

Scottish Charity No: SC023266

St Mary's Episcopal Church, Aberfoyle

Annual Report and Accounts
for the year ended
30 September 2008

St Mary's Episcopal Church, Aberfoyle

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St Mary Episcopal Church, Aberfoyle

Reference and Administrative Information

Charity name and address St Mary's Church
Main Street
Aberfoyle
STIRLING
FK8 3UJ

Internet www.stmarychurchaberfoyle.org.uk

Scottish Charity Number SC023266

Charity Trustees *Members of the Vestry:*

Rev Richard Grosse	Rector
Mark Seymour	Chairman
John Dymond	Secretary
Nicholas Cooke	Treasurer
Margie Stephen	Lay Reader
Susan Forsyth	
Alastair Gardner	
Karen Gaskell	
Margaret Johnson	Verger
Peter Joynson	
David Thompson	
George Willis	
Robin Willis	
Anne Winther	

Bankers Bank of Scotland
55 Main Street
CALLANDER
Perthshire
FK17 8BD

Independent Examiner Iain Kyle CA
18 Forglan Road
Bridge of Allan
STIRLING
FK9 4BQ

Report of the Vestry (Trustees' report)

Year ended 30 September 2008

As the Charity Trustees of St Mary's Church, the Vestry presents its report and accounts for the year ended 30 September 2008. These have been prepared in accordance with the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005).

Structure, governance and management

The Church is an unincorporated association, governed by a Constitution which was updated in 2004. For the purposes of charities law, the members of the Vestry are the Charity Trustees of the Church. The Church is a member congregation of the Diocese of St Andrews, Dunkeld and Dunblane in the Scottish Episcopal Church. The Bishop of the Diocese has pastoral oversight of all the constituent congregations, who are subject to Canon Law of the Scottish Episcopal Church. The members of the Vestry normally hold office for four years and are elected at the Annual General Meeting. The Lay Representative who represents the church at Diocesan Synod is elected annually by the lay members of the congregation at the Annual General Meeting. The Vestry Chairman, Secretary and Treasurer are appointed by Vestry. The Vestry has delegated specific powers to its Worship & Music and Stewardship teams and a Renovation Project working group, all of which regularly report and submit recommendations to the Vestry. The Rector is appointed by the Vestry and the Bishop of the Diocese.

The Vestry is responsible for managing and safeguarding the assets of the Church on behalf of the Diocesan Trustees and all other temporal matters including appointing staff, and assists the Rector and Lay Reader in matters affecting the spiritual welfare of the congregation.

Members of the Vestry members are provided with a copy of "Guidance for Charity Trustees" issued by the Office of the Scottish Charity Regulator when appointed and will in future receive an induction pack outlining their roles and responsibilities.

The Vestry regularly reviews the strengths and weaknesses of the Church, and will continue to assess the associated risks and opportunities in the context of the new Diocesan Policy.

Objectives and activities

The objectives of the Vestry are to advance the mission of the Christian Church, through worship, service, and fellowship. These objectives are carried out through mission and pastoral activities. The principal activities of the Church are public worship and the spiritual development of its members.

Donations are made regularly to charitable causes that provide benefits to disadvantaged individuals and communities in Scotland, the rest of the United Kingdom and overseas.

In carrying out its objectives the Vestry depends upon the contribution, both human and material, of many volunteers from the congregation. Activities carried out include contributions preparatory to and during worship, service on Vestry teams and through group activities, the maintenance of premises and fabric, and a variety of pastoral and social activities. These

contributions are all highly valued and all members of the congregation are encouraged to, and many do, participate in them.

Achievements and performance

During the past year the Vestry has taken forward a vision for the growth and development of St Mary's mission in line with the Diocesan Review. As part of this process the Vestry undertook a successful Away Day to discuss the key issues and will further develop consultation with the wider community in the Strathendrick and Trossachs area.

After three years of planning and consultation with the congregation, a major Renovation Project was launched to fund the first comprehensive overhaul of the fabric of the Church in its 115 year history. By the year end, the level of funding raised from the Heritage Lottery Fund and the contributions to St Mary's Renovation Appeal made by other grant bodies, individual donors and members of the congregation itself was sufficient to enable Vestry to plan for the commencement of an agreed works contract in October 2008 with a completion date in March 2009. The Vestry greatly appreciates the financial support given by the HLF, Scottish Episcopal Church and various trusts. Close collaboration with our Architect and other professional advisers has been critical to achieving this position.

The public Appeal was launched in December 2007 for £150,000 – half the total budgeted cost of the Project. As part of the Appeal effort, members of St Mary's successfully organised several fundraising events. These included a very enjoyable 'Flowers and Folderols' musical evening and Garden Open Day at Blairuskin Lodge, Kinlochard and a long distance sponsored pilgrimage from Aberfoyle to Iona Abbey. Further events are planned for the coming year.

Financial Review

Results

The launch of the Renovation Appeal and the resulting inflow of funds have contributed directly to a total surplus of £44,874 in the year for all Funds. This reflects the initial financial impact which the renovation of the entire Church building and organ will have over the coming year, for which the Vestry is working to an agreed budget of £300,000. Project development expenditure from the Renovation Fund in the year was grant aided by the Heritage Lottery Fund, whose support for this major venture has been essential and is gratefully acknowledged.

The General Fund produced an operating surplus of £828 in the year. This is lower than budget, due entirely to a change in the basis of Gift Aid tax claims which are now submitted retrospectively for each financial year. There were no great changes in general operating expenditure from last year nor any significant unexpected expenditure. The level of guaranteed regular giving in the congregation has remained high, reflecting the significant impact of the highly successful Stewardship Campaign in 2006. One area of concern, however, is the decline in the year end balance in the General Fund attributable to the sharp fall of £7,700 in the market value of St Mary's investments, which reflects the high exposure of UK equities to the increasingly negative financial climate during the year. Fortunately, spare funds held in the Renovation Fund have been invested in a currency trust operated by our investment managers and this has achieved a small measure of high return.

Reserves Policy

The Vestry's reserves policy is to maintain reserves so that cash and investment income is sufficient to meet three months normal operating costs and any other committed expenditure. The unrestricted cash balance held in the General Fund at 30 September 2008 was £10,362 and anticipated annual income from investments was £2,500. The Vestry is satisfied that the reserves are sufficient to meet three months normal operating costs (net of St Andrew's Callander's share) of approximately £9,000. The committed expenditure on the organ of £22,600 is fully covered by insurance claim proceeds received in advance

Investment Policy

Investments are held in a range of stocks, bonds, shares and currency funds managed by Smith & Williamson. The investment objective of the Vestry is to achieve a balance between longer term growth and current income through discretionary management in accordance with the ethical investment policy of the Scottish Episcopal Church, which excludes investment in any company deriving more than 15% of its revenues from trading in tobacco, armaments, gambling or pornography. Despite the steep fall in its capital value, the portfolio had a projected income yield of 5.6% at the year end and the long term objective was still considered to be valid.

Plans for Future Periods

The Vestry will continue its range of present activities in the foreseeable future. The Vestry aims to conclude its review of vision and goals as discussed at its productive Away Day session in the context of the implementation of the current Diocesan Policy and the 'Casting The Net' programme. This will include taking steps to strengthen the commitment of St Mary's members to local initiatives which address social and spiritual issues affecting vulnerable members of the surrounding community.

Statement of Responsibilities of Members of Vestry

Charities Law requires the persons concerned in the management or control of every recognised body to prepare accounts for each financial year which give a true and fair view of its state of affairs and of its results for that period. In preparing those financial statements the members of the Vestry are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Church will continue in operation.

The members of the Vestry are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Church and to enable them to ensure that the financial statements comply with the relevant legislation. The members of the Vestry are also responsible for safeguarding the assets of the church and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Conclusion

In conclusion, the Vestry wishes to thank all members of St Mary's congregation who help in so many different ways in carrying on the work of the Church and without whom nothing would be possible. In the past year, this has taken on an added dimension with the Renovation Appeal, and the successful outcome of this is due in no small measure to the great generosity shown by individual members to this cause.

BY ORDER OF THE VESTRY

John Dymond
Vestry Secretary

14 December 2008

Independent Examiner's Report to the Vestry of St Mary's Episcopal Church, Aberfoyle

I report on the accounts of the charity for the year ended 30 September 2008 which are set out on pages 8 to 15.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. 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 seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

- 1 which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave 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.

Iain Kyle CA
Chartered Accountant

18 Forglan Road
Bridge of Allan
Stirling
FK9 4BQ

14 December 2008

ST MARY'S EPISCOPAL CHURCH, ABERFOYLE
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	Unrestricted Funds General Fund £	Restricted Funds Renovation Fund £	Church Giving Fund £	Total 2008 £	Total 2007 £
Incoming Resources						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Congregational giving – Gift Aid		25,398	34,585	436	60,419	25,201
Donations		9,624	850	288	10,762	11,788
Grants		-	14,450	-	14,450	-
<i>Activities for generating funds</i>						
Renovation Appeal events		-	1,127	-	1,127	-
Church Room refreshments - net		87	-	-	87	156
<i>Investment income</i>						
Investment income – dividends		2,583	555	-	3,138	2,463
Investment income - interest		187	155	-	342	446
Incoming resources from charitable activities						
St Andrew's, Callander - share of Linkage costs		12,333	-	-	12,333	13,172
Other incoming resources						
Proceeds from insurance claim		-	-	-	-	1,242
Total Incoming Resources		50,212	51,722	724	102,658	54,468
Resources Expended						
Charitable activities						
Clergy and ministry costs		36,415	-	-	36,415	35,175
Worship and administration costs		6,334	-	-	6,334	5,504
Fabric costs		811	8,000	-	8,811	1,550
Quota	12	5,546	-	-	5,546	4,567
Mission support (home and overseas)		-	-	400	400	800
Governance costs	13	278	-	-	278	197
Total Resources Expended		49,384	8,000	400	57,784	47,793
Net Incoming (Outgoing) Resources		828	43,722	324	44,874	6,675
Unrealised gain / (loss) on market valuation of investments		(7,808)	417	-	(7,391)	(2,602)
Net Movement in Funds		(6,980)	44,139	324	37,483	4,073
Fund balances at 1 October 2007		72,475	24,412	362	97,249	93,177
Fund balances at 30 September 2008		65,495	68,551	686	134,732	97,250

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

**ST MARY'S EPISCOPAL CHURCH, ABERFOYLE
BALANCE SHEET AS AT 30 SEPTEMBER 2008**

	£	2008 £	2007 £
Fixed Assets (note 7)			
Heritable Properties at book value		20,654	20,654
Investments at market value (Book Cost: £87,200) (2007: £47,359)		75,674	44,008
		96,328	64,662
Current Assets			
Debtors (note 8)	542		1,688
Bank & Cash	39,916		32,467
	40,458		34,155
Creditors: amounts falling due within one year			
Creditors & Accruals (note 9)	(2,054)		(1,567)
Net Current Assets		38,404	32,588
TOTAL ASSETS LESS LIABILITIES		134,732	97,250
 Represented by:			
Unrestricted Funds:			
General Fund		65,495	72,475
Restricted Funds:			
Renovation Fund	68,551		24,412
Church Giving Fund	686		363
		69,237	24,775
TOTAL FUNDS (note 11)		134,732	97,250

Approved by the Vestry on 14 December 2008 and signed on their behalf by

Nicholas Cooke
Vestry Treasurer

Mark Seymour
Vestry Chairman

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

ST MARY'S CHURCH, ANYTOWN
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies

Basis of preparation of accounts

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) issued in 2005.

Note 2 explains the general purposes of St Mary's funds.

Tangible fixed assets and depreciation

Heritable properties are shown at cost and expenditure on improvements is capitalised. Depreciation is not provided on heritable properties. The heritable properties have useful lives in excess of fifty years. No depreciation has been provided against the book value of heritable properties as, in the opinion of the Vestry, due to the long useful economic lives of the properties and their high residual values, any depreciation charge and resultant accumulated depreciation are immaterial. In the opinion of the Vestry, no impairment of the carrying values has occurred during the year.

Expenditure on other tangible fixed assets is charged to revenue as incurred.

Fixed asset investments

Investments are shown at market value and unrealised gains and losses are included in the Statement of Financial Activities.

Congregational giving, donations, legacies and grants

Congregational giving is accounted for when received. Donations, legacies and similar voluntary receipts are accounted for when St Mary's becomes entitled to the income and a reliable estimate of the amount to be received can be made. Gift Aid tax recoverable is accounted for at the point the tax reclaim is submitted to HMRC. Grants due are accounted for when submitted for payment in compliance with the donor body's conditions.

Disposals of investments

Realised profits and losses on investments are recognised on the date of disposal and are included in the Statement of Financial Activities.

Governance Costs

Governance costs relate to expenditure necessary to provide the governance infrastructure which allows St Mary's to operate and to generate the information required for public accountability.

Apportionment of Support costs

Resources expended are shown in the Statement of Financial Activities categorised by charitable activity and governance costs in accordance with the requirements of the Statement of Recommended Practice. Certain costs and grants awarded are capable of direct attribution to the categories; however other costs, in particular those of non clergy personnel and those associated with running the Church and Rectory buildings, are attributable to more than one category.

These costs have been apportioned to the specified categories based in proportion with the direct costs. (See note 5)

2 Funds

Unrestricted funds are available for use at the Vestry’s discretion in furtherance of the Church’s objectives; restricted funds are those given for specific purposes. Designated funds are unrestricted funds that have been allocated for a specific purpose by the Vestry. St Mary’s has three Funds:-

Unrestricted Funds:

General Fund Funds held for the general work of St Mary’s as a church, including routine maintenance of the Church building and the Rectory. The value of all capitalised improvements and additions to church buildings are held in the General Fund.

Restricted Funds:

Renovation Fund Plans to initiate a major fabric renovation programme of the Church building began in 2007 and the main works contract will commence in October 2008. All funds and grants given to the Renovation Appeal specifically for this purpose have been credited to the Renovation Fund which is being used to finance the works. Elements of the works categorised as repairs will be treated as revenue expenditure and charged to the Renovation Fund.

Church Giving Fund The Vestry regularly approves grants to UK registered charities nominated by members of the congregation, usually causes which have a working connection to St Mary’s. Special collections at the Christmas Carols and Harvest Festival services, and the associated Gift Aid tax recoverable, are credited to the Fund for this purpose.

3 Clergy and Staff costs and emoluments

	2008	2007
	£	£
Gross Stipends and Employer’s National Insurance contribution	23,507	22,862
Pension contributions	5,426	5,275
	28,933	28,137
	2008	2007
	No.	No.
Average number of employees during the year	1	1
Average number of employees during the year (full time equivalent)	1	1

No employee received emoluments in excess of £60,000.

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

Employees are eligible to join the Scottish Episcopal Church Pension Fund which is a non-contributory defined benefit scheme with benefits based on final pensionable salary. The Rector is a member of the Fund. St Mary's is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis and so accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year under review was 25.3% and is based on the recommendations of the Fund's Actuary following the periodic valuation of the Fund. There were no contributions outstanding at 30 September 2008 in relation to St Mary's employees.

4 Trustee remuneration, benefits and expenses

Except for the Rector, no member of the Vestry received remuneration or reimbursement of expenses, other than reimbursement of purchases made on behalf of the Church. The Rector is *ex officio* a member of the Vestry and a trustee, and receives remuneration, benefits and reimbursement of expenses in respect of services as a stipendiary cleric in line with scales determined by General Synod of the Scottish Episcopal Church.

5 Resources expended on charitable activities

Resources expended on charitable activities include direct costs, grants awarded and support costs. Support costs, which relate primarily to sundry expenses and running the Church and Rectory buildings, are attributable to more than one category. These have been apportioned to the specified categories set out below.

	Direct Costs £	Grants awarded £	Support Costs £	Total £
Charitable activities				
Clergy and ministry costs	32,957	-	3,458	36,415
Worship and administration costs	5,341	-	993	6,334
Mission and education costs	-	-	-	-
Fabric costs	811	-	8,000	8,811
Quota	5,546	-	-	5,546
Mission support	-	400	-	400
	44,655	400	12,451	57,506

6 Grants

The following grant support was provided from the Church Giving Fund during the year.

	£
Grants to organisations:	
Friends of CINI – ‘Adopt A Child’ Scheme <i>To support project development in Kolkata, India.</i>	200
Christian Aid - Lent Appeal <i>To support the Area appeal for Christian Aid’s work.</i>	200
	<u>400</u>

7 Fixed Assets

	Investments £	Heritable Property £	Total £
At 1 October 2007	44,008	20,654	64,662
Additions during year	39,057	-	39,057
Disposals during year	-	-	-
Net loss on market valuation at 30 September 2008	(7,391)	-	(7,391)
Balance at 30 September 2008	75,674	20,654	96,328

The Church building and the Rectory, both in Main Street, Aberfoyle are owned by St Mary’s. The original cost of the Church building and the cost of improvements to it prior to the Renovation project being started in 2008 are not known and have not been included because, in the opinion of the Vestry, the cost of professionally valuing them to include a value in the accounts outweighs the benefits to users of the accounts.

On 1 October 2008 the Church building and Rectory were insured for £1,506,305 which is an estimate of the replacement cost of buildings and all contents. Replacement building cost does not represent the market value of the properties, and does not include valuation of the land on which the properties are situated.

St Mary’s investments are held in a range of securities managed by Smith & Williamson Investment Management. This allows Vestry to benefit from a flexible range of investments yielding a relatively high level of income and to keep these under regular professional review in the light of changing market conditions. The majority of St Mary’s portfolio is currently invested in a currency trust fund and UK equities.

8 Debtors

	2008 £	2007 £
St Andrew's, Callander - share of Linkage costs	333	1,556
Other debtors and prepayments	209	132
	<u>542</u>	<u>1,688</u>

9 Creditors

	2007 £	2006 £
St Andrew's, Callander	500	500
Other creditors and accruals	1,554	1,067
	<u>2,054</u>	<u>1,567</u>

10 Reconciliation of movement in funds

	Balance at 1 Oct 2007 £	Incoming Resources £	Resources Expended £	Unrealised Gains and losses £	Balance at 30 Sept 2008 £
Unrestricted Funds					
General Fund	72,475	50,212	(49,384)	(7,808)	65,495
Restricted Funds					
Renovation Fund	24,412	51,722	(8,000)	417	68,551
Church Giving Fund	362	724	(400)	-	686
	<u>24,774</u>	<u>52,446</u>	<u>(8,400)</u>	<u>417</u>	<u>69,237</u>
Total Funds	<u>97,249</u>	<u>102,658</u>	<u>(57,784)</u>	<u>(7,391)</u>	<u>134,732</u>

11 Analysis of net assets between funds

	Unrestricted General Fund £	Restricted Renovation Fund £	Church Giving Fund £	Total £
Fund balances at 30 September 2008 are represented by:				
Fixed Assets				
Heritable Property	20,654	-	-	20,654
Investments at market value	36,200	39,474	-	75,674
Current Assets				
Debtors & Prepayments	333	-	209	542
Bank & Cash	10,362	29,077	477	39,916
Current Liabilities				
Creditors & Accruals	(2,054)	-	-	(2,054)
	65,495	68,551	686	134,732

The General Fund is an undesignated fund.

12 Quota

Quota is paid by St Mary's to the Diocese of St Andrews, Dunkeld and Dunblane to support the work of the Diocese and of the Scottish Episcopal Church as a whole.

13 Governance costs

Independent Examiners fee	£150	(2007: £150)
Costs of Vestry Away Day	<u>£128</u>	
	<u>£278</u>	

14 Future commitments

At the balance sheet date the Vestry had authorised the following expenditure as part of the Renovation project:-

Full restoration of the Church organ	<u>£22,600</u>
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