

Our Lady of Lourdes Church

Parish Financial Report - June 2016

(1) Parish Receipts and Payments Result for the Year ended 31 December 2015

Presented herein is a summary of Parish cash receipts and payments for the calendar year 2015 ("2015 R&P") and the Cash at Bank as at 31 December 2015. The Summarised 2015 R&P is derived from the Diocesan Return for 2015 and excludes 2nd collections and other restricted funds (including Jubilee Building Fund) which are not available for general parish use. The Diocesan Accounts are audited annually and the last Parish accounts audited were the 2012 accounts.

The Parish had a cash surplus of £62,007 before Project Costs in the year ended 31 December 2015, a decrease of £10,203 from 2014. The decrease in the Parish surplus was due to a large fall in cash receipts of £13,709 partially offset by a reduction in operating expenses and donations of £3,506.

Income

- The offertory decreased by £4,183 due to a fall in standing order donations. For a variety of reasons, 13 families ceased making offertory donations by standing order. This loss was partially offset by 5 new standing order donations;
- A decrease in Donations of £8,454 as the 2014 result included £6,136 from Women's Group events in 2013. In addition, there was a decrease in general and other donations which have tended to be donated to the Jubilee Building Fund; and
- A decrease in Hall Rental Income due primarily to lower rent paid by the Nursery.

Operating Costs

- Liturgical and Pastoral costs decreased by £2,171 as the 2014 result included a three year catch-up in flower costs.
- Other costs were £2,111 lower in 2015 as there was a one-off donation to St. Pauls School of £2,000 in 2014.

Capital/Project costs paid in 2015 were £42,419 (2014: £16,405). £29,514 of the 2015 costs related to the Renewal Project and included Architect, Quantity Surveyor and Mechanical and Engineering fees. The balance included roof repairs (£7,030) and new nursery doors (£4,805).

More detail on the 2015 R&P accounts and variances from the 2014 result are set out on pages 3 and 4.

(2) Cash at Bank as at 31 December 2015

In addition to the main operating bank account the Parish has a Jubilee Building Fund bank account. The purpose of the latter is to separate all donations and event income specifically received for the purpose of our Renewal works.

As at 31 December 2015, the Parish had £276,477 of Cash at Bank in the main operating bank account. Of this £240,149 were funds available to the Parish for general purposes. The remaining balance of £36,328 represents cash collected on behalf of third parties and specific purpose donations which had not been distributed by 31 December 2015.

The balance in Jubilee Building Fund Account increased by £149,170 to £192,749 as at 31 December 2015. The 2015 income comprised direct donations of £126,584 and event and other income of £22,586.

(3) 2nd Collections and Other Third Party Fund Raising

2nd collections in 2015 totalled £7,801 (2014: £6,397). Funds raised for Buyamba, Cafod and Kumasi through the Church were £8,468 (2014: £14,537).

(4) Future Financial Outlook

After many years of discussion, planning and re-planning, the Parish finally started the Renewal works in April this year. Since 2013, the scope and the costs of the works (which include many maintenance elements) have changed dramatically.

The original projected costs for the interior works in 2013 had been poorly costed and combined with rapid price inflation in the construction industry the estimated completion costs increased significantly. Following the offer of stained glass windows from Caterham Parish in May 2015, it was proposed that the works be expanded to include improving and extending the Narthex (Porch) to incorporate those windows. Although this would materially increase the cost of the works and require the Parish to borrow significantly to pay for the works, the decision to undertake this additional work was approved at last years AGM.

The Diocese requires that all large construction projects be approved by the Diocesan Finance Committee ("DFC"). In December 2015, we were required to resubmit details of our plans and supporting financial projections to the DFC both to get approval for the works and an overdraft facility to enable us to complete the works. Based upon provisional estimates of completion costs of £632,000, the Diocese approved the works and an overdraft facility. At that time we increased our fund-raising target to raise £375,000 by 31 December 2017 (end of fund-raising campaign) to allow us to fully repay all projected borrowings from both monies specifically raised and general operating surpluses realised by that date.

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(4) Future Financial Outlook (cont'd)

The costs submitted to the DFC were provisional. In March 2016, we were advised that the completion costs of the works may increase by over £30,000 to £665,000. This was due to a combination of further cost inflation and more clarity over the cost of certain items. When advised of this, the DFC acknowledged the cost issues we were facing and approved the additional expenditure, commenting that any further delays to the project would have further negative cost implications.

Since commencement of the project, it has become clear that the containment of costs even within the most recent estimate may prove challenging. Possible work delays, proposed variations and requests from Parishioners for previously unplanned items could add to the cost. We are closely monitoring and pushing back on the delays and variations where possible. For financial reasons (see fund-raising comments below), we may not be able to proceed with some of the additional items requested by Parishioners.

The works will be funded as follows:

- a) Existing and new General Operating Funds Available to the Parish;
- b) Existing and new funds raised specifically for the Jubilee Building Works; and
- c) A Diocesan Approved Overdraft and Interest free loans from other Parishes.

At 31 March 2016, the Parish had £450,000 available from a) and b). While we will continue to generate further funds during the course of the works, we will need to borrow significantly to pay for the works. We have been provided with a £20,000 loan from one Parish (repayable on one month's notice) and are in discussions with another Parish for a seven year loan of £50,000. The Diocese will provide us with an overdraft facility for the balance (currently 1% interest) repayable in full within five years.

Based upon current estimates of Operating Income and Jubilee fund-raising, if the works can be completed within the £665,000 cost approved by the Diocese in March 2016, we will likely require peak borrowings of over £150,000.

The repayment of those borrowings will come from General Operating Surpluses and funds raised specifically for the Jubilee Building Works. Despite enjoying large operating surpluses in recent years, this trend will not continue as the Offertory continues to decline (a further seven families have ceased their standing order donation in 2016) and operating costs will increase with higher levies, maintenance and probably personnel costs. We will need to do a new Planned Giving Campaign in 2017 (when the Jubilee Fund-raising officially finishes) to address the fall in the offertory and higher operating costs.

To date, we have raised £220,000 of our £375,000 Jubilee building fund-raising target. This is from direct donations (£148,000), regular donations (£34,000 from 76 standing orders) and the balance of £38,000 from events and other items. In total over 175 of our 610 Parish families have directly donated to the fund. Some donations have come from outside the Parish. We are very grateful for the support of those families and hope that they will be satisfied with the outcome of the Renewal Works they supported when the Church reopens in September.

Looking forward to 31 December 2017, we will probably raise around £290,000 (77%) of our £375,000 fund-raising target from existing standing orders and planned events. This would leave the Parish £85,000 short of a target, which given recent cost increases, will **itself be £30,000 lower** than the sum we need to raise to be debt free by 2017. We should be looking to raise over £400,000 by 31 December 2017 but we can't keep changing targets particularly when final completion costs are not certain.

If we fail to raise more than the current estimate of £290,000, prudent estimates of operating surpluses indicate that the Parish will not be debt free until 2020 or later. Therefore, we clearly need to raise more! If you haven't yet done so, please let us know what contribution you feel able to help prepare for our next half-century as a parish. Details of how you can donate to the OLOL Jubilee Buildings Fund, which should be above your regular offertory, can be found at www.olchurch.org.uk.

(5) Questions

Given the short amount of time we will have at the Parish AGM, it would be appreciated if any queries could be sent to the Parish Finance Office via email on finance@olchurch.org.uk or please leave written queries at the Parish Office. Thank you.

(6) THANK YOU

Thanks to all of you who have contributed financially to the Parish. Without your generosity, the spiritual and temporal work of the Parish would suffer the plans to improve our Parish Church could not have proceeded. Many people work behind the scenes, without whom the Parish would not function. From a Finance viewpoint, my thanks to the following people:

Margret Wagner and the team of counters who deal with the collection each week

Leonie Elliott who prepares the monthly accounts and who with **Shelagh Lodge** deals with Gift Aid matters for the Parish.

Apologies if I have missed anyone, Eoin Connaughton (Parish Treasurer)

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Summary of Parish Income and Expenditure for the Year Ended 31 December

(all amounts in £'s)	Notes	2015 £	2014 £	Variance £
Parish Income				
Offertory	(2)	105,822	110,005	(4,183)
Tax Rebates		20,427	19,467	959
Donations and Legacies	(3)	2,085	10,539	(8,454)
Hall Rental Income, net	(4)	7,198	9,245	(2,047)
Interest Income		794	646	148
Fundraising, net of costs		1,318	1,207	112
Net Repository Income/(Loss), net		564	810	(245)
		138,209	151,918	(13,709)
Parish Operating Costs				
Property Running Costs		17,121	17,413	(292)
Diocesan Levies		28,599	27,786	813
Personnel		15,354	15,498	(145)
Liturgical/Pastoral, net of donations	(5)	4,700	6,871	(2,171)
Other	(6)	7,878	9,989	(2,111)
School Capitation Fees		2,550	2,150	400
		76,201	79,707	(3,506)
Parish Surplus before Capital/Project Costs		62,007	72,211	(10,203)
Capital/Project Costs	(7)	42,149	16,405	
Parish Surplus after Capital Costs		19,859	55,806	
Balance Sheet as at 31 December 2015				
(all amounts in £'s)	Notes	31-Dec 2015 £	31-Dec 2014 £	Movement £
Balance at Bank	(8)	469,226	286,883	182,343
Comprising:				
Main Parish Operating Account				
Parish Funds	(9)	240,149	220,290	19,859
Restricted Funds to be distributed	(10)	36,328	23,014	13,314
		276,477	243,304	33,173
Jubilee Building Fund Account (Restricted)	(11)	192,749	43,579	149,170

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Notes to the 2015 Accounts

- (1) In accordance with Diocesan instructions, Parish accounts are prepared on a Receipts and Payments basis with the only Parish asset presented being our bank account. Liabilities are only recognised when paid for.
- (2) The 2015 offertory decreased by £4,183 (3.8%) from 2014 levels with standing order donations falling by £4,595 (5.8%). The basket offertory increased by £463 (1.6%)
- (3) The decrease in donations between 2014 and 2015 of £8,454 is primarily as the 2014 result included £6,136 from Women's Group 2013 events. Event income in 2014 and 2015 was paid into the Jubilee Building Fund account. There was also a decrease in funeral, baptism and one-off donations as some these 2015 donations have been donated to the Jubilee Building Fund account.
- (4) The decrease in Hall Rental Income is due to lower rent paid by the Nursery.
- (5) The decrease in Liturgical/Pastoral costs was due primarily to the fact that the 2014 result included a three year catch-up for flower costs.
- (6) Other, which includes donations plus parish house, office and travel costs, decreased by £2,111 as in 2014 there was a one-off donation to St. Pauls School of £2,000.

(7) Capital/Project costs comprise:

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
Renewal Costs	29,514	13,346
Roof/Stevenson Room Repairs, net	7,030	1,086
Nursery Doors	4,805	0
Other	800	1,973
	<u>42,149</u>	<u>16,405</u>

- (8) Balance at Bank represents cash held with HSBC in an interest bearing current account.
- (9) Parish Funds represent those monies which are available for General Parish use.
- (10) Restricted Funds comprise funds collected by the Parish on behalf of third parties which are not available for General Parish use. This balance represents balances still to be distributed as at 31 December 2015.
- (11) Jubilee Building Fund Account comprises funds collected by the Parish to be spent only on our Renewal Works.