

### Our approach to financial planning.

Last week I suggested that as a PCC and a wider congregation we cannot avoid considering ourselves as a business. This week I will explain how, like any business, we plan our annual finances.

Every year the treasurer submits a budget to the PCC for approval, setting out the expected income and expenditure for the following 12 months. The budget shows whether and how we can balance income and expenditure and gives guidelines as to how money is allocated and spent. Progress against this budget is tracked and reported back to the PCC every two months. My next letter will include a summary budget for 2016 and an explanation of it.

Total accuracy is impossible, particularly when we are looking at maintaining the fabric of the building. It is not always possible to predict when an angel will fall from the ceiling, or lead will be stolen from one of our roofs. The way we handle this unpredictability is to make an allowance in the budget for fabric items, and frankly hope that we do not exceed this allowance.

For the past three or four years we have finished very close to our predicted overall budget, which demonstrates that we have a sound understanding of both our sources of income and how we spend our money. Ideally, income would always exceed expenditure but for a considerable number of years now that has not been the case. However, the good news is that in the last three years the gap between income and expenditure is not as wide as we have budgeted for and in my recent financial report I was able to report an operating surplus for 2015.

Another bit of good news is that St Mary's has had sufficient reserves (cash in the bank) to cover the gaps during those years. However, we cannot be complacent. Those reserves are easily depleted, and are typically only topped up by unexpected large donations or legacies. While these are a very welcome source of income they are, by nature, not predictable and therefore not a reliable long term solution to our funding.

Here ends the good news I'm afraid. In spite of a good financial year in 2015, we are continuing to predict an annual loss, and repeated losses are not sustainable in the long term. I must also point out that in our case the losses would have been considerably greater had our fabric maintenance costs not been covered to a large extent by funds from the Capital Campaign. Put another way, without the Capital Campaign St Mary's would be teetering on the brink of bankruptcy.

What are we doing about this? The PCC and our Parish Administrator, Felicity, have worked hard to review our finances. We have looked at ways to grow our income and to reduce our expenditure but, as we all know, reducing household bills is an almost impossible task. The PCC feels that expenditure is at its minimum level and further reductions would result in detrimental changes to the ministry and worship of St Mary's.

As your treasurer I therefore feel it is my duty to put my business hat on and report that we now need your help to reverse the trend and ensure that our income exceeds our expenditure so that we can build up reserves once more and also look to help others in need.

# Stewardship Campaign 2016

## Letters from the Treasurer



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Our building may be a huge drain on our financial resources, but it is also our greatest asset. As well as your financial assistance we are seeking your creativity. Maybe you have ideas about how we can generate more income from our building, our music and our wider ministry. If you do, please share them with us

Finally, I make no apology for asking you to consider your level of giving to St Mary's and whether you could increase it. Your regular giving (by Standing Order please) is vitally important to the on-going ministry of St Mary's and allows me, the PCC and the Rector to plan for our future.

John Adams

Treasurer to the PCC of St Mary's

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