	Bishop of Southwark's Lent Appeal	415
Tshwaranang HIV/AIDS Education Project, Eastern Cape, South Africa	2,100	Children's Society	360
Christmas Lunch for Jesus	1,400	Merton Night Shelters	336
Doctors of the World – refugee appeal	1,400	Other charitable donations	514
Five Talents	1,400	TOTAL	£23,539

No donations or grants were given to individuals.

These figures do not include gifts banked directly to charities, such as Christian Aid Week, the Bishop of Southwark's Lent Appeal or Children's Society boxes, nor contributions in kind, such as the substantial amount of food given each year to Wimbledon Foodbank.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Caring for One Another (continued)

We know that mutual care and support is the hall-mark of a truly Christian community. In this way we embody God's love in our life together.

Various groups exist to promote fellowship and learning. We have continued to hold *Messy Church*, a team MAP project, meeting monthly on a Saturday morning at St John the Divine; we have regularly around 30 adults and children enjoying craft, celebration, and food around a biblical theme. A *home group*, led by lay members, met fortnightly, and a new *Bible Study Group* was established, meeting monthly at Holy Trinity. However, *The Friday Group* came to a natural end during the year. A *prayer group* at Christ Church meets each Wednesday afternoon. *God in the Pub* is a monthly discussion of issues of faith and life on a Sunday evening. During *Lent* members of our congregations spoke about their faith – and particularly about responding to God in daily life – in well received Lent Talks. Five Lent groups met more regularly for study offering a range of times, venues, and materials, and in all 50 people participated in these; they culminated in a well-attended and joyful service to celebrate Lent groups on Palm Sunday evening. There is also fellowship around bell ringing, music making, flower arranging, and the kitchen sink.

Holy Trinity Pastoral Network, a MAP project, continued to take root; several groups held events during the year, and a Pastoral Network Sunday in October promoted engagement in the network; we are aware that there is more work to do in the coming months to establish this project more firmly. Christ Church had also made progress in setting up the network; we hope that this will become embedded in the coming year. Members of the ministry team visit and lead regular Communion Services in care homes in the Parish, and take communion at home to those unable to get to worship. We visit the sick at home and in hospital, and offer pastoral care to those who have been bereaved. During the year the clergy conducted 20 funerals, of which six were held in our churches; amongst those who died were sometime worshippers in our parish, Rudolph Lord, Maureen Chadwick, Bob Pulley, Audrey Palmer, and Joan Crowe; we shall miss them all.

There have been many other occasions for fellowship: shared meals, concerts, and more. These have sometimes been occasions for raising money for charity or the parish, and have often been chances for those unfamiliar with worship to participate in an accessible way. Of particular note were the pantomime *Snow White* and the *Seven Shorties* performed by *MP3* in January with much success; beer festivals at St John the Divine and Christ Church to raise money for fabric projects; and a summer garden party at Holy Trinity, to celebrate our patronal festival and raise money for Christian Aid.

Aware that care for one another extends to having proper procedures in place for protecting people, the PCC continues to promote cooperation between Parish Safeguarding Officers in implementing our safeguarding action plan, has considered Safeguarding at PCC meetings, and has complied with the duty under section 5 of the Safeguarding and Clergy Discipline Measure 2016 to have due regard to House of Bishops' guidance on safeguarding children and vulnerable adults. Our Health and Safety Officers have worked together to share good practice, drawn up action plans for each church to ensure that we are fully compliant with our Health and Safety Policy, and reported findings to the PCC.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Caring for One Another (continued)

Following discussions with the PCC and all three DCCs, we agreed that the parish office at Holy Trinity will offer some administrative services to St John the Divine and Christ Church from April 2017; this will include an additional four hours' work for the Parish Administrator, and we agreed a formula by which St John the Divine and Christ Church will pay for this.

The combined roll for the parish was 379 (Christ Church 70, Holy Trinity 267, St John the Divine 42) at the time of the 2016 Annual Parochial Church Meeting; this number does not include children or the many people with a more fringe relationship with our churches.

Personnel

We benefit from the ministry of licensed ministers, lay and ordained. In addition to ministry in the parish, the Team Rector, Revd Chris Palmer, is chaplain of 18F, Wimbledon, squadron of the Air Training Corps; during the year he accepted an invitation from the Bishop of Southwark to become Bishop's Adviser for Spiritual Formation, and has been able to build a renewed Diocesan Spiritual Formation Group, which among other things is planning a diocesan spirituality day in October 2017. Revd Alison Judge joined us in April as Team Vicar, with responsibility for Christ Church and St John the Divine, and has deeply encouraged these churches and the whole team with her ministry. Revd Kate Tuckett, our Assistant Curate, relinquished her temporary responsibility for Christ Church at the end of March; during her time in the parish she has grown in skill and confidence, and we are aware that 2017 is likely to take her in new directions beyond our parish.

Mike Brunt continued to train as a reader and is involved in preaching and leading worship at Christ Church and St John the Divine, Finding Sanctuary, and through our Team Evening Service; we look forward to seeing his developing ministry in the coming years. Matt Selman, an ordinand at Westcott House, Cambridge was on placement in our parish until July, and we were sad to see this time come to an end. Frances Germain, a member of Holy Trinity, completed a year as a non-residential member of the Community of St Anselm, based at Lambeth Palace, and has now become a member of the new Community of St Margaret the Queen in Streatham. We have been pleased to observe the progress of former members of our congregations who left to undertake ordination training: Sarah Dawson was ordained priest in June and is serving her title at St Barnabas, Mitcham; Helen Harknett was ordained deacon in June and is serving her title at the Church of the Holy Spirit, Clapham. We were delighted to sponsor Liz Holder to do the diocesan course *Worship4Today*, training people in different aspects of leading worship. One member of our congregation, Margaret Coles, began the Bishop's Certificate in Discipleship.

After a lengthy vacancy, Christ Church and St John the Divine were pleased to appoint Irene Clugston as Church Musician towards the end of the year; in addition to playing the organ she will collaborate with other musicians to develop and enrich music-making in worship. Gilly McCarthy, Administrator at Holy Trinity, agreed to take on four additional hours per week in order to provide some administrative support to Christ Church and St John the Divine. Holy Trinity agreed during the year to appoint a paid bookkeeper and was pleased to recruit Sue Karney to this role in the Autumn.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

3 Achievements and performance (continued)

Personnel (continued)

The DCCs set rates of pay for employees in accordance with the skills and responsibilities of their roles and with the aim of recruiting and retaining high quality staff; we continue to abide by the commitment made in 2014 to pay no one less than the London Living Wage, as set by the Living Wage Foundation, which was £9.40 / hour in 2016, rising to £9.75 / hour in 2017. The PCC has indicated a wish to become accredited as a Living Wage Employer.

We are very aware that officers and those in licensed or paid roles are only a small part of the ministry of all God's people, and give thanks to God for the many volunteers who contribute to our worship and ministry.

Use of Church Buildings

The PCC has responsibility for the three sites where the churches are situated.

Christ Church: This consists of a church building and a hall building on the same site but not physically connected. The church building is much used by the local community for concerts and community events. The DCC is actively investigating entering into a lease with a Nursery School provider to use the church hall Monday – Fridays; this would be a benefit to the community and bring in valuable income. The DCC is aware of the need to redecorate the interior of Christ Church.

Holy Trinity & St Peter: Within one building, Holy Trinity church has a main worship area, vestry, St Peter's Chapel, committee room, kitchen, church hall, St Cecilia Room; and an area of the church is set aside for quiet prayer. The church is widely used by outside agencies and the DCC has a licence under faculty to allow London Together Korean Church to use the worship area on Sunday afternoons. A quinquennial inspection in December 2016 revealed a number of works that need undertaking. In addition the DCC has identified three projects – refurbishing the kitchen; creating a downstairs chapel, and redecorating the church interior – that it wishes to accomplish in the coming years. During 2016 the church has been increasingly used by hirers for family concerts and has become a venue for a South London Refugee Association weekly drop in centre; during the year the DCC installed an icon of the Holy Family to enhance the prayer space. The Polka Theatre, lease holders of Holy Trinity's former hall, plan a major redevelopment of their premises; most of the additional work is on their freehold property, but we remain actively engaged in liaising with them about this.

St John the Divine: This comprises a church building, lovingly restored around 10 years ago, and a hall building. These are located on separate sites, the hall being on the other side of the road from the church. The proposed redevelopment of High Path estate, which may incorporate the site of the Church Hall continues to be much discussed, and there are preliminary proposals for this development to include a new Church Hall; discussions of the legalities and practicalities around this are ongoing with developers, diocese, and surveyors; there are no final proposals. St John's applied for a faculty to install two further bells in the tower, which has been recommended by the DAC; we expect these to be installed in 2017.

Our churches have not been open to the community as much as we would wish, because of concerns about theft and vandalism. But, in addition to times of worship and other church events, we have opened Christ Church and Holy Trinity on Saturday mornings, when people can come to talk, pray, and have refreshments. The PCC is keen that the facilities are used by the community as much as possible and therefore allows for the hiring of the buildings by community groups at a reduced or no cost basis. This is also supplemented by hiring to private groups on more commercial terms.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

4 Future Plans

Having agreed some modifications to the Mission Action Plan projects during 2016, we will continue to implement this revised plan in 2017. We are particularly aware of the need to strengthen Pastoral Networks, develop the volunteering project at Holy Trinity, continue to support music making, and firmly establish Messy Church. We will engage in a process involving as wide a group of congregation members, DCCs, and PCC as possible in preparing a new Mission Action Plan for 2018-20.

We will continue to encourage engaged and life-giving spirituality, by holding a Holiday Club for children in Holy Week, trialling a modified pattern of worship during Holy Week, and participating in the Week of Prayer, Thy Kingdom Come.

We will engage actively in Merton Citizens, finding different ways of contributing financially and encouraging members to become active in campaign for social justice. Christ Church will further strengthen its link with Christian Care. Holy Trinity will review its commitment to partner projects, with an emphasis on establishing links in which our financial giving is complemented by active participation.

Christ Church will launch a new website, and we will consider what site the team requires and how the different websites will relate to each other. We will implement the new arrangements for the parish office, to give administrative support to St John the Divine and Christ Church. Christ Church hopes to finalise the Nursery Lease agreement, and will consider prayerfully how to employ the extra financial resources this will generate. We plan to bring the bells project at St John the Divine to completion and celebrate this with worship and a party. Holy Trinity will produce a five year proposal for improvements to the church building.

We are aware that this represents only a small part of the work of our churches, much of which is based on an ongoing round of prayer, fellowship, and outreach. We have not tried here to describe these regular activities that go on from year to year – but acknowledge that they occupy much of our energy and bear fruit in deepening relationships with God and one another.

5 Financial Review

Total income for the year increased by 6% to £306,819 (2015: £289,145) as set out in the accompanying financial statements. Of this total, £18,783 was restricted income. Total unrestricted donations and legacies were £206,905 which was a 7% increase over the previous year's figure of £193,150, a very pleasing state of affairs. Unrestricted planned giving from parishioners raised £134,062 in 2016 compared with £123,053 in 2015, an encouraging increase of 9%.

In addition to fundraising activities, important areas of income include planned giving by the three congregations, generous gifts for specific appeals and income from the hire and use of all the churches' facilities. Gift Aid from tax efficient giving totalled £37,529 (2015: £34,308), an increase of 9% over the previous year.

Total expenditure for the year fell by 16% to £293,972 (2015: £351,695), largely because 2015 had seen a number of capital projects completed. Unrestricted expenditure reduced by 5% to £284,446 (2015: £298,195).

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

5 Financial Review (continued)

A major area of expenditure is the PCC's contribution of £149,857 (2015: £151,028) to the Diocesan Parish Support Fund, which pays for our parish clergy and other diocesan resources, as well as a contribution to poorer parishes. The Team as a whole was pleased to contribute £23,539 (2015: £26,169) to missionary and charitable causes, and Holy Trinity transferred its annual charitable tithe for 2016 (£15,200) to a designated fund which will be distributed in 2017.

In summary, we are delighted to report that for the first year since the team was formed in 2009, all three churches achieved a surplus on unrestricted funds in 2016.

In terms of major work on the buildings, Christ Church completed repairs to its organ and St John the Divine paid the deposit for the two remaining bells that will be installed in 2017.

A staff pension scheme was introduced on 1 January 2015, which was well before the PCC's staging date of 1 June 2016. It is available to all employees regardless of salary level and the PCC contributes 4% of gross salary provided the employee also contributes a minimum of 4%.

6 Reserves Policy

The PCC has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets. During 2013 the PCC decided that, given the nature of Merton Priory Team Ministry's work, free reserves should be increased to be equivalent to approximately six months' routine general fund expenditure (previously three months), plus committed future expenditure on other projects, where funds permit. This is held to smooth out fluctuations in cash flow and to meet emergencies. At 31 December 2016, the PCC had net free reserves of £232,272 (2015: £221,625 re-stated) as below, which meets the free reserves requirement of £163,723 (2015: £159,598). The PCC is aware that net free reserves are in excess of the total free reserves requirement. Further details on capital commitments are shown in Note 10.

	2016	2015
	£	£
Total reserves	332,572	316,810
Less: restricted funds	(50,642)	(41,385)
Less: endowment funds	(27,051)	(25,999)
Less: unrestricted tangible fixed assets used the continuing work of the PCC	(22,607)	(27,801)
Net free reserves	232,272	221,625
Free reserves requirement:		
Six months' routine expenditure	142,223	149,098
Anticipated cost of capital works (see Note 10)	21,500	10,500
Total free reserves requirement	163,723	159,598

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

7 Investment Policy

It is the PCC's policy to invest the short-term investment fund balances with the CCLA Church of England Deposit Fund and the remainder with the Charities Aid Foundation investment funds.

8 Volunteers

We would like to thank all the volunteers who work so tirelessly on our behalf to make our churches the lively and vibrant communities they are. As well as those in licensed lay roles, we particularly want to mention all those who work behind the scenes and in the more visible areas of our church life.

9 Structure, governance and management

The Parochial Church Council is a corporate body established by the Church of England. The PCC operates under the Parochial Church Council Powers Measure and is a Registered Charity.

The method of appointment of PCC members is set out in the Church Representation Rules. The PCC consists of 18 elected members, six from Christ Church, six from Holy Trinity and six from St John the Divine, plus the team clergy. During the past year the PCC has met five times. These meetings take place in each of the three churches; an opportunity for us to meet in each church.

A range of issues are discussed during PCC meetings, including considering ministry needs, parish communications and planning for key events in the parish, as well as hearing reports from the individual churches and having oversight of the Mission Action Plans for all three churches. The PCC is responsible for appointing foundation governors to the governing body of Holy Trinity and Priory schools and also has authority for finance across the parish.

The PCC Standing Committee, which consists of the Team Rector, Team Vicar, six churchwardens, secretary and treasurer, has met twice. This group has set the agenda for the PCC meetings and ensured its smooth running. In addition the PCC Business Committee – team clergy, treasurer and secretary – has met to make certain that all aspects of church business are covered.

The PCC complies with diocesan requirements with regard to safeguarding policies and risk assessment. It also complies with statutory requirements with regard to employment, access and health and safety.

10 Key management personnel

Key management personnel are those in charge of directing, controlling, running and operating the charity on a day to day basis. For Merton Priory Team Ministry, these are all the members of the PCC and the three DCCs (District Church Councils).

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

II Administrative information

Parish details

Full name of the Charity: The Parochial Church Council of the Ecclesiastical Parish of Merton Priory

Registered Charity Number: 1134253

Diocese: Southwark, Merton Deanery

Address: Holy Trinity Church, 234 The Broadway, London SW19 1SB

Telephone: 020 8542 1388

Website: www.mertonprioryteam.org.uk

Parish Clergy: Revd Chris Palmer, Team Rector
Revd Alison Judge, Team Vicar (*from 26 April 2016*)
Revd Kate Tuckett, Assistant Curate

Churchwardens: Bruce Warman (*to 24 April 2016*) & Desmond Davies, Christ Church
Liz Horn & Kerry Porritt, Holy Trinity & St Peter
Ann Roberts and Joan Brunt, St John the Divine

Principal Bankers: *Merton Priory PCC, Christ Church and Holy Trinity & St Peter:*
CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling ME19 4JQ

St John the Divine:
NatWest plc, Morden Branch, 4 Crown Lane, Morden, Surrey SM4 5BN

Independent Examiner: John Helm ACA
Simply Churches Ltd
17 Heathville Road
Crouch End
London N19 3AL

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

Parochial Church Council Members from January 2016 to the date this report was signed:

Parish Clergy:	Revd Chris Palmer, Chair Revd Alison Judge (<i>from 26 April 2016</i>) Revd Kate Tuckett	
Churchwardens:	Desmond Davies Bruce Warman (<i>to 24 April 2016</i>) <i>Vacancy (from 25 April 2016)</i> Liz Horn Kerry Porritt Joan Brunt Ann Roberts	Christ Church Christ Church Christ Church Holy Trinity & St Peter Holy Trinity & St Peter St John the Divine St John the Divine
Representatives on Diocesan Synod:	Liz Holder, PCC Treasurer Susan Shriver	Holy Trinity & St Peter Holy Trinity & St Peter
Representatives on Deanery Synod:	Alison Fletcher Rogers Joanne Powell Martin Lyons Clodagh Sherrard Ann Newson Eva Parker	Christ Church Christ Church Holy Trinity & St Peter Holy Trinity & St Peter St John the Divine St John the Divine
PCC Members:	Emma Fraser, PCC Secretary Martin Lee (<i>to 25 February 2016</i>) <i>Vacancy (from 26 February 2016)</i> Richard Clark John Eades Marie Reid <i>Vacancy</i>	Christ Church Christ Church Christ Church Holy Trinity & St Peter Holy Trinity & St Peter St John the Divine St John the Divine

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Annual Report of the PCC for the year ended 31 December 2016

12 Statement of responsibilities of the Parochial Church Council

Law applicable to Parochial Church Councils in England & Wales requires the PCC to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the PCC and of its incoming resources and application of resources for that period. In preparing the financial statements, the PCC is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the PCC will continue in operation for the foreseeable future; and
- observe the methods and principles in the Charities SORP (FRS 102).

13 Independent Examiner

As the income of the Parochial Church Council falls below the audit threshold of £1m, the PCC has elected to have an independent examination rather than an audit of the financial statements. The role of Independent Examiner is a personal appointment and this has been carried out by John Helm. Mr Helm has indicated his willingness to continue in this role and accordingly a resolution will be submitted to the forthcoming Annual Parochial Church Meeting to re-appoint him as the PCC's Independent Examiner for 2017.

Approved by the PCC on 19 April 2017 and signed on their behalf by the Revd Chris Palmer (PCC Chair):

Revd Chris Palmer
PCC Chair

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Independent Examiner's Report to the members of the Parochial Church Council

I report on the accounts for the year ended 31 December 2016 which are set out on pages 18 to 36. The charity's gross income exceeds £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Respective Responsibilities of the Trustees and Independent Examiner

The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commissioners section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of this Report

My examination was carried out in accordance with the General Directions given by the Charity Commission.

An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the PCC concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in a full audit, and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In accordance with my examination, no matters have come to my attention:

- 1) which give me reasonable cause to believe that in any material respect the requirements
 - To keep accounting records in accordance with section 130 of the 2011 Act; or
 - To prepare accounts which accord with these accounting records have not been met; or
- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

John Helm ACA
Simply Churches Ltd
17 Heathville Road
Crouch End
London N19 3AL

Dated:

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Statement of Financial Activities for the year ended 31 December 2016

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	TOTAL 2016 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2015 £
INCOME & ENDOWMENTS FROM:									
Donations and legacies	2.1	206,905	17,296	-	224,201	193,150	15,003	-	208,153
Charitable activities	2.2	9,757	-	-	9,757	10,091	-	-	10,091
Other trading activities	2.3	69,582	1,111	-	70,693	67,600	179	-	67,779
Investments	2.4	1,792	376	-	2,168	2,682	440	-	3,122
TOTAL		288,036	18,783	-	306,819	273,523	15,622	-	289,145
EXPENDITURE ON:									
Raising funds	3.1	2,406	-	-	2,406	2,027	-	-	2,027
Charitable activities	3.2	282,040	9,526	-	291,566	296,168	26,768	26,732	349,668
TOTAL		284,446	9,526	-	293,972	298,195	26,768	26,732	351,695
NET INCOME/(EXPENDITURE)		3,590	9,257	-	12,847	(24,672)	(11,146)	(26,732)	(62,550)
Net gains/(losses) on investments	5.2	1,863	-	1,052	2,915	(1,656)	-	127	(1,529)
Transfers between funds	8.1	-	-	-	-	20,802	-	(20,802)	-
NET MOVEMENT IN FUNDS		5,453	9,257	1,052	15,762	(5,526)	(11,146)	(47,407)	(64,079)
Reconciliation of funds:									
Totals funds brought forward 1 January		249,426	41,385	25,999	316,810	254,952	52,531	73,406	380,889
TOTAL FUNDS CARRIED FORWARD 31 DECEMBER		254,879	50,642	27,051	332,572	249,426	41,385	25,999	316,810

The notes on pages 20-36 form part of these financial statements.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Balance Sheet as at 31 December 2016

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
FIXED ASSETS						
Tangible fixed assets	5.1	22,607	-	-	22,607	27,801
Investments	5.2	43,244	-	10,526	53,770	50,794
		<u>65,851</u>	<u>-</u>	<u>10,526</u>	<u>76,377</u>	<u>78,595</u>
CURRENT ASSETS						
Debtors	6	18,807	17,118	-	35,925	23,530
Cash at bank and in hand		184,299	36,885	16,525	237,709	246,323
		<u>203,106</u>	<u>54,003</u>	<u>16,525</u>	<u>273,634</u>	<u>269,853</u>
CURRENT LIABILITIES						
Creditors: amounts falling due within one year:	7.1					
- Loans		-	(2,000)	-	(2,000)	(2,400)
- Other		(14,078)	(1,361)	-	(15,439)	(27,238)
		<u>189,028</u>	<u>50,642</u>	<u>16,525</u>	<u>256,195</u>	<u>240,215</u>
NET CURRENT ASSETS						
		<u>189,028</u>	<u>50,642</u>	<u>16,525</u>	<u>256,195</u>	<u>240,215</u>
LONG TERM LIABILITIES						
Creditors: amounts falling due after one year:	7.2					
- Loans		-	-	-	-	(2,000)
		<u>254,879</u>	<u>50,642</u>	<u>27,051</u>	<u>332,572</u>	<u>316,810</u>
TOTAL NET ASSETS						
		<u>254,879</u>	<u>50,642</u>	<u>27,051</u>	<u>332,572</u>	<u>316,810</u>
PARISH FUNDS						
Unrestricted Funds:	8					
- PCC General Fund		1,000	-	-	1,000	1,000
- Designated Funds (general)		141,045	-	-	141,045	131,229
- Designated Funds (specific)		112,834	-	-	112,834	117,197
Restricted Funds		-	50,642	-	50,642	41,385
Endowment Funds		-	-	27,051	27,051	25,999
		<u>254,879</u>	<u>50,642</u>	<u>27,051</u>	<u>332,572</u>	<u>316,810</u>
TOTAL PARISH FUNDS						
		<u>254,879</u>	<u>50,642</u>	<u>27,051</u>	<u>332,572</u>	<u>316,810</u>

The financial statements were approved by the PCC and authorised for issue on 19 April 2017 and signed on its behalf by:

Revd Chris Palmer
Team Rector

Liz Holder FMAAT
PCC Treasurer

The notes on pages 20-36 form part of these financial statements.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

I ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102). The financial statements are drawn up on the historical cost basis of accounting except for investment assets, which are shown at market value.

The Parochial Church Council of Merton Priory was formed in May 2009 from the amalgamation of three separate parishes: Christ Church, Colliers Wood; Holy Trinity & St Peter, South Wimbledon; St John the Divine, Merton. These financial statements incorporate the income and expenditure, assets and liabilities of the combined parish, including comparative figures for the previous year. The finances of the three individual churches are maintained separately and have therefore been shown as designated funds within the notes to the financial statements.

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

The PCC meets the definition of a public benefit entity under FRS 102.

Going Concern

There are no material uncertainties about the charity's ability to continue and accordingly the accounts have been drawn up on a going concern basis.

Income Recognition

Voluntary income and donations (including legacies) are accounted for once the PCC has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured. Income from the recovery of tax on gift aided donations is accounted for in the period to which the relevant donation is received. Grant income is recognised on a receivable basis. All income is accounted for gross apart from parochial fees for weddings and funerals, which are accounted for net.

The income from trading activities includes rental income from the letting of church premises which is accounted for when earned. It is shown gross, with any associated costs included in fundraising costs.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

I ACCOUNTING POLICIES (continued)

Expenditure Recognition

Expenditure is accrued as soon as a liability is considered probable, and the amount of obligation can be measured reliably. Longer term liabilities are discounted to present value. The PCC is not registered for VAT and accordingly expenditure includes VAT where appropriate.

Where applicable, expenditure included in Raising Funds includes amounts incurred in obtaining grants and other donations.

Charitable expenditure includes those costs in fulfilling the PCC's principal objects, as outlined in the Report of the PCC. These include grants payable, governance costs and an apportionment of support costs. Grants and donations are accounted for when paid over, or when awarded, if that award creates a binding or constructive obligation on the PCC. The diocesan parish share is accounted for when due. Governance costs comprise all costs involving the public accountability of the PCC and its compliance with regulation and good practice. These costs include costs related to the independent examination and legal fees.

The PCC contributes to employees' pension plans with the Church Workers' Pension Fund (see Note 4.3).

Rentals under operating leases are charged as incurred over the term of the lease.

Tangible Fixed Assets

Consecrated and benefice property of any kind is excluded from the financial statements by Section 10(2)(a) and (c) of the Charities Act 2011.

Moveable church furnishings are held by the team rector and churchwardens on special trust for the PCC. They are considered inalienable property and require a faculty for disposal. They are listed in the churches' inventories, which can be inspected (at any reasonable time). Items are capitalised at cost and depreciated over their useful economic life other than where insufficient cost information is available. Individual items of furnishings with a purchase price of £1,500 or less are written off when the asset is acquired.

Equipment and Fixtures & Fittings and such other functional equipment used on a continuing basis for the work of the PCC is depreciated on a straight-line basis over five years (equipment, currently none held) or ten years (fixtures and fittings). Individual items of equipment and fixtures & fittings with a purchase price of £1,500 or less are written off when the asset is acquired.

Fixed Asset Investments

Investments are valued at market value at 31 December.

Debtors

Debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term deposits with a withdrawal notice period of no more than 90 days.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

I ACCOUNTING POLICIES (continued)

Creditors

Creditors are recognised where the charity has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

Borrowings

The PCC currently has one category of borrowings – a concessionary loan from Southwark Diocese, on which no interest is payable, that is recognised at the amount received.

Fund accounting

The funds held by the charity are either:

Unrestricted general funds that can be used for PCC ordinary purposes. These include funds designated for a particular purpose by the PCC. Apart from the PCC General Fund, all other unrestricted funds are designated to the three individual churches and are therefore reported as designated funds.

Restricted funds represent donations received for a specific object or invited by the PCC for a specific object. The funds may only be expended on the specific object for which they were given. Any balance remaining unspent at the end of each year must be carried forward as a balance on that fund.

The *expendable endowment fund (Holy Trinity & St Peter)* was established following the receipt of a substantial legacy from a parishioner. The terms of the legacy are such that the capital can either be invested or expended in the furtherance of the church's ministry in the parish. It has therefore been accounted for as an expendable endowment. Income arising from the invested funds is credited to unrestricted incoming resources. The *permanent endowment fund (St John the Divine)* was given for building a new church with the remainder to be used (interest only) on the fabric of the church.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

2 INCOME & ENDOWMENTS FROM:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
2.1 Donation and legacies:				
Planned giving:				
- Standing orders	103,900	-	103,900	97,732
- Stewardship envelope scheme	14,829	45	14,874	16,245
- Annual gifts	4,964	-	4,964	-
- Other planned giving (GAYE, CAF etc.)	10,369	-	10,369	9,076
Open plate collections	10,223	1,803	12,026	11,116
Regular gift days	-	-	-	800
One-off Gift Aid gifts	18,399	14,592	32,991	26,200
Donations and appeals	1,242	2,140	3,382	4,404
Tax recoverable on Gift Aid	35,235	2,294	37,529	34,308
Legacies	2,000	-	2,000	602
Non-recurring one-off grants *	-	(3,578)	(3,578)	-
Other funds generated	5,744	-	5,744	7,670
	<hr/>	<hr/>	<hr/>	<hr/>
	206,905	17,296	224,201	208,153
	<hr/>	<hr/>	<hr/>	<hr/>
* <i>St John the Divine repaid two restricted grants to the grant funder in 2016 (see Note 8.2.4)</i>				
2.2 Charitable activities				
Fees for weddings and funerals	4,002	-	4,002	4,970
Church and hall lettings – charitable objectives	5,755	-	5,755	5,121
	<hr/>	<hr/>	<hr/>	<hr/>
	9,757	-	9,757	10,091
	<hr/>	<hr/>	<hr/>	<hr/>
2.3 Other trading activities				
Church and hall lettings - fundraising	61,094	-	61,094	58,406
Fundraising events	8,433	1,111	9,544	9,319
Bookstall sales	55	-	55	54
	<hr/>	<hr/>	<hr/>	<hr/>
	69,582	1,111	70,693	67,779
	<hr/>	<hr/>	<hr/>	<hr/>
2.4 Investments				
Bank interest	1,731	69	1,800	2,714
Dividends	61	307	368	408
	<hr/>	<hr/>	<hr/>	<hr/>
	1,792	376	2,168	3,122
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOME	<hr/> 288,036 <hr/>	<hr/> 18,783 <hr/>	<hr/> 306,819 <hr/>	<hr/> 289,145 <hr/>

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

3 EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
3.1 Raising funds				
Costs of stewardship	332	-	332	402
Costs of fetes and other events	2,074	-	2,074	1,625
	<u>2,406</u>	<u>-</u>	<u>2,406</u>	<u>2,027</u>
3.2 Costs of charitable activities				
Missionary and charitable giving:				
Church overseas & missionary societies	6,400	-	6,400	11,271
Relief and development agencies	3,319	2,149	5,468	2,120
Home mission	3,510	2,949	6,459	8,276
Secular charities	3,990	1,222	5,212	4,502
	<u>17,219</u>	<u>6,320</u>	<u>23,539</u>	<u>26,169</u>
<i>See page 7 for further information on missionary and charitable giving</i>				
Ministry and education:				
Diocesan parish support fund	149,857	-	149,857	151,028
Working expenses of incumbents	2,083	-	2,083	2,447
Assistant staff costs	1,556	-	1,556	1,877
Assistant Curate housing	4,879	-	4,879	4,879
Administrative salaries	15,918	-	15,918	15,606
Child and youth education	461	-	461	380
Adult education	991	-	991	1,097
MP3 Players (<i>parish drama group</i>)	319	-	319	667
Parish training, evangelism and mission	1,611	103	1,714	2,363
Messy church (<i>mission action plan</i>)	-	215	215	299
Upkeep of services	3,856	148	4,004	4,887
Salaried musicians	10,608	-	10,608	14,226
Freelance musicians	2,142	-	2,142	788
	<u>194,281</u>	<u>466</u>	<u>194,747</u>	<u>200,544</u>

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

3 EXPENDITURE (continued)

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Church running costs:				
Insurance	11,121	-	11,121	10,538
Organ and piano tuning	1,657	-	1,657	1,097
Routine maintenance	8,646	448	9,094	10,524
Cleaning	1,935	-	1,935	1,188
Electricity, gas & water	8,866	-	8,866	9,963
Depreciation	5,194	-	5,194	5,194
Upkeep of church gardens	65	-	65	1,125
	<u>37,484</u>	<u>448</u>	<u>37,932</u>	<u>40,329</u>
Administration:				
Stationery, printing & postage	6,133	-	6,133	5,761
Parish office telephones & internet	1,779	-	1,779	1,268
Quinquennial inspections	1,140	-	1,140	-
Contribution to Merton Deanery	334	-	334	334
Payroll services	179	-	179	188
Bookkeeper salary	1,091	-	1,091	-
Computer & website	1,362	-	1,362	647
Recruitment	-	-	-	848
Bank charges	50	(48)	2	17
Miscellaneous expenses	233	-	233	416
	<u>12,301</u>	<u>(48)</u>	<u>12,253</u>	<u>9,479</u>
Governance costs:				
Independent examiner	1,920	-	1,920	1,920
Statutory financial statements	1,200	-	1,200	1,200
	<u>3,120</u>	<u>-</u>	<u>3,120</u>	<u>3,120</u>
Hall running costs:				
Insurance	1,851	-	1,851	1,800
Routine maintenance	3,881	-	3,881	4,602
Salaries of hall cleaners	3,910	-	3,910	3,819
Cleaning contractors & supplies	2,102	-	2,102	1,954
Electricity, gas & water	5,747	-	5,747	6,107
	<u>17,491</u>	<u>-</u>	<u>17,491</u>	<u>18,282</u>

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

3 EXPENDITURE (continued)

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Church major repairs:				
Organ repairs (Christ Church)	144	2,340	2,484	-
Front wall repairs (Christ Church)	-	-	-	25,014
Stonework (Holy Trinity)	-	-	-	26,731
	<hr/> 144	<hr/> 2,340	<hr/> 2,484	<hr/> 51,745
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on charitable activities	<hr/> 282,040	<hr/> 9,526	<hr/> 291,566	<hr/> 349,668
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURE	<hr/> 284,446	<hr/> 9,526	<hr/> 293,972	<hr/> 351,695
	<hr/>	<hr/>	<hr/>	<hr/>

4.1 STAFF COSTS

Included within Expenditure on charitable activities (see note 3 above) are the following staff costs:

	Total 2016	Total 2015
	£	£
Salaries	30,602	32,547
Employer's National Insurance	-	-
Employer's Pension	925	1,104
	<hr/> 31,527	<hr/> 33,651
	<hr/>	<hr/>

These costs include the salaries of members of the PCC/DCCs (and their relatives) totalling £1,955 (2015: £1,903). They exclude the amounts paid to Southwark Diocese for the stipendiary clergy, who are funded through the Parish Support Fund. Employer's National Insurance is covered by the government's Employment Allowance. All staff are paid at least the London Living Wage. Information on the staff pension scheme is given in Note 4.3.

During the year the churches employed various part-time staff, as follows:

- Holy Trinity employed a Parish Administrator (2015: one), two job-share Directors of Music (2015: two job-share), and one Bookkeeper from October 2016 (2015: nil).
- Christ Church and St John the Divine jointly employed an Organist/Music Leader (2015: one), and each church employed a Hall Cleaner (2015: one each).

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

4.2 RELATED PARTIES

Liz Holder, PCC Treasurer and member of the PCC, was paid £1,200 (2015: £1,200) for accountancy services relating to the preparation of the statutory financial statements. This payment was gift-aided back to the PCC.

Jeremy Roberts, related to Ann Roberts, member of the PCC, was paid £200 for musician services at Christ Church (2015: £80).

The expenses of seven (2015: six) members of the PCC/DCCs (and their relatives) amounting to £8,266 (2015: £8,470) in relation to salaries, travel, housing, training and retreats were met by the PCC during the year.

Aggregated unrestricted donations from PCC members totalled £18,777 (2015: £18,160).

4.3 STAFF PENSIONS

Merton Priory PCC participates in the Pension Builder Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2016: £925; 2015: £1,104).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

5 FIXED ASSETS

5.1 Tangible Fixed Assets

		Fixtures & Fittings £
Cost	At 1 January 2016	66,899
	Disposals	-
	Additions at cost	-
	At 31 December 2016	66,899
Depreciation	At 1 January 2016	39,098
	Charge for the year	5,194
	Withdrawn on disposals	-
	At 31 December 2016	44,292
Net Book Value at 31 December 2016		22,607
Net Book Value at 31 December 2015		27,801

Moveable Church Furnishings:

None of the three churches hold any moveable church furnishings purchased since 2001 which are capitalised and depreciated over their useful economic life (see *Accounting Policies, page 21*).

Fixtures & Fittings:

Christ Church: church sound system.

Holy Trinity: church AV system, grand piano, kitchen improvements and the refurbishment of the reception area.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

5 FIXED ASSETS (continued)

5.2 Investments

	Unrestricted Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
Market value 1 January	41,320	9,474	50,794	52,277
Acquisitions at cost - dividends reinvested	61	-	61	46
Unrealised gains/(losses) on revaluation	1,863	1,052	2,915	(1,529)
	<hr/>	<hr/>	<hr/>	<hr/>
Market value 31 December	43,244	10,526	53,770	50,794
	<hr/>	<hr/>	<hr/>	<hr/>
Market value represented by investments in:				
CBF Investment Fund shares	1,747	10,526	12,273	10,987
Charibond Charities Fixed Interest Common Investment Fund shares	31,497	-	31,497	29,807
Polka Theatre – interest in the freehold	10,000	-	10,000	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
	43,244	10,526	53,770	50,794
	<hr/>	<hr/>	<hr/>	<hr/>

CBF Investment Fund shares are held by:

Christ Church:

Trust Fund T0169, held by the Diocese of Southwark as custodian trustee, originated from the sale of a passageway in 1951 for £200. Funds are invested in 85.37 CBF Investment Fund shares with the dividend reinvested.

St John the Divine:

Trust Fund T0046 held by the Diocese of Southwark as custodian trustee. The fund was a permanent endowment (capital) for building a new church with the remainder to be used (interest only) on the fabric of the church.

Charibond Charities Fixed Interest Common Investment Fund is held by **Holy Trinity**: original purchase price £27,734 for 24,426 units. The unit trust invests in government and corporate fixed interest securities.

The Polka Theatre is held by **Holy Trinity**: a nominal figure of the PCC's interest in the freehold of the Polka Theatre (240 The Broadway, London SW19 1SB) which is subject to a long-term lease. This has not been the subject of an independent valuation.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

6 DEBTORS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Tax recoverable	14,569	2,118	16,687	17,202
Accrued income	3,990	-	3,990	5,888
Deposits for church bells	-	15,000	15,000	-
Prepayments and other debtors	248	-	248	440
	<u>18,807</u>	<u>17,118</u>	<u>35,925</u>	<u>23,530</u>

7 CREDITORS

7.1 Amounts falling due within one year

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Accruals	9,760	103	9,863	23,099
Tax creditor	1,577	-	1,577	1,675
Pension creditor	230	-	230	167
Loan due within one year *	-	2,000	2,000	2,400
Other creditors and income received in advance	2,511	1,258	3,769	2,297
	<u>14,078</u>	<u>3,361</u>	<u>17,439</u>	<u>29,638</u>

**7.2 Amounts falling due after
more than one year**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Loan due after more than one year *	-	-	-	2,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>

* An interest free loan of £5,000 was received in 2015 from the Southwark Diocesan Board of Finance towards the repair of the front wall at Christ Church. It is repayable in 25 monthly instalments of £200, the last of which is payable on 1 October 2017.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

8 FUND ANALYSIS

8.1 Fund Summary

	Balance 01/01/16	Income	Expenditure	Transfers	Gains & Losses	Balance 31/12/16
	£	£	£	£	£	£
Unrestricted Funds:						
PCC General Fund	1,000	3,400	(3,400)	-	-	1,000
Designated Funds (General): *						
Christ Church	9,624	56,890	(53,688)	-	173	12,999
Holy Trinity	70,575	188,470	(173,804)	(15,200)	1,690	71,731
St John the Divine	51,030	38,213	(32,928)	-	-	56,315
Designated Funds (Specific): *						
PCC	868	-	(310)	-	-	558
Christ Church	3,432	731	(1,329)	-	-	2,834
Holy Trinity	111,710	332	(18,987)	15,200	-	108,255
St John the Divine	1,187	-	-	-	-	1,187
	249,426	288,036	(284,446)	-	1,863	254,879
Restricted Funds:						
PCC	2,907	820	(1,066)	-	-	2,661
Christ Church	1,993	4,952	(3,659)	-	-	3,286
Holy Trinity	3,709	3,838	(3,887)	-	-	3,660
St John the Divine	32,776	9,173	(914)	-	-	41,035
	41,385	18,783	(9,526)	-	-	50,642
Endowment Funds:						
Holy Trinity (expendable)	14,100	-	-	-	-	14,100
St John the Divine (permanent)	11,899	-	-	-	1,052	12,951
	25,999	-	-	-	1,052	27,051
TOTAL FUNDS	316,810	306,819	(293,972)	-	2,915	332,572

* Designated (General) Funds are funds which have been designated by the PCC to each DCC for unrestricted purposes.
Designated (Specific) Funds are funds which have been designated by each DCC for specific purposes.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

8.2 Individual Church Funds

8.2.1 PCC

	Balance 01/01/16 £	Income £	Expenditure £	Transfers £	Balance 31/12/16 £
Unrestricted Fund	1,000	3,400	(3,400)	-	1,000
Designated Funds (Specific):					
Curate Housing (closed 2016)	310	-	(310)	-	-
MP3 Players	558	-	-	-	558
Restricted Funds:					
Fusion Youth Group	2,539	-	-	-	2,539
Kingston Area Mission Grant	338	-	(216)	-	122
Mission & Charities:					
- Samaritans	30	-	(30)	-	-
- Surrey Churches Preservation Trust	-	820	(820)	-	-
	<u>4,775</u>	<u>4,220</u>	<u>(4,776)</u>	<u>-</u>	<u>4,219</u>

- *Curate Housing*: this fund represents the surplus held in the PCC account in 2012 which was designated to offset the housing rental costs of the stipendiary assistant curate for three years. The fund was closed in 2016.
- *MP3 Players Fund*: each year the Team drama group stages a production where 50% of the surplus is kept by the PCC and 50% designated to help with the costs of future MP3 productions.
- *Fusion Youth Group*: the balance held by Morden Baptist Church when the group was transferred to the Merton Priory Team.
- *Kingston Mission Grant*: a grant originally to offset the costs of additional clergy support for Christ Church and St John the Divine. The Archdeacon of Lambeth agreed that the balance could be used for the Mission Action Plan Messy Church Project at St John the Divine.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

8.2.2 Christ Church, Colliers Wood

	Balance 01/01/16	Income	Expenditure	Transfers	Gains & Losses	Balance 31/12/16
	£	£	£	£	£	£
Designated Fund (General)	9,624	56,890	(53,688)	-	173	12,999
Designated Funds (Specific):						
Fixed Assets Fund	622	-	(208)	-	-	414
Church Fabric Fund	-	-	(670)	-	-	-
Colliwobbles	2,810	731	(1,121)	-	-	2,420
Restricted Funds:						
Church Fabric Fund	-	2,340	(2,340)	-	-	-
Hymn Book Fund	295	-	-	-	-	295
Merton Night Shelters	645	553	(202)	-	-	996
Mission & Charities:						
- Children's Society	360	342	(360)	-	-	342
- Christian Aid	26	147	(26)	-	-	147
- South London Refugee Assoc.	559	-	(559)	-	-	-
- Christian Care	-	1,360	-	-	-	1,360
- Other Charities	108	210	(172)	-	-	146
	<u>15,049</u>	<u>62,573</u>	<u>(58,676)</u>	<u>-</u>	<u>173</u>	<u>19,119</u>

- *Fixed Assets Fund*: the remaining cost of tangible fixed assets, from where they are now depreciated.
- *Colliwobbles*: income from toddler playgroup and associated expenditure. Colliwobbles is a community group and it was never intended that the funds would be used for church purposes. They could, however, be used for church hall expenses as the group is not charged for the use of the hall.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

8.2.3 Holy Trinity & St Peter, South Wimbledon

	Balance 01/01/16	Income	Expenditure	Transfers	Gains & Losses	Balance 31/12/16
	£	£	£	£	£	£
Designated Fund (General)	70,575	188,470	(173,803)	(15,200)	1,690	71,732
Designated Funds (Specific):						
Annual Tithe	14,000	-	(14,000)	15,200	-	15,200
Fixed Assets Fund	27,181	-	(4,988)	-	-	22,193
Legacy Income (church)	69,929	332	-	-	-	70,261
Emergency Disasters Fund	600	-	-	-	-	600
Restricted Funds:						
Merton Night Shelters	987	-	(236)	-	-	751
Mission & Charities:						
- Faith in Action	1	-	-	-	-	1
- Bishop's Lent Call	28	191	(183)	-	-	36
- Olive Trees	1	-	(1)	-	-	-
- Christian Aid (refugee appeal)	1,968	-	(1,968)	-	-	-
- Operation Noah	155	-	(155)	-	-	-
- Joshua Orphan & Community Care	100	-	-	-	-	100
- South London Refugee Assoc.	-	665	(561)	-	-	104
- South London Church Fund	-	235	(188)	-	-	47
- Care 4 Calais	-	2,054	-	-	-	2,054
Flower Fund	-	184	(148)	-	-	36
Junior Church collections for charity	239	209	-	-	-	448
Other Restricted Donations	230	300	(447)	-	-	83
Expendable Endowment Fund:						
Legacy Capital (church)	14,100	-	-	-	-	14,100
	<u>200,094</u>	<u>192,640</u>	<u>(196,678)</u>	<u>-</u>	<u>1,690</u>	<u>197,746</u>

- *Annual Tithe*: Holy Trinity gives away 10% of its unrestricted income, excluding fundraising, to charitable causes each year.
- *Fixed Assets Fund*: the remaining cost of tangible fixed assets, from where they are now depreciated.
- *Legacy Income*: the remaining interest on the Marian Esling Legacy Fund which is designated for capital projects.
- *Junior Church collections*: regular Sunday collections by the children which are sent to a charity of their choice at the end of each year.
- *Other Restricted Donations*: remaining donations for the Prayer Corner in church.
- *Legacy Capital*: the DCC, in consultation with the congregation, decided that 55% of the expendable endowment Marian Esling legacy fund would be given away to charitable organisations over a period of five years, the last year of which was 2013. The remaining 45% of the expendable endowment would be used for urgent capital projects in the church. In 2017, it is anticipated that some of these funds will be put towards 50% of the cost of the kitchen refit and church redecoration, the remaining 50% to be raised from specific fundraising.

THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF MERTON PRIORY

Notes to the Financial Statements for the year ended 31 December 2016

8.2.4 St John the Divine, Merton

	Balance 01/01/16 £	Income £	Expenditure £	Transfers £	Gains & Losses £	Balance 31/12/16 £
Designated Fund (General)	51,030	38,213	(32,928)	-	-	56,315
Designated Funds (Specific):						
Choir Fund	1,187	-	-	-	-	1,187
Restricted Funds:						
Bells Centenary Project	16,934	11,281	(48)	-	-	28,264
High Path Fund (closed 2016)	1,700	(1,700)	-	-	-	-
Thursdays Fund (closed 2016)	1,878	(1,878)	-	-	-	-
Mission & Charities	24	962	(962)	-	-	24
Other Restricted Donations	-	131	-	-	-	131
Mackrell Trust (T0046/income)	12,240	376	-	-	-	12,616
Permanent Endowment Fund:						
Mackrell Trust (T0046/capital)	11,899	-	-	-	1,052	12,951
	<u>96,892</u>	<u>47,386</u>	<u>(33,842)</u>	<u>-</u>	<u>1,052</u>	<u>111,488</u>

- *Choir Fund*: income from weddings where the former choir sang and which was used for choir related expenses. St John the Divine is aware that this fund needs to be reviewed now that the choir has been disbanded.
- *Bells Centenary Project*: the fund represents donations from an appeal set up to enable the church to engage the community and raise money to install an 8-bell peal in time for the church centenary in 2014. This project was started in 2013 and a 6-bell peal was completed in 2014. Fundraising is continuing for the remaining two bells which it is anticipated will be installed during 2017.
- *High Path Fund*: diocesan grant obtained by the previous Team Vicar for meetings on the High Path estate. No alternative use could be agreed with Southwark Diocese and the funds were returned at the end of 2016.
- *Thursdays Fund*: diocesan grant obtained by the previous Team Vicar for the benefit of parents and pre-school children on the High Path Estate. No alternative use could be agreed with Southwark Diocese and the funds were returned at the end of 2016.
- *Other Restricted Donations*: donations for a new church noticeboard which should be installed during 2017.
- *Mackrell Trust (T0046)*: an ancient permanent endowment for building a new church, held by the Diocese of Southwark as custodian trustee. The capital is not available for use but the interest may be used on the maintenance and repair of the church.

**THE PAROCHIAL CHURCH COUNCIL OF THE ECCLESIASTICAL PARISH OF
MERTON PRIORY**

Notes to the Financial Statements for the year ended 31 December 2016

9 OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable:

	2016	2015
	£	£
Not later than one year	162	1,578
Later than one year and not later than five years	3,670	168
	<u>3,832</u>	<u>1,746</u>

10 CAPITAL COMMITMENTS

The PCC has the following capital commitments, which it expects to complete in the next year:

	Expected Cost	Unrestricted Funds	Restricted Funds	Endowment Funds
	£	£	£	£
Christ Church				
No capital works planned for 2017	-	-	-	-
Holy Trinity				
Quinquennial works from inspection 2016	10,000	10,000	-	-
Kitchen refit	15,000	7,500	-	7,500
Redecoration	8,000	4,000	-	4,000
St John the Divine				
Bells – Phase 2	12,970	-	12,970	-
	<u>45,970</u>	<u>21,500</u>	<u>12,970</u>	<u>11,500</u>