

The annual report

- 9.1 This chapter should be read by all PCCs.

The requirements

- 9.2 The preparation of a written annual report, like the preparation of the accounts, is the joint responsibility of the whole PCC. It puts all the PCC's financial statements into perspective and relates them to the wider life of the church. It will review the past year and link financial plans to the vision for the future. For this reason, while it is legally a separate document from the accounts, they are normally presented together in the same publication.
- 9.3 The Church Representation Rules (Rule 9 (1)(b)) require 'an annual report on the proceedings of the parochial church council and the activities of the parish generally' to be received by the Annual Parochial Church Meeting (APCM). The meeting is then free to discuss it.
- 9.4 The report is quite separate from the statement or address that the incumbent may wish to make to the APCM.
- 9.5 The Church Accounting Regulations 1997 as amended by the Church Accounting (Amendment) Regulations 2001 (Regulation 27) require that this report should include:
- A section on the matters that have been discussed at PCC meetings and any associated activities in the parish. For some parishes this may be a similar report to the previous year but others will be able to include significant developments and achievements in the church's activities and mission during the year. Any important events which have affected those activities and any likely future developments in those activities should be included.
 - A section on the financial activities of the PCC, including the ways in which the activities of the parish mentioned above have been funded. An assessment should be given of the way in which the activities of the parish will continue to be funded.
- 9.6 The report will usually be drafted by the secretary and the treasurer of the PCC, but some PCCs may wish to involve others in the drafting. It is a significant document in the life of the church and should be prepared in that light rather than as a chore to be completed.
- 9.7 The PCC must adopt the report before it is presented to the APCM and it must be dated and signed by the chairman of the PCC meeting at which it was adopted. Ideally an early draft should be shown to the PCC, but beware attempting to draft by committee.
- 9.8 The independent examiner or the auditor will need to see at least a draft of the report as a part of their scrutiny of the accounts.
- 9.9 The annual report should be attached to the accounts whenever a full set of accounts is distributed, together with a copy of the audit or independent examination report.
- 9.10 Because the report must be written for the general public as well as for church members, it has to include information that church members might take for granted, such as identification of the parish church, how the PCC operates and the names of its members.
- 9.11 The whole report should be wider than this and deal with the main activities of the church and new developments planned. It will give a flavour of the church at worship, 'being' as well as 'doing', in pastoral and mission modes, and how it relates to those outside and on the fringes as well as in the congregation.

- 9.12 It is in no one's interest to make the report long and complicated. It is much more likely to be read if it is succinct and to the point. PCCs that have access to computers and desk top publishing facilities will want to make the layout attractive and may wish to include graphs, graphics and photographs.

New matters in the Charities SORP

- 9.13 In the 2000 revision of the SORP there are three areas that, since the 1995 SORP was issued, had concerned the Charity Commissioners. These are:
- (i) the reserves policy of a charity; especially in circumstances where the charity's current activities suggested that it had much larger reserves than were necessary for current expenditure on charitable objects (see Chapter 3);
 - (ii) the position where a fund balance was in deficit and hence the need for trustees to take positive action to correct the situation; and
 - (iii) trustees having an understanding of the risks they faced in managing the charity (for example people ceasing to give to the church) and so ensuring that they addressed them all (see Chapter 1).
- 9.14 These points are important for all charities but where the PCC's gross income is under £250,000, it is not a requirement to formally record in the Annual Report how items (ii) and (iii) above have been dealt with although it is recommended as best practice for all PCCs.

Narrative information

- 9.15 The report will paint a picture of the church which will be valuable in itself and assist readers in understanding what it is that they are being asked to support financially and how those resources (and others) are being stewarded and used.
- 9.16 It will include a brief summary of the main achievements of the year to show:
- how the church's work has developed towards fulfilling its aims;
 - what progress has been made in any special projects;
 - how the church has responded to any important events;
 - the value of the church and not just what it costs.
- 9.17 The report will explain what the PCC does and how it sets about its work. It should include:
- A statement of the aims of the PCC. The PCC (Powers) Measure 1956 states the PCC 'is to co-operate with the minister in promoting in the parish the whole mission of the church, pastoral, evangelistic, social and ecumenical'. Some parishes may have 'mission' or 'vision' statements they wish to add to this.
 - A brief description of the way the PCC organizes itself in order to carry out its aims and objectives. Smaller PCCs will probably only have a Standing Committee, but larger parishes may well have various committees. The purpose or terms of reference of the committees should be summarized.
 - The number on the electoral roll, reported during the year, and the Average Weekly Attendance (i.e. the average adult and child attendance over a 'typical', continuous four-week period) in that year will give an idea of the number of people who are connected in one way or another with the church.
- 9.18 When reviewing the financial activities and affairs of the church, very few PCCs will have something of significance to report on all of the topics below. If there is nothing of significance to report, the topic should be omitted:
- If any important event has occurred after the year-end but before the date on which the PCC report was signed, a brief description of that event and its likely effect on the PCC.

- If the PCC has received substantial voluntary help or unquantifiable free facilities or services during the year, it should explain briefly the extent to which it relies on these continuing in order to pursue its work.
- A review of the trading performance of any subsidiary company set up by the PCC.
- If the PCC had any substantial liabilities, a review of the obligations or commitments at 31 December and of the adequacy and availability of its cash and non-cash resources to meet them.
- A statement of the PCC's policies on the reserves that are held (see Glossary) stating the level of reserves held and why they are held.
- A description of the policies (if any) for the selection of investments.

9.19 The following should be included if not already shown in the accounts:

- Brief particulars of the selection policy for the payment of any grants or donations of money or other assets to the value of £1,000 or more made in the year to other charities.
- If there have been any transactions between the PCC and any related party (see Glossary) or connected charity or other organization during the year, the PCC should explain the nature of the relationships.
- Any payments (including repayments of expenses) made to PCC members out of PCC funds. This will include payments such as those to the organist, choirmaster, vergers etc.

9.20 For years in which the PCC's gross income exceeds £250,000 the report should generally be a much more substantial document that reviews all the activities of the PCC and includes a statement confirming that the major risks to which the PCC is exposed, as identified by the PCC, have been reviewed and systems have been established to mitigate those risks.

Legal and administrative information

9.21 This information should be given each year, even though much of it may be the same as for the previous year:

- The full parochial name (town/village and church dedication) of the ecclesiastical parish.
- The location of the church (or address if it has one) and the correspondence address. This will be the church office (if there is one), the incumbent or an officer of the PCC.
- The names of all the members of the PCC who have served since the commencement of the financial year until the approval of the accounts. The names of those who have left the PCC and the names of those who have replaced them should be given. This is a list of all those who have been trustees of the charity. Those who have been officers of the PCC should be indicated.
- An explanation that the PCC is a charity excepted from registration with the Charity Commission and, if the PCC has any related trusts or charities, an explanation of the relationship of the PCC to these trusts.
- The names and addresses of bankers, legal and other advisers to the PCC, and of the independent examiner or auditor.