



Newhaven Church Congregation

Treasurer's Report and Annual Account Summary for 2010



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1. Overview

As a departure from the approach adopted for the 2009 report, this report covers all financial activities within the church, combining (i) routine giving and expenditure; (ii) the "Development Fund" (pertinent to the move into new premises, and its aftermath); (iii) Newhaven Connections Café; and (iv) income from hall hire, miscellaneous gifts and investments.



The Church of Scotland and the Scottish Charity Regulator view all these parts as a single entity, and this report mirrors that. As part of that entity, the Newhaven Connections Café in particular has had a very good year despite the enforced closure due to inclement weather. Not only is it an excellent outreach into the local community, but it is profitable. Thanks are due to the Café Manager and Assistant, and to the many volunteers who have been serving the community in this way.

2010 income rose compared with 2009 despite a drop in investment income due to the economic downturn. The legacy of the move into new premises saw considerable expenditure from the Development Fund during 2009, so it was inevitable that 2010 expenditure would be less. However, even when you ignore the Development Fund, **2010 expenditure was lower than 2009.** The net effect of increased income and reduced expenditure resulted in a surplus of **£10,892.**

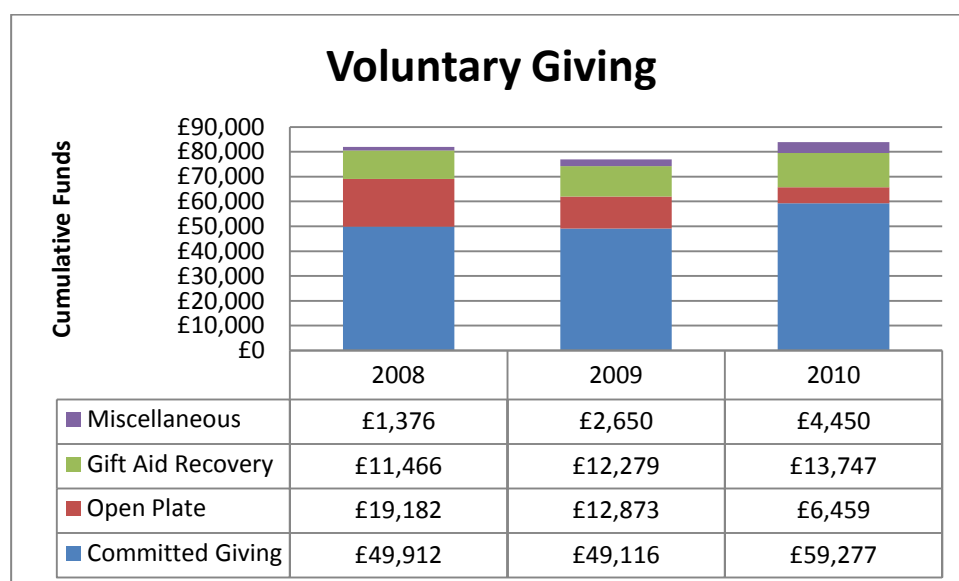
2. Where the money came from

2.1 Most of our income came from **voluntary giving**. You are a congregation of givers, and the great majority of giving is via one or other of the two ways that enable us to reclaim tax: Banker's Order or the Freewill Offering Envelope scheme. The government has long since decreed that for every £10 you give out of taxed income, HMRC will refund us £2.80 (dropping to £2.50 on 06/04/2011). The Gift Aid repayments we receive from HMRC are a valuable and necessary aspect of our solvency.

You gave **£70,186** to the church (2009: £63,014).

We recovered **£13,747** in tax (2009: £12,279).

Total **£83,933** (2009: £75,293), an increase of just under **11%**.



(A further Gift Aid recovery—not shown above—of £7,069 had been made in 2009 in respect of late claims from the Development Fund for 2006–2009).

2.2 The next most important source of income by value is **Newhaven Connections Café**. The increasing popularity of the Café is reflected in a near **20%** increase in turnover compared with 2009.

Newhaven Connections customers paid **£36,686** for their meals (2009: £30,708).

A grant of **£2,500** from the Church of Scotland was received in both years (this will not be repeated in subsequent years).

2.3 Just as important, but of less value are the **hire of our premises, occasional gifts and income from funds retained on our behalf centrally at Church of Scotland**. The premises hire is a service to the community, since our rates are well below commercial rates. The interest payments have dropped significantly but are expected to rise as the economy recovers.

Premises hire brought in **£2,963** (2009: £1,785).

Income from investments provided **£1,157** (2009: £3,567).

Gifts and other income amounted to **£1,165** (2009: £2,650).

Total in this category **£5,285** (2009: £8,002), a **decrease of 34%**.

Thus **Total Incoming Resources** amounted to **£83,933 + £36,686 + £2,500 + £5,285 = £128,404**.

The comparable sum for 2009 was £75,293 + £7,069 + £30,708 + £2,500 + £8,002 = **£123,572**.

The increase in total income was therefore just under **4%**.

3. **What we spent it on**

3.1 We are required to contribute to the **Church of Scotland centrally**, and to the **Edinburgh Presbytery locally**. The Church of Scotland is our Minister's employer, and it has missionary



commitments too for sharing the Gospel through the work of the Church, to which we willingly contribute. The scheme is fair because larger churches are expected to subsidise smaller ones, with central levies based on a rolling average of income in previous years. We contributed **£48,672 to the Ministry and Mission Fund and Edinburgh Presbytery** (2009: £48,163). A minimal increase.

3.2 The next big outlay is **Newhaven Connections costs** which break down as follows:

Salaries **£19,961** (2009: £18,106).

Supplies **£9,852** (2009: £15,164) — a very significant reduction on 2009.

Repairs & equipment **£1,638** (2009: £2,115).

Total **£31,451** (2009: £35,385). A reduction of **11%**. Even without the grant (see section 2.2), Newhaven Connections made a profit on turnover of **(36,686 – 31,451)/366.86 = 14.3%**.



3.3 This is followed in order of size by Fabric (Church and Manse). Expenditure was **£4,953** (2009: £4,547), with a substantial proportion spent on redecoration and exterior repairs to the church building. As a result of a recent Kirk Session decision, improvements to the Manse undertaken in 2009, not funded at the time by the Church—and not shown in the 2009 accounts as a creditor—are now to be paid. This will become a charge on 2011 in the sum of £8,975.



This affects the comparison in the foregoing paragraph, where 2009 Fabric expenditure would have been £13,522 if the decision to fund these works had been made at the time that they were commissioned.

3.4 **Salary costs for Cleaner and Caretaker** were slightly up, mainly due to the annual increment and increased hours worked by the Caretaker. **Total for both: £7,150** (2009: £6,495).



3.5 **Heat and light costs** were down for the second year running, although it is likely that they will rise again in 2011. **£4,564** (2009: £4,905).

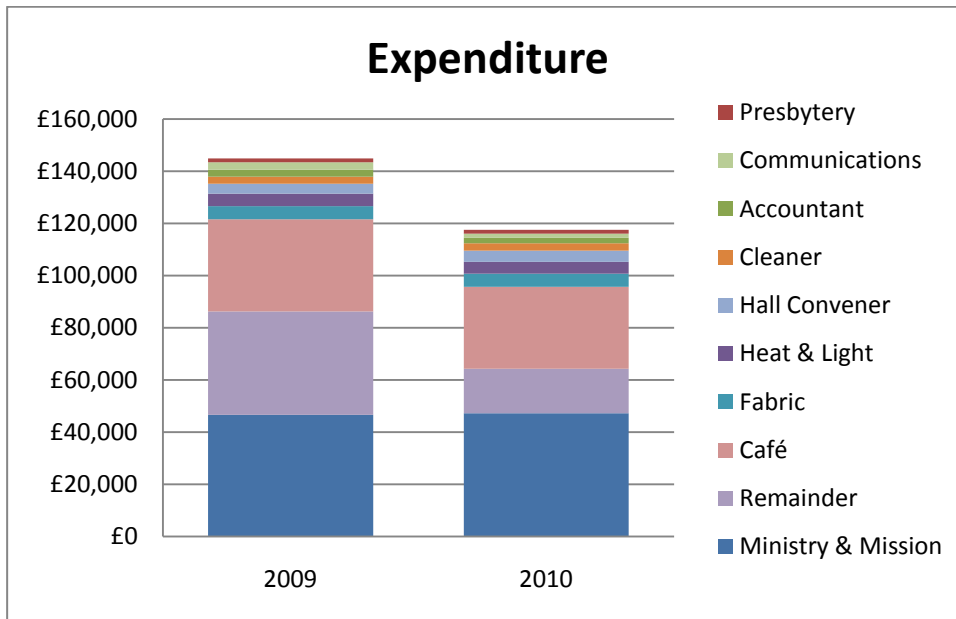


3.6 **The Worship Group** was able to buy a new piano and Sound Console for **£2,675**. This was well within agreed budget, and was a sensible move, bearing in mind the forecast VAT increase for 2011.



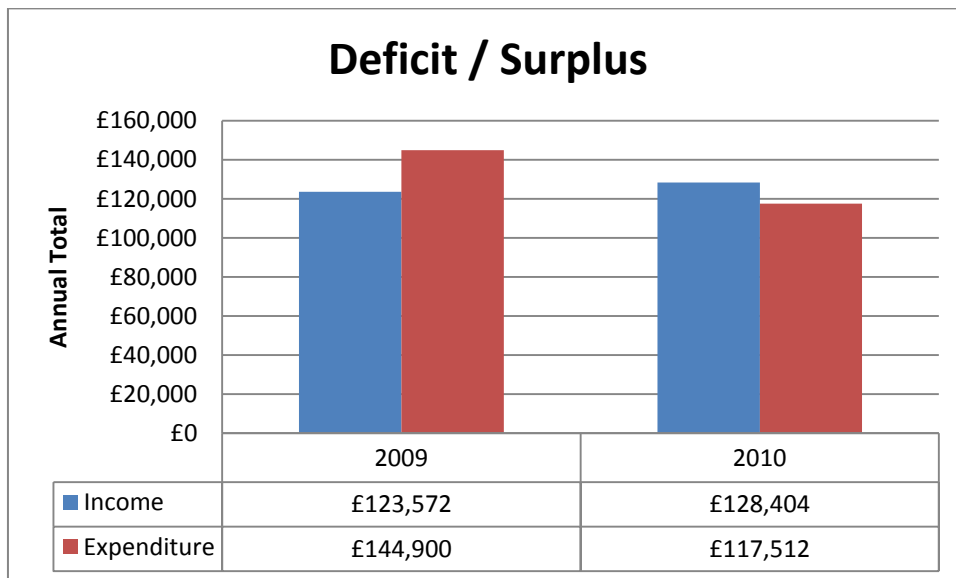
3.7 **Website, Broadband and other communications costs of £1,531** were well down on 2009 (£2,791).

3.8 Taking all of the above into account, together with Insurance, Security, Manse running costs, Independent Examiner’s fee, Music Licences & Books, the **Total Resources Expended** were **£117,512** (2009: £144,900).



4. The Outcome

The 2010 surplus is **£128,404 - £117,512 = £10,892**. (2009 loss: £123,572 - £144,900 = -£21,328). The latter is explained by significant expenditure from the Development Fund in 2009 to finance the acoustic coating on the ceilings, and other improvement work.



5. Investments held on behalf of the Church

5.1 The Church of Scotland allocates units in (i) a Growth Fund; and (ii) an Income Fund on behalf of participating churches. Newhaven Church has shares in each, which pay us income. We also hold Government stocks from prior bequests. The market value of these stocks and shares varies with the financial market, and stood at **£23,831** on 31 December 2010, further recovering some of the fall in value during 2008 (31/12/2007: £27,064; 31/12/2008: £20,152; 31/12/2009: £22,278). We withdrew no capital during 2010, consistent with good practice while the financial market is depressed.



5.2 There are two other funds held at Church of Scotland on behalf of Newhaven Church. They appear in Church of Scotland's accounts, and not our own. These resulted from the sale of the old Manse, offset by the cost of building the church and halls, and relate to the Development Fund. One is an interest-bearing fund, and one is a deposit account. Neither is influenced by market fluctuations. Amounts held are:

5.2.1 **Interest bearing account No: 500100681**

Opening balance: £62,983

Closing balance (after interest added): **£64,008**

5.2.2 **Deposit account No: 560100682 (C of S Investors' Trust Deposit Fund)**

Opening balance: **£7,364.** (This account was significantly depleted in 2009 when development funds were drawn down).

Closing balance: **£7,364.** (No change in 2010).

6. Performance against 2010 Financial Plan

A year ago it was reported that income from all sources was down on 2008 by 7%, with income and outgoings (aside from the Development Fund) running at break even. At the same time—in the 2010 budget—we planned for a £10,000 increase in expenditure, primarily to fund the purchase of a new piano and sound console, and improvements in the Manse (subject to Session approval). This was unlikely to be sustainable at prevailing income levels, and an exercise was mounted later in the year with a view to drawing attention to our two Gift Aid schemes.



Didn't you do well!

It is surely an answer to prayer that we have been able to turn the position around during 2010, with income up and expenditure down. Newhaven Connections Café has been a great help with their increased profitability, and voluntary giving with associated Gift Aid increased by a healthy 11%. Nearly £60,000 of our expenditure is fixed and unavoidable (Dues to Church of Scotland, Heat & Light, Accountant, Performance Licences etc.). Hence, a modest percentage increase in income can bring about a significant percentage increase in funds available for use on discretionary church expenses. That is indeed what happened.

7. 2011 Financial Plan (Appendix)

One exceptional expense concerns prior refurbishment work on the Manse (£8,975). Otherwise the figures are routine without any planned capital expenditure. A provision has been put under Mission & Outreach to fund materials for a further Alpha course, and any as yet unplanned outreach exercise. There will be some costs to replace the sound equipment which disappeared in December 2010 and is not covered by insurance. It is hoped that this will be absorbed by Worship Group contingency. The total planned expenditure amounts to £90,135. If 2010 income levels are maintained, they will exceed outgoings in 2011.



8. Congregational giving to Worthy Causes

As a direct result of your generosity, you, the Congregation, gave to the following charities, over and above your giving to Newhaven Church. Newhaven Church merely acted as agent.

- Erskine Hospital (Christmas offerings) £250
- Interserve (support for the Fucellas), partly from Church funds £1,140
- Siloam Christian Ministries (Stanley Kiruthi's education in Kenya) £480
- Christian Aid £732
- Tear Fund £418
- Disasters Emergency Committee (Haiti disaster) £738
- United Christian Broadcasters £162



Stanley Kiruthi

Nick Timmins
Newhaven Church Treasurer
19 March 2011

Appendix

2011 FINANCIAL PLAN													
Charitable Activities (CofS Categories)	Sub-categories for Church Use	Worship	Education	Comms.	M & O	Pastoral	Social	F & S	Fabric	Operations	A & W	Total	Comment
1. General													
Ministries & Mission Allocation								47,975				47,975	
Presbytery Dues								1,600				1,600	Estimate
Pulpit Supply		120										120	Assume 2 instances
Minister Expenses re Manse								8,975				8,975	Exceptional provision
Worship & Music Costs	Flwers & Bevrge: £600. Orders of Service: £360. Equip Maint & consumables: £1,000	1,960										1,960	
Music Licence & Books	Performance licences: £735. Books & sundries for children: £600	735	600									1,335	
Mission, Outreach & Pastoral Expenditure	Alpha Materials: £200. BB Staff fee: £175. Contingency: £500				875							875	
Charitable gifts	Fucella Mission support less specific offerings: £300. Pastoral gifts to needy: £250				300	250						550	
Other	Appointments & Welfare Sundries: £100										100	100	Weller Legacy covers social needs, without further cost
		2,815	600	0	1,175	250	0	58,550	0	0	100	63,490	
2. Buildings													
Repairs / Maintenance to Church & Manse	Church: £2130. Chrch Redec: nil. Manse: £350								2,480			2,480	
Manse Council Tax										2,000		2,000	

Appendix

Charitable Activities (CofS Categories)	Sub-categories for Church Use	Worship	Education	Comms.	M & O	Pastoral	Social	F & S	Fabric	Operations	A & W	Total	Comment
Heat & Light	Electricity: £3,200 Gas: £1,800									5,000		5,000	
Security	Chrch Alm: £350 Mnse Alm: £300 Callouts: £100									750		750	
Insurance	Manse CH Cover: £275. Buildings & Contents: £2,850									3,125		3,125	Estimate
		0	0	0	0	0	0	0	2,480	10,875	0	13,355	
3. Other Local Expenses													
Cleaner Employment Costs										2,840		2,840	
Caretaker Employment Costs										3,500		3,500	
Cleaning & hygiene	Wshroom Servs: £400. Janitorial consumables: £600. Windows £300.									1,300		1,300	
Printing, postage & stationery, TV				1,250								1,250	
Computing, Internet, & Telecoms	Virgin Media: £450			1,250						450		1,700	
		0	0	2,500	0	0	0	0	0	8,090	0	10,590	
4. Governance costs													
Independent examiner's fee 2011 (estimated)								2,700				2,700	Estimate
TOTAL Budget 2011		2,815	600	2,500	1,175	250	0	61,250	2,480	18,965	100	90,135	