

**Parish of St. Peter and the Winchester Martyrs**

**Parish Financial Report**

**for the financial year ended 31<sup>st</sup> August 2019**

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**Letter from the Parish Priest**

Dear Parishioners,

***Bringing people closer to Jesus Christ in HOPE and JOY***

I am delighted to be able to offer for your information the Parish Financial Report for the financial year ended 31st August 2019 which has been prepared on my behalf by the Parish Finance and Property Advisory Committee.

As we look ahead over these next few years, our common mission continues to be: **Bringing people closer to Jesus Christ in hope and joy.**

The parish of St Peter and the Winchester Martyrs is a wonderful community in so many ways. We have also been blessed with even greater potential, yet to be released, in order that we may become the parish God is calling us to be: to be a community where people flourish and blossom, where any visitor will see that we are filled with hope and brimming over with joy.

Jesus alone has the power to transform lives; perform miracles; offer meaning and purpose and hope for people's lives. This is why we need to keep coming closer to Him ourselves for healing and grace and why we want others to encounter Him too.

There are so many wonderful things about our parish. And yet I know we are capable, with God's help, of so much more. And so much more is needed so that we can help prevent people drifting away from Christ and His Church and attract others towards His embrace. That is why, as many of you will know, I have asked for support and help from the Divine Renovation (DR) Network which has had great success in helping parishes like ours become a more dynamic faith community.

***Sharing the Vision***

I have shared with many of you that the vision, which I believe God has placed in my heart, is rooted in the healing of the paralysed man in the second chapter of St Mark's Gospel. What might our community look like in five years' time if we are being faithful to that call?

What positive impact might we have on the wider community if our parish focussed on **bringing people closer to Jesus Christ in hope and joy?**

Bringing people closer to Jesus Christ is something we, as individuals, families, ministry groups, our school, and the parish as a whole, are called to do, just as those four men worked together to bring their paralysed friend to Jesus. And we need to allow others to bring us closer to Jesus too.

Do you, with me, want our parish to be a place of reconciliation and healing for all? Do you, with me, want **Jesus to heal our souls and bodies and restore our broken lives by the power of the Holy Spirit?**

In the episode with the paralysed man, Jesus heals the man's soul first through the gift of forgiveness and only then, seemingly in response to the grumblings of the assembled scribes, does he heal him physically. I'm in deep need of healing myself and I've yet to meet anyone in this parish (or elsewhere) who doesn't need God's healing in some way. This will ultimately be through the future resurrection of our bodies but, even now in our parish, God is, and will be, bringing about extraordinary healing in us and in countless others as yet unknown.

We want to be able to do all this together, by the help and grace of God, and so that is why I am so grateful when we are able to put our common gifts – our time, talents and our treasure amongst others – at the service of the mission.

Alongside all the wonderful ministries and activities that are well established, and which I hope will continue to blossom and flourish, our focus is on developing some key “stepping stones” to help us on the journey to achieve our vision.

**Alpha** which over a hundred of you have already experienced, is our primary “tool”, to help us do the main thing of bringing people closer to Jesus Christ in hope and joy and to develop a culture of hospitality;

**Small or Medium-Sized Groups** – where we can come to know each other's name and story and where everyone experiences love and support on their pilgrimage of faith;

**Ministry** – each and every one of us has the opportunity to love as Christ loves and serve as Christ serves, through our various ministries and teams. Here especially is where we recognise Christ in the lost, poor and needy and overcome all obstacles in bringing them to the feet of Christ; where everyone has the opportunity to love as Christ loves and serve as Christ serves.

**Discipleship Groups** – these are the various ways in which the young and not-so-young can gather to sit at the feet of Christ, to learn more about Jesus and know him better and grow in love for him through prayer and reflection;

**Prayer and Sacraments** – all of this leads to the source and summit of our faith, which is to discover, rediscover and savour the presence of Christ in his Church - in the sacraments and in our daily prayer, in private and in each other.

### ***Stewardship of Our Earthly Treasure***

We cannot fulfil our mission without financial resources and for this we rely on your generous financial giving. I am deeply conscious that as parishioners you have a direct interest in the financial well-being of this Parish and the proper stewardship of your earthly treasure. As a large parish - with over 1,000 people coming through the doors of our four church buildings each week, a wide variety of ministries and responsibility for a varied property estate including heritage buildings - our financial affairs are quite involved. The Financial Report is intended to show where our income has come from, how and where it has been spent during the financial year concerned and our closing financial position at the year-end.

I do hope you find this report informative and useful. We will be holding an open meeting when members of the Parish Finance and Property Advisory Committee will be presenting this Parish Financial Report and you will have the opportunity to ask questions about the Parish finances. You are warmly invited to attend the meeting which will take place in the Pastoral Centre at 6:30pm on Friday 27<sup>th</sup> March.

In closing, I would like once again to express my sincere gratitude to all of you for the great support that you continue to give to me personally and to the wider mission of the parish - financially and, just as importantly, by the giving of time, talents and prayers for the various ministries that enrich our whole parish community. All that we are doing has this one simple purpose: bringing people closer to Jesus Christ in hope and joy. I know that by focussing our efforts and our resources on this vital mission we are already seeing, and will continue to witness, wonderful transformation in people's lives and amazing healing of souls, hearts and bodies by the power of the Holy Spirit.

Thank you for all you are doing to help make this journey possible.

With every blessing,

Fr. Mark Hogan  
12<sup>th</sup> March 2020

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*This financial report has been prepared as an information document for parishioners of The Parish of St. Peter and the Winchester Martyrs. The Parish does not publish individual statutory accounts as for legal and accounting purposes it is part of the Roman Catholic Diocese of Portsmouth and its detailed financial transactions are included within the annual consolidated accounts of the Diocese.*

**Parish of St. Peter and the Winchester Martyrs**

<b>FINANCIAL STATEMENT - YEAR ENDED 31<sup>st</sup> AUGUST</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>ORDINARY PARISH INCOME</b>			
Offerings	249,200	248,769	256,379
Donations	18,390	14,499	14,496
Gift Aid tax refunds	65,018	47,465	51,344
Divine Renovation hypothecated income	11,859	1,500	-
Hall and room hire	24,834	35,146	25,664
Other ordinary income	6,736	6,701	8,689
Sub-total	<u>376,037</u>	<u>354,080</u>	<u>356,572</u>
<b>RENTAL PROPERTY INCOME</b>			
Rents received	186,488	170,454	194,971
Professional fees and insurance	-26,955	-27,671	-23,778
Repairs and maintenance	-35,964	-31,541	-39,342
Other operating costs	-3,015	-3,390	-2,282
Sub-total	<u>120,554</u>	<u>107,852</u>	<u>129,569</u>
<b>ORDINARY PARISH EXPENDITURE</b>			
Diocesan levy	-103,927	-110,085	-113,121
Staff costs	-135,241	-154,059	-146,012
Clergy costs	-36,783	-36,644	-31,571
Divine Renovation costs	-11,851	-9,655	-
Liturgy and worship costs	-15,727	-18,317	-25,296
Repairs and maintenance	-61,707	-65,680	-55,525
Utility charges	-23,153	-33,586	-33,606
Other operating costs	-10,839	-19,877	-11,296
General administration	-37,385	-43,743	-43,420
Insurance premiums	-11,582	-11,962	-11,028
Community activities	-30,169	-46,022	-38,097
Faith activities	-7,964	-5,758	-4,355
Other ordinary expenditure	-504	-5,956	-5,763
Sub-total	<u>-486,832</u>	<u>-561,344</u>	<u>-519,090</u>
<b>ORDINARY PARISH SURPLUS/(DEFICIT)</b>	9,759	-99,412	-32,949
<b>OTHER INCOME/(EXPENDITURE)</b>			
Legacies received	29,037	1,061	28,808
Exceptional property costs	-	-255,251	-308,956
Other exceptional income/(costs) net	-6,417	-14,375	79,343
Sub-total	<u>22,620</u>	<u>-268,565</u>	<u>-200,805</u>
<b>NET INCREASE/(DECREASE) IN RESERVES</b>	32,379	-367,977	-233,754
Opening reserves	11,265	379,242	612,996
<b>TOTAL CLOSING RESERVES</b>	<u>43,644</u>	<u>11,265</u>	<u>379,242</u>
<b>FINANCIAL POSITION AT YEAR-END</b>			
Net current assets	168,925	11,265	379,242
Income reserves	-16,451	-19,793	220,796
Legacy funds	35,037	6,000	133,388
Diocesan Living Our Faith funds	25,058	25,058	25,058
Reserves sub-total	<u>43,644</u>	<u>11,265</u>	<u>379,242</u>
Diocesan loan	125,281	-	-
Total reserves and loan funds	<u>168,925</u>	<u>11,265</u>	<u>379,242</u>

## Notes to the Financial Statement

### Summary

There was a £9,759 surplus of ordinary income over expenditure for the financial year ended 31<sup>st</sup> August 2019 (including rental property net income) compared to an aggregate ordinary deficit of £132,361 for the previous two financial years.

Additionally, other net income (relating to legacies and exceptional items) was £22,620 in the year compared to aggregate other net expenditure of £469,370 for the previous two years.

This resulted in a net increase in reserves of £32,379 in the year compared to an aggregate decrease in reserves of £601,731 over the previous two years.

Accordingly, total Parish reserves closed 31<sup>st</sup> August 2019 at £43,644 (31<sup>st</sup> August 2018: £11,265). In addition, during the financial year the Diocese provided the Parish with a term loan of £125,281 resulting in total reserves and loan funds of £168,925 at the year-end (2018: £11,265).

### Ordinary parish income

Total ordinary parish income at £376,037 was £21,957 (6%) higher than the previous year (2018: £354,080):

**Offerings** for the Parish at £249,200 were basically flat compared to the previous year (2018: £248,769) and have actually declined since 2017 (£256,379). These offerings comprise:

Type of offering:	2018/19	2017/18	2016/17
	£	£	£
Planned-giving (standing orders and direct debits)	180,981	174,849	176,558
Offertory collections – Gift Aid envelopes	13,242	13,735	18,910
Offertory collections – other	54,977	60,185	60,911
Total Parish offerings	<u>249,200</u>	<u>248,769</u>	<u>256,379</u>

While there has been a modest increase in planned-giving this has not been sufficient to compensate for the decline in envelope and other collections offerings.

The above figures do not include special collections – regular retiring collections and other charity appeals – as these are not Parish income and are paid on in full to the respective beneficiaries. Our Parishioners give generously to these collections and appeals as summarised below:

Special collections:	2018/19	2017/18	2016/17
	£	£	£
Diocesan second (retiring) collections	12,642	17,329	11,822
CAFOD	7,450	6,177	9,184
Covenant With The Poor (CWP)	18,664	16,753	23,082
SVP	2,729	1,529	3,641
Other charity appeals	7,321	8,687	165
Total special collections	<u>48,806</u>	<u>50,475</u>	<u>47,894</u>

**Donations** - which are occasional substantial lump sum gifts by parishioners and other donors - at £18,390 were £3,891 (27%) more than the previous year (2018: £14,499). All three years' figures include a private charitable trust donation of £12,500.

**Gift Aid tax refunds** amounted to £65,018 (2018: £47,465) the £17,553 increase over the previous year being mainly the result of catching up on an outstanding quarter's Gift Aid. Having now caught up, Gift Aid tax refunds for the current year are expected to revert to more normal levels.

**Divine Renovation** hypothecated income of £11,859 (2018: £1,500) is specifically pledged funding from the Diocese Living Our Faith fund and private donors for costs related to the Divine Renovation ministry. This funding is mainly received as lump sum payments which are held in reserve and released to income as necessary to cover actual Divine Renovation costs incurred.

**Hall and room hire income** - from the Pastoral Centre hall and meeting rooms, the Milner Hall and St. Gregory's Pastoral Centre - after a surge in 2017/18 to £35,146 (which included some substantial non-recurring hires e.g. English language school classes) hire income fell back to £24,834 in 2018/19 - a similar level to 2016/17.

**Other ordinary income** of £6,736 (2017/18: £6,701) mainly comprises votives box donations (net of votive candle costs) and interest on funds invested in Diocesan deposits.

### **Rental property income**

Rental properties net income at £120,554 (2018: £107,852) represents the rents received from the Parish's portfolio - flats at 8 and 9 St. Peter Street, flats and office premises at 29 Jewry Street (The Old Presbytery), Cemetery Cottage, and the former Alresford Presbytery - after deduction of related expenses, mainly repairs and maintenance and professional fees. The £12,702 (12%) increase in net income over the previous year reflected fewer tenancy changes and letting voids in the year. Rents received increased by £16,034 (9%) while expenses were just £3,332 (5%) higher.

### **Ordinary parish expenditure**

Total ordinary parish expenditure at £486,832 was £74,512 (13%) less than the previous year (2018: £561,344):

**Diocesan levy** at £103,927 was £6,158 less than the previous year (2018: £110,085). All parishes in the Diocese are subject to the levy – essentially a contribution to central costs – of 25% of their income (less levy-free allowances for certain categories of income). Each year's levy is calculated by reference to the parish income of two years ago.

**Staff costs** at £135,241 were £18,818 (12%) less than the previous year (2018: £154,059). This cost covers the whole Parish staff team – pastoral workers, sacristy, housekeeping, facilities management, finance and general administration.

**Clergy costs** – comprising our priests' stipends, supply priest fees, travel, living costs and training - at £36,783 were virtually unchanged (2018: £36,644).

**Divine Renovation costs** of £11,851 increased by £2,196 (2018: £9,655) mainly relating to additional events. These costs relate specifically to implementation of Divine Renovation principles and are fully covered by hypothecated income, as noted above.

**Liturgy and worship costs** - comprising altar supplies (communion wafers, candles, incense), flowers, and liturgy and music expenses - at £15,727 (2018: £18,317) decreased by £2,590 (14%) mainly reflecting reduced purchases of altar supplies after re-stocking in the previous year.

**Repairs and maintenance costs** at £61,707 were slightly down on the previous year (2018: £65,680). These costs cover planned and regulatory maintenance (including cleaning and gardening), routine repairs and non-routine repairs for all Parish facilities and grounds (the four churches, St. Peter's Pastoral Centre, Peterhouse, St. Gregory's hall, Milner Hall, Convent (White House) and St. James Cemetery).

**Utility charges** of £23,153 (2018: £33,586) are for heating, lighting and water supply to the Parish churches and other facilities. The favourable variance mainly results from refunds received in the year in respect of excess charges in the prior year due to estimated meter readings.

**Other operating costs** of £10,839 (2018: £19,877) includes council tax charges on Parish facilities and miscellaneous furniture and equipment costs.

**General administration** expenditure of £37,385 (2018: £43,743) covers telephone, IT costs, printing, postage, stationery and travel expenses. The £6,358 reduction from last year is mainly due to lower printing and photocopying and IT costs.

**Insurance premiums** of £11,582 (2018: £11,962) relate to the all-risks insurance policy arranged by the Diocese and their insurance brokers (buildings, contents, public liability etc.).

**Community activities** expenditure of £30,169 (2018: £46,022) includes Parish event costs, donations to the SVP and other local community charities and a contribution towards St. Peter's Primary School pupil transport costs. Commitments in this area were reduced in the year in line with our budget constraints.

**Faith activities** expenditure of £7,964 (2018: £5,758) covers faith training/courses and books, First Communion preparation, youth faith activities, Alpha courses, family catechesis and neighbourhood groups. The £2,206 increase over prior year is mainly accounted for by expansion of Alpha courses (net of specific donations made at Alpha sessions).

#### **Other income/(expenditure) analysis**

Item description:	2018/19	2017/18	2016/17
	£	£	£
Legacies received	29,037	1,061	28,808
Milner Hall repair and refurbishment costs	-	-246,543	-179,013
St. Peter's north boundary wall repair costs	-	-8,708	-115,503
St. James Cemetery wall repair costs	-	-	-14,440
Net proceeds from sale of Weeke site	-	-	1,021,332
Pastoral Centre construction loan repayment	-	-	-929,014
Quinquennial properties survey fees	-9,300	-	-
Other exceptional income/(costs) net	2,883	-14,375	-12,975
Net other income/(expenditure)	22,620	-268,565	-200,805

#### **Financial position at year-end**

Total reserves increased by £32,379 in the year to close 31<sup>st</sup> August 2019 at £43,644 (31<sup>st</sup> August 2018: £11,265). In addition, in October 2018 the Diocese provided the Parish with a term loan of £125,281 to partially finance the costs incurred in the prior year on repairing and refurbishing the Milner Hall. This loan is repayable from July 2021 over 4 years (48 monthly repayment instalments).

Total reserves and loan funds therefore amounted to £168,925 at the year-end (2018: £11,265) represented by net current assets (cash and bank balances net of current liabilities).

## Looking ahead

The Parish financial plan for the current financial year ending 31<sup>st</sup> August 2020 is for a balanced budget i.e. for total income to cover total expenditure, with some key considerations being:

- sufficient funding has already been secured for all of this year's Divine Renovation costs - including a salaried Director of Evangelisation and Leadership from March 2020 - and partly secured for the following year's projected costs (this includes some funding from the diocesan Living Our Faith fund).
- the budget includes the expanded series of Alpha sessions, partly funded by participants' donations.
- planned giving income is expected to increase by 6% as a the full-year effect of the giving appeal in June 2019 feeds through.
- there will be increased focus on increasing revenue from hiring out our halls and meeting rooms to ensure we are maximising returns on our property assets (always subject to Parish needs taking priority).
- net rental income is expected to increase by 8% on last year with reduced letting voids, some rent increases and letting of the Alresford Presbytery for part of the year.
- donations to local charitable organisations will be considered carefully and will be subject to availability of funds after meeting Parish expenditure obligations. In some cases, specific appeals at Masses on behalf of such charities may be considered instead.
- the budget includes a number of essential, non-routine, repair and maintenance projects in the year including repairs to St. Gregory's car park, access paths and hall which will be partly financed from funds generated by St. Gregory's parishioners' fundraising events in recent years.
- operating expenditures will continue to be carefully managed by the respective budget-holders and savings made wherever possible.

However, as well as the challenge of funding the day-to-day costs of running the Parish including the implementation of Divine Renovation principles, the quinquennial survey of Parish properties conducted by independent professional surveyors in 2019 has identified potential repair costs of some £500,000 over the next five years (including the current year). This includes approximately £200,000 for the rental properties – key income generating assets to the Parish that need to be properly maintained. The Finance and Property Advisory Committee is actively engaged in identifying and evaluating various options to address this major financial challenge while a separate working group has been formulating options for the Convent (White House) specifically.

Our strategic financial aim is to build up reserves to enable us to respond to any major or unforeseen funding requirements. To achieve this, we will seek to: progressively grow the level of planned giving and other sources of income; utilise our property assets (rental properties, halls and rooms) as fully as possible to generate income; continue to carefully control costs.

Finally, as we are increasingly becoming a 'cashless society' so our Parish, in common with many others, is experiencing a steady decline in cash offertory collections at our Masses. Therefore, we are looking into possible ways of introducing a contactless card payment options as well as encouraging parishioners who prefer to give on an ad-hoc basis to use our numbered envelopes scheme.

*Prepared and issued by the Parish Finance and Property Advisory Committee – 12<sup>th</sup> March 2020*