Association of Church Accountants & Treasurers

Being a Treasurer: The Basics

Appendices

© ACAT 2021

Contents

Appendix	**A**	**Charity Regulatory Framework**	**3**
		A1 Guide to Thresholds (England and Wales)	3
		A2 Legal Forms (England and Wales)	4
		A3 Comparison between Jurisdictions in the UK	5
	B	**Sample Procedures**	**6**
		B1 Sample Cash Handling Procedures	6
		B2 Sample Bank Reconciliation Procedure	8
		B3 Sample Internal Finance Report to Members	9
		B4 Sample Internal Finance Report to Trustees	10
	C	**Accounting Software Options**	**12**
	D	**Sample Church Budget**	**13**
	E	**Gift Aid Declaration**	**14**
	F	**Annual Reporting (R+P)**	**15**
		F1 Year End Reports Checklist	15
		F2 Trustees' Annual Report	18
		F3 Receipts & Payments Accounts	22
		F4 Statement of Assets and Liabilities (SOAL)	24
		F5 Independent Examiner's Report	25
	G	**Accruals Accounting**	**26**
	H	**Sample Letter of Engagement**	**29**
	I	**Sample Management Report**	**30**
	J	**Glossary of Acronyms**	**32**

© ACAT 2021

Guide to Thresholds (England and Wales)

Annual income	Total assets	
	Up to £3.26m	>£3.26m
<£5k	No registration with Charity Commission	
£5k-£10k	No accounts scrutiny required by law Receipts and Payments or Accruals Small charity TAR Submit partial annual return only	
£10k-£25k	No accounts scrutiny required by law Receipts and Payments or Accruals Small charity TAR Submit annual return only	
£25k-£250k	Independent Examination Receipts and Payments or Accruals Small charity TAR Full submission	
£250k-£500k	Independent Examination (accountant) Accruals only Small charity TAR Full submission	Audit Accruals only Full TAR Full submission
£500k-£1m	Independent Examination (accountant) Accruals only Large charity TAR Full submission	Audit Accruals only Full TAR Full submission
>£1m	Audit Accruals only Full TAR Full submission	Audit Accruals only Full TAR Full submission

Charitable companies: preparation of directors' report and accounts filed with Companies House, accruals basis and applicable SORP, directors' report includes same requirements that apply to charities, if over £25k a modified report is sent to the Charity Commission, annual return if over £10k. Same requirements for external scrutiny unless Companies Act audit threshold applies.

Excepted charities: need not register if under £100k and belonging to specified groups e.g. certain church denominations. If not, must prepare accounts and make available on request. Not normally required to submit annual report, good practice to have one. Requirement for Independent Examination if income over £25k. No annual return. Still regulated by Charity Commission and subject to the Charities Act.

Exempt charities: charities belonging to certain identified groups with a Principal Regulator other than the Charity Commission e.g. most universities. Required to keep proper accounts and comply with relevant SORP but subject to their Principal Regulator's oversight instead of the Charities Act and Charity Commission.

Charitable Incorporated Organisations: if using R&P additional disclosures regarding guarantees and debt are required (no extra disclosures required if already using accruals). All CIOs are required to register with the Charity Commission and submit an annual return, accounts and TAR regardless of income.

Charities with subsidiary undertakings requiring Group Accounts: must use accruals, audit requirement determined based on aggregate gross income across the group, see additional requirements in the SORP.

© ACAT 2021

Legal Forms (England and Wales)

A range of legal forms – structures for organisations – exist which churches and charities may use. The following table outlines the differences between the main options common to most churches.

	Unincorporated Association	Charitable Trust	PCC	CIO		Charitable Company
				Association Model	Foundation Model	
Voting members	Yes	No	Yes[1]	Yes	No	Yes
Incorporated	No		Yes[2]	Yes		
Governing document	Constitution	Trust deed	CofE standard documents[3]	Constitution		Memorandum and Articles of Association
Accounting basis	Dependent on income and assets					Must use accruals, including SORP rules for companies
Charity Commission registration	Income over £5k p.a. (unless Excepted)		Income over £100k p.a. (Excepted)[4]	Always, regardless of income		Income over £5k p.a. (unless Excepted)
Companies House registration	No					Yes
Audit requirement	Charities Act					Charities Act or Companies Act[5]

1 CofE rules make provision for an electoral roll for each PCC, whose membership is able to vote on certain decisions at the annual parochial church meeting – this is generally different to the concept of voting members normally seen in other legal forms.
2 A PCC is a body corporate under section 3 of the Parochial Church Council (Powers) Measure 1956. This entails limited liability for trustees on similar terms to a CIO (e.g. liability may still be incurred in the event of a breach of fiduciary duty).
3 All PCCs are governed in accordance with the Parochial Church Councils (Powers) Measure 1956 and the Church Representation Rules, rather than by specific 'local' governing documents.
4 The CofE is one of the denominations included in the Excepted Charities regulations, and all PCCs are members.
5 Companies require an audit under the Companies Act 2006 unless they meet two of the following three criteria: income < £10.2 million p.a., assets < £5.1 million, <50 employees. Thus only very large charities require an audit under the Companies Act and it is the Charities Act requirement that causes most charity audits to be required.

Incorporated organisations have 'legal personality'. This means they can enter into contracts, own property and employ people in their own right, rather than relying on their trustees to do these things on their behalf. This can limit liability for trustees, who no longer own the debts and obligations of the organisation themselves (although some liability remains in the event of a breach of fiduciary duty by a trustee, a trustee voluntarily accepting legal responsibility for a debt, or if a trustee enters into a contract purportedly on behalf of the PCC without authority to do so).

Voting members may have authority under the governing document to make key decisions e.g. appointment of trustees. Most churches have voting members, but where this is not the case and the trustees make the decisions, this does not eliminate the possibility of an 'advisory vote' by the congregation without legal authority over the trustees.

When preparing a **governing document** for a charity from scratch, it is recommended to use one of the model documents on the Charity Commission website. Templates are available for the above legal forms.

Note that the above does not include exclusively non-charitable legal forms (e.g. Community Interest Companies and Co-operative Societies), nor Community Benefit Societies (where the members hold shares in the society), as these legal forms are highly unusual for churches.

© ACAT 2021

Comparison between Jurisdictions in the UK

	England and Wales	Scotland	Northern Ireland
Legislation[1,2]	Charities Act 2011 Charities Act 2022 Charities (Accounts and Reports) Regulations 2008	Charities and Trustee Investment (Scotland) Act 2005 Charities Accounts (Scotland) Regulations 2006	Charities Act (Northern Ireland) 2008 Charities (Accounts and Reports) Regulations (Northern Ireland) 2015
Charity regulator	Charity Commission for England and Wales	Office of the Scottish Charity Regulator	Charity Commission for Northern Ireland
Registration requirement	Gross income > £5k p.a. unless Excepted	All charities	All charities (unless on the Combined List[3])
Annual return submission deadline	10 months after year-end	9 months after year-end	10 months after year-end
Gross income definition (R&P)	Total receipts excluding receipt of endowment, loans and proceeds from sale of investments or fixed assets	Total receipts excluding receipt of endowment	Total receipts excluding receipt of endowment, loans and proceeds from sale of investments or fixed assets
Gross income definition (accruals)	Total income on the SoFA as defined in the SORP, excluding receipt of endowment and including transfer from endowment to income funds	Total income on the SoFA as defined in the SORP, excluding receipt of endowment and including transfer from endowment to income funds	Total income on the SoFA as defined in the SORP, excluding receipt of endowment and including transfer from endowment to income funds
Accruals requirement[4,5]	Gross income > £250k p.a. or charitable company or Group Accounts required	Gross income > £250k p.a. or charitable company or Group Accounts required	Gross income > £250k p.a. or charitable company or Group Accounts required
Independent examination requirement[4]	Gross income > £25k p.a.	All charities	All charities
Regulatory guidance for examiners	CC32	Independent Examination: A Guide for Independent Examiners	ARR07
Qualified examiner requirement	Gross income > £250k p.a.	Using accruals accounts (regardless of income) [6]	Gross income > £250k p.a.
Audit requirement under charity law[4]	Gross income > £1M p.a. or gross income > £250k p.a. and net assets > £3.26M	Gross income > £500k p.a. or using accruals accounts and net assets > £3.26M	Gross income > £500k p.a.
Charitable incorporated legal form	Charitable Incorporated Organisation (CIO)	Scottish Charitable Incorporated Organisation (SCIO)	CIO not available yet
Financial statements (R&P)	Receipts and Payments Accounts, Statement of Assets and Liabilities	Statement of Receipts and Payments, Statement of Balances	Receipts and Payments Accounts, Statement of Assets and Liabilities

1. The Charities SORP apply in all three jurisdictions and all three regulators are members of the SORP-writing body. Accounting Standard FRS 102 also applies in all three.
2. The Companies Act 2006 applies in all three jurisdictions, and may impose its own requirement for audit for charitable companies (see Appendix A2).
3. The CCNI is in the process of registering all charities in Northern Ireland over a period of years – known charities are included in the Combined List and do not have to register until called to do so.
4. Requirements under law specified here – where these conditions do not apply, a requirement may still be imposed by the charity governing document, or by a donor, or the trustees may elect to go beyond the minimum requirement of the law.
5. In England, Wales and Northern Ireland, if permitted to choose, the trustees must elect to prepare either R&P or accruals accounts – there is no default option. In Scotland, if permitted to do so, the trustees must prepare R&P accounts unless they have elected to prepare accruals accounts.
6. The list of professional bodies for this requirement in Scotland does not include the Certified Public Accountants Association, which is on the list for England, Wales and Northern Ireland.

© ACAT 2021

Sample Cash Handling Procedures

Introduction

These notes are intended to provide guidance regarding the recording and controlling of financial transactions:

There are four main reasons for having sound financial procedures and controls:

1. To protect the funds given to the Church.
2. To protect the Treasurer, all the Trustees and other cash handlers from unfounded allegations of malpractice.
3. To protect the Treasurer, all the Trustees and other cash handlers from temptation.
4. To provide simple and effective audit trails.

Handling the Cash and Cheques Received:

Recommendations:

Offerings: (loose cash and envelopes)

- The offering should remain in view until it is removed to secure storage e.g. a safe.
- Two people (ideally not the Treasurer) should be involved in counting the offering.
- An "Offering Record Sheet" – see example below – should be completed and signed (not initialled) by those counting.
- Be mindful of any requirements from your insurance provider e.g. counting cash prior to storage.
- Take care to record accurately what cash donations are to be included or excluded from GASDS claims (e.g. where donations of over £30 have been enclosed in an envelope).

Banking:

- For best financial practice, all receipts should be banked intact. Expenses should be paid by cheque and not deducted from receipts, prior to banking.
- If there is a requirement for cash payments, a separate cash float should be used. It is recommended that this is operated on an imprest basis (i.e. the total of cash plus receipts always equals the value of the float).
- Banking should be done as soon as possible, normally on a weekly basis.
    - The personal security of church officers handling money must always be considered: e.g. personnel counting cash at a large event / taking cash to the bank.

Ensure that counterfoil paying in books are used, as a mean of confirming that all receipts reach the bank.

Cheques

- All cheques should bear at least two signatures.
- There should be a minimum of 4 signatories.
- The Payee should not be one of those signing the cheque.
- Blank cheques should not be signed in advance of their use.
- Invoices and supporting documentation should be initialled when the cheque is signed.
- Cheques should not be signed without supporting documentation.

Online Banking:

- If enabled by the bank, all payments should involve 2 independent people to authorise; one to prepare payment and the other to confirm and process.
- Second person should have had sight of backing documentation to the payments prior to authorising.
- Procedures should be in place detailing what can and should not be paid via online banking. These procedures should be approved by the trustees.

© ACAT 2021

SAMPLE PROCEDURE:

Service Offerings Handling:

Any offering taken during a service will remain in the main body of the church until the end of the service when it will be taken to the Vicar's Vestry and handed to the 2 people scheduled to count it.

The 2 people working together will empty the offering bags, and separate cash from stewardship and Gift Aid envelopes.

All envelopes will be placed in a cloth money bag, sealed with a cable tie, and placed in the safe ready for collection by the Gift Aid administrator.

The cash will be counted and checked. The cash amounts for each denomination of note and coin will be listed on a Service Offering Slip. The total value will be noted at the bottom of the slip. Both Counters will sign the Slip to confirm the amount collected.

The amount collected should be recorded in the Service Register and initialled by both Counters.

The cash is then placed in a cloth money bag along with the Service Offering Slip. This is then sealed with a cable tie and placed in the safe ready for collection by the Treasurer prior to banking.

Service Offering Cash slip

Service: Date:

Counters:

	Cash received £	p	For inclusion in GASDS £	p
£50		.00		.00
£20		.00		.00
£10		.00		.00
£5		.00		.00
£2		.00		.00
£1		.00		.00
50p				
20p				
10p				
5p				
2p				
1p				
Total				

Signed:

© ACAT 2021

Sample Bank Reconciliation Procedure

On receipt of bank statement, match items in statement with items that appear in cash book.

If there are any items that appears in bank statement that do not appear in the cashbook, enter these into the cashbook. All items on the bank statement should now be matched with items in the cashbook and a revised cashbook total is ascertained.

Identify any item in the cashbook that does not appear in the bank statement, this information is the basis for completing the bank reconciliation.

Using the template below prepare the Bank Reconciliation Statement:

Bank Reconciliation Statement as at *(date of last entry on bank statement)*

Closing balance as per bank statement				£XXX.XX
Less items not yet presented for ***payment***				
Cheque no:	XXX	£XXX		
	XXX	£XXX		
Standing Orders/Direct Debits				
	Name	£XXX		
	Name	£XXX	*Total of outstanding payments*	(£XXX.XX)
				£XXX.XX
Add ***Receipts*** not yet appearing on Statement				
Deposit: slip no	XXX	£XXX		
	XXX	£XXX		
Standing Orders/BACS				
	Name	£XXX		
	Name	£XXX	*Total of outstanding receipts*	£XXX.XX
			Revised Total	***£XXX.XX***
			Cash book Total	***£XXX.XX***

The revised bank statement total and revised cashbook total should be the same. Any differences need to be eliminated:

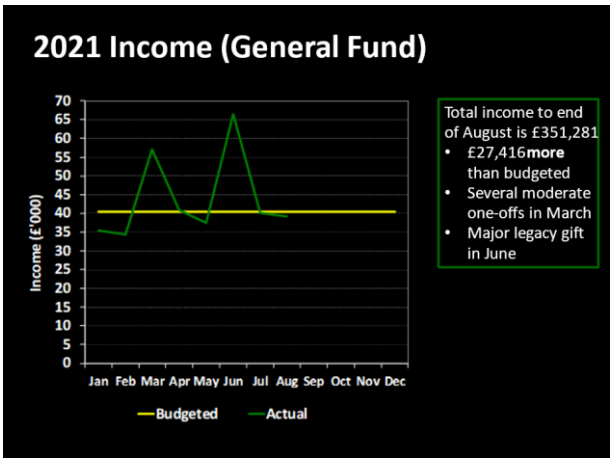
- If difference can be divided by 9, this could mean there is a transposition of figures: e.g. £18 entered as £81.
- Divided the difference by 2; this amount could have been entered as a receipt when it was a payment (+ vice versa): e.g. £10 payment (a negative figure) if entered as a receipt (a positive figure) will give a difference of £20.
- Watch for items that may have been entered into the cashbook twice, this is often the case for items that happen near or just after the month end.
- If the difference is not obvious, then there is no alternative but to start again! It should be easier this time as everything on the bank statement should be able to be matched with items in the cashbook.

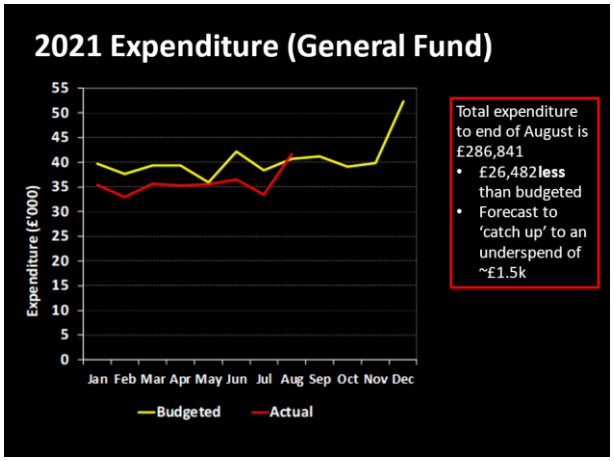
© ACAT 2021

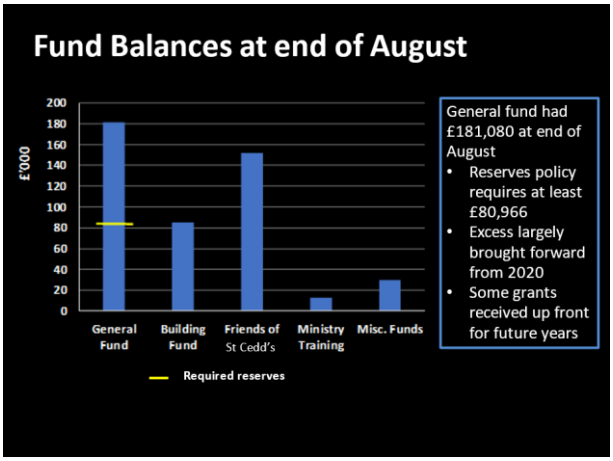
Sample Internal Finance Report to Members

For presentation in Powerpoint:







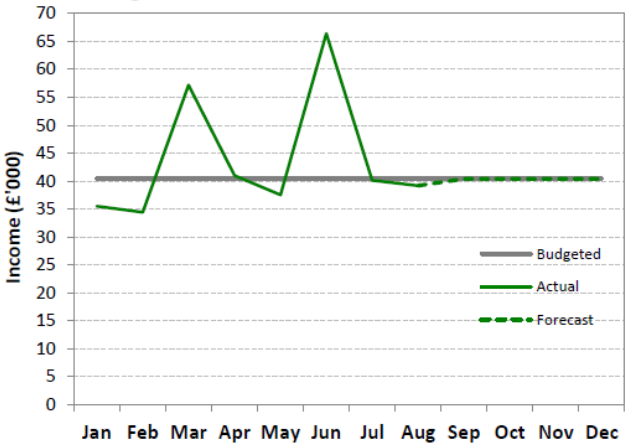


© ACAT 2021

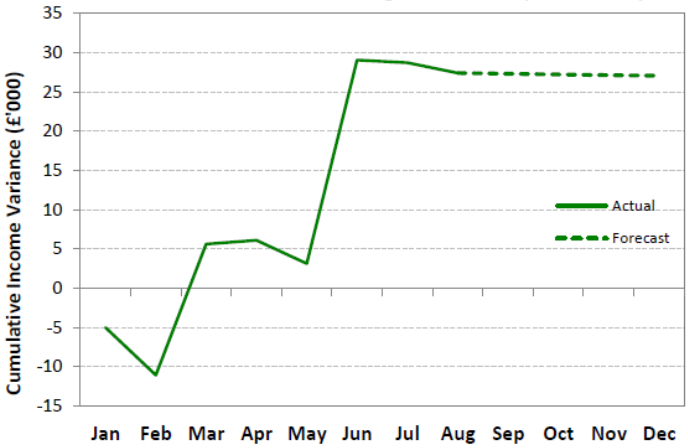
Sample Internal Finance Report to Trustees

Income

Actual & budgeted income:



Difference between actual & budgeted income (cumulative):

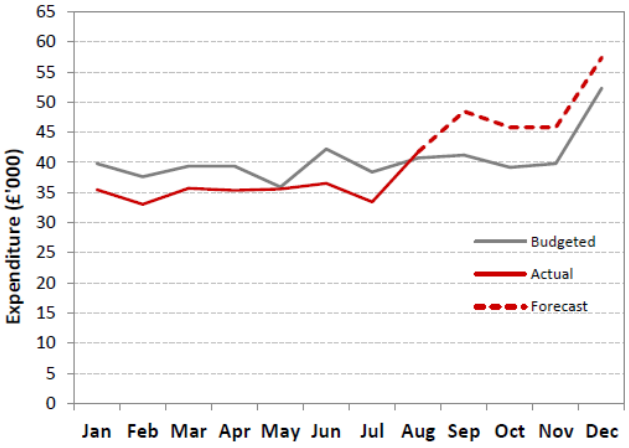


Note: To meet our budget, [redacted] needs an average income of £40,483/month. In previous years, income has varied significantly from month to month, with little eviden of any pattern. Therefore, budgeted income has been profiled evenly across the year. Forecast income is substantially based on extrapolating the actual income in previous months, allowing that major 'one-off' gifts do not generally extrapolate.

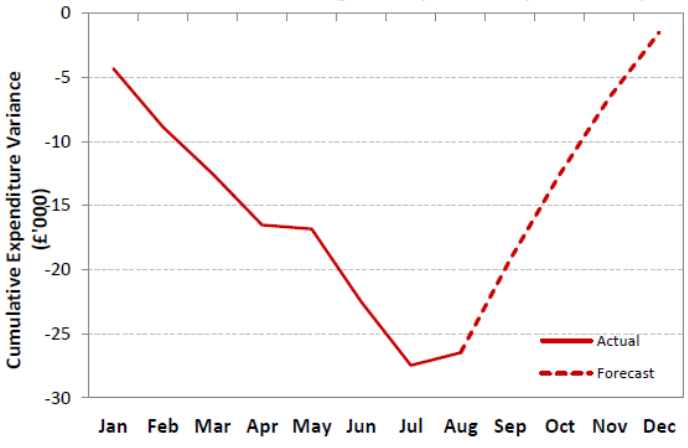
The left chart shows actual and budgeted income received each month for the year to date and the right chart shows the cumulative differen between actual and budgeted income. The current position is ahead of budget by £27,416. Income was high in March due to a combination factors, including one-off donations and donors who give in a semi-regular pattern who happened to coincide with each other that month. In June a legacy gift of over £25,000 was received, accounting for the high income in that month.

Expenditure

Actual & budgeted expenditure:



Difference between actual & budgeted expenditure (cumulative):

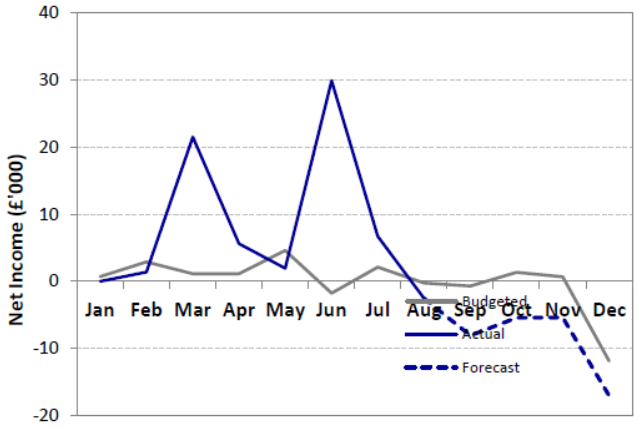


The left chart shows actual and budgeted expenditure each month for the year to date and the right chart shows the cumulative difference between actual and budgeted expenditure. The current position is an underspend of £26,482, which is currently forecast to change to an an underspend of £1,501 by year end. Much of the current underspend is expected to catch up as normal activities progressively resume and additional costs are expected on increased staff hours and accommodation.

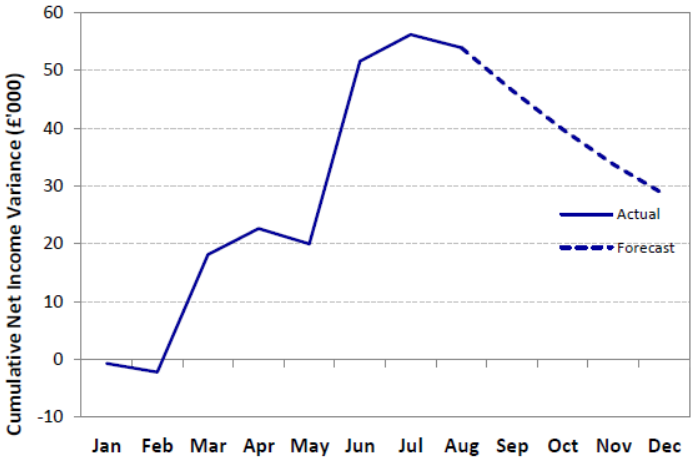
© ACAT 2021

Net Position

Actual & budgeted net position:



Difference between actual & budgeted net position (cumulative)



The left chart shows the actual net position (income less expenditure) each month for the year to date and the budgeted net position, and t right chart shows the cumulative variance from budget. The current cumulative position is ahead of budget by £53,898. Additionally, the 'other funded' component of the General Fund is showing a surplus of £2.

Cumulative position:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Income	35,492	69,908	127,086	168,045	205,574	271,963	312,099	351,281				
Expenditure	35,476	68,506	104,208	139,567	175,157	211,686	245,120	286,841				
Net	**+16**	**+1,403**	**+22,878**	**+28,478**	**+30,417**	**+60,277**	**+66,979**	**+64,440**				
Budgeted	+706	+3,592	+4,729	+5,852	+10,437	+8,691	+10,796	+10,542				
Difference	**-690**	**-2,190**	**+18,149**	**+22,626**	**+19,980**	**+51,586**	**+56,183**	**+53,898**				

Balance Sheet Position (excluding Fixed Assets)

Current Assets and Liabilities as at 31st August 2021

Cash in bank	453,225
Petty cash	86
Undeposited funds	-
Total cash	**453,311**
Gift Aid receivable	7,849
Prepayments and other debtors	1,042
Total debtors and prepayments	**8,891**
Suppliers and other creditors	1,108
Accruals	-
Total creditors and accruals	**1,472**
Net current assets as at 31st August 2021	**460,730**

Fund Balances as at 31st August 2021

General Fund	181,080
Building Fund	85,097
FoE Fund	152,043
MT Fund	13,000
Evangelist Fund	25,000
Misc. Funds	4,510
Total	**460,730**

General reserve target level: 80,966

The reserves policy requires a general reserve of two months running costs

Excess in general reserve: 89,572

This figure takes into account the budgeted excess of income over expenditure at this point in the year

The General Fund is unrestricted, the Building Fund is a designated fund and all other funds are restricted funds.

© ACAT 2021

Accounting Software Options

Spreadsheets

May be 'home grown' on Excel or a similar package, using headings needed for the end of year accounts. Keep them simple and do not try and do everything on one sheet! Save regularly and back up externally at least monthly or use automatic backups (e.g. OneDrive / SharePoint).

Which Computer System?

a) ***Points to consider***:

i) Cost – one-off or monthly subscription? Are support and updates include?
ii) Skill set – of both current and potential future treasurers.
iii) Training and support – what is available? Does it cost extra?
iv) Demo – can you examine and use before purchasing e.g. with a free trial?
v) Hardware – on which PC is the programme to be loaded and operated? Is the specification of this computer sufficient to run it? PC vs. Mac vs. Linux. If cloud-based, what browsers will support it? Is the internet connection reliable?
vi) Setup – how easy is installation or account setup? Will you need to run old and new systems in parallel while dealing with teething problems?
vii) Charity – is it designed for charity (fund) accounting? Churches? Denominational requirements? Does it generate SORP-compliant financial statements?
viii) Operation – how easy to use? Does it do everything you need?
ix) Backups – is it automatic? Local or remote / cloud? Is restoring backups easy?
x) Extra features – what is integrated? Donation management? Gift Aid? Payroll? Expenses? Interface with church management software?
xi) Development – what new features are forthcoming?
xii) Can you collaborate with another church locally and save money by sharing a multi-user package (e.g. at Deanery / Circuit level or with a church plant)?

b) Software Packages (asterisks denote ACAT 'Partners in Ministry'):

Finance Co-Ordinator*	Designed for churches; see www.datadevelopments.co.uk (Donations Co-Ordinator and Membership Co-Ordinator also available)
Liberty Accounts*	Integrates payroll and Gift Aid; see www.libertyaccounts.com
ExpensePlus*	Integrates expenses processing; see expenseplus.co.uk/
Paxton	Designed for charities; see paxtoncharities.co.uk

Sage, Xero and Quickbooks are popular options with professional bookkeepers and have charity-specific options available – although sometimes these require a work-around to make fund accounting work and some require additional add-ins to process Gift Aid (e.g. Infoodle with Xero).

Fund Filer	Gift Aid only package; see www.fundfiler.com

Some of these packages can interact with church management packages such as ChurchSuite, ChurchInsight and ChurchDesk, often enabling integration of donor management and online giving channels.

Stewardship have published their own guidance on selecting an appropriate accounting package: www.stewardship.org.uk/downloads/briefingpapers/accounting-packages-for-churches.pdf. Further information may be found in chapter 23 of the ACAT handbook.

© ACAT 2021

Sample Church Budget

			2018		
INCOME	**BUDGET 2019**	*Information From*	9 months 2018	Projected 2018	**Total 2017**
Regular Giving	51050	Gift Aid Admin	36101	48135	41030
Offertory Loose plate	3250	Records	3526	6000	5114
Gift Aid Tax Refunded	13500	Gift Aid Admin	9601	13363	11391
Donations Income	1000	Records	965	1275	1087
Grants		Records	1510	1510	1287
Legacies		Records	1250	1600	1364
Use of Church: concert	4000	Records	1627	3300	3226
: Weddings/funerals	750	Clergy	657	950	957
Bookstall: Books etc	1800	Publications Secretary	1768	1768	1678
Hall Rental Income	28500	Hall Manager	19725	26300	25680
Organ + Choir Concerts	1000	Organist/choir Director	582	776	450
Fund raising events	3250	Fundraising Committee	1854	2375	2574
Dividends	1351	Records	1031	1375	1351
Interest	230	Records	180	240	230
Total Income	**109681**		**80377**	**108967**	**97419**

EXPENDITURE	**BUDGET 2019**		9 months 2018	Projected 2018	**Total 2017**
Central Funds	57000	Governing Body	40500	54000	48000
Clergy Expenses	3250	Clergy	3250	3250	3250
Service Costs	2450	Clergy	955	1977	1745
Church: Utilities	6800	Records	5984	6750	6397
: Insurance	5513	Records	3767	5456	4812
: Maintenance	6200	Fabric Committee	2750	5570	4987
Hall: Utilities	5880	Hall Manager	4125	5500	5258
: Insurance	6225	Hall Manager	4125	5500	5928
: Maintenance	7500	Records	5475	7300	7657
Parish Mission	2500	Clergy	1688	2250	2000
Parish Office Costs	3250	Administrator	2100	2800	2517
FR costs: Organ Recitals	140	Organist	90	120	112
:Choir Concerts	450	Choir Director	525	700	645
: Other events	585	Fund Raising Committee	285	380	223
Contingency	250	Finance Committee		210	196
Total Expenditure	**107993**		**75619**	**101763**	**93727**
Net Surplus/-Deficit	**1,688**		**4,759**	**7,204**	**3,692**
Opening Balances	21554		14350	14350	10658
Net Surplus/-Deficit	1688		4759	7204	3692
Closing Balances	**£23,242**		**£19,109**	**£21,554**	**£14,350**

Summary

General fund			**Hall**	
Receipts	81181		Receipts	28500
Expenses	88388		Expenses	19605
Net Surplus/-Deficit	**-£7,207**	Net Surplus	/-Deficit	**£8,895**
Total Surplus/	-Deficit	**£1,688**		

© ACAT 2021

giftaid it

Gift Aid Declaration

St Agatha's, Barchester

If you are a UK taxpayer and eligible to Gift Aid your donation, please complete the declaration below. This will increase your gift by 25p for every £1 given at no extra cost to you or us. Thank you. Please note the personal details you provide below will only be used in connection with Gift Aid claims.

Declaration:
Please treat as Gift Aid donations all qualifying gifts of money made from the date of this declaration and in the past four years. I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

Full Name: _____

Address (including postcode):_____

_____

_____ Postcode:_____

Signature:_____ Date: _____

NOTES

Please notify the church/PCC if you:

- Want to cancel this declaration
- Change your name or home address
- No longer pay sufficient tax on your income and/or capital gains. Gift Aid is linked to basic rate tax, currently 20%, which allows charities to reclaim 25p for every £1 donated.

If you pay Income Tax at the higher or additional rate and want to receive the additional tax relief due to you, you must include all your Gift Aid donations on your Self-Assessment tax return or ask HM Revenue and Customs to adjust your tax code.

St Agatha's Barchester PCC is an Excepted Charity
Please return this form to: The Treasurer:
Mrs Charlotte Neckett, 38 The Green Barchester BR1 3FT

© ACAT 2021

Appendix F1

Year End Reports Checklist

TRUSTEES' ANNUAL REPORT

TR1. Date, Signature and Approval

		Notes
a	Identifies the year end	
b	Date the Report approved	
c	Signed by Trustee(s)	

TR2. Objectives and activities

a	States charitable purposes	
b	Public Benefit statement	
c	Lists activities undertaken	

TR3. Achievements & Performance

a	List main achievements	

TR4. Financial review

a	Reserves Policy	
b	State year end amount of reserves	
c	All Funds included	
d	Going Concern	

TR5. Structure, Governance and Management

a	Governing Document	
b	Type of Charity	
c	How Trustees recruited	

TR6 Reference & Administration Details

a	Registered name of charity	
b	Working title of charity	
c	Registration number / Excepted charity	
d	Venue address	
e	Administrative Address	
f	List of Trustees	
g	Volunteers	

TR7. Funds held as custodian trustee on behalf of others

a	Details of Custodian assets	

© ACAT 2021

Receipts & Payments A/cs

R1. The structure of the R+P

a	Change of structure from last year	
b	Last year's figures included	

R2. Movement of Funds (All Funds)

a	Opening balances by class	
b	Receipts by class	
c	Payments by class	
d	Transfers between fund	
e	Closing balances by class	
f	Last year's figures included	

NOTES TO THE ACCOUNTS

N1 Accounting Policies

a	States prepared under R+P	
b	Other Policies	

N2 Funds

a	Explain the purpose of each fund	
b	Individual funds opening balances	
c	Receipts individual funds	
d	Payment individual funds	
e	Transfers between funds	
f	Individual funds closing balances	
g	Last year's figures included	

N3 General Notes

a	Breakdown of Receipts	
b	Breakdown of Payments	
c	Payments to Trustees	
d	Independent Examiner's fees	
e	Explanation of Material Items	
f	Explanation of Extraordinary Items	

© ACAT 2021

Statement of Assets & Liabilities

S1. Structure of the SOAL

a	Format changed from last year	
b	Last year's figures	

S2. Approval

a	Identifies the year end	
b	Date the Report approved	
c	Signed by Trustee(s)	

S3. Separation of Funds (Fund-accounting information)

a	A/c for each fund type	
b	Balance for each fund	
c	Last year's figures	

S4. Tangible & Investments fixed assets

a	Fixed Assets Identified	
b	Valued + method	

S5. Debtors

a	Identified and Valued	
b	Gift Aid claims	
c	Explained	

S6 Current asset investments

a	Investment a/cs	
b	Any changes since last year?	

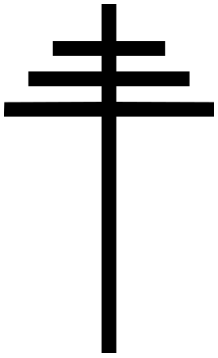
S7. Cash at bank and in hand

a	Cash in Hand	
b	Current A/cs	
c	Deposit A/cs	
d	Any changes since last year?	

S8. Liabilities

a	Creditors	
b	Provision of liabilities	

© ACAT 2021



The Parish of St Agatha's Church, Barchester

Address for correspondence:

The Parish Office, St Agatha's Church, The Green, Barchester, BR1 3FG

Annual Report
and
Financial Statements

of the Parochial Church Council

for the year ended
31st December 2017

Rector:
The Reverend James Trollop

Bankers:
Lloyds Bank, The Strand, Barchester

Independent Examiner:
Mr Michael Micawber
8 Anywhere Crescent
Barchester
BR2 3ER

Our web site:
www.Stagsbarchester.co.uk

The Parochial Church Council is an Excepted Charity

© ACAT 2021

The Parochial Church Council of St Agatha's Church Barchester

Annual Report

For the year ended 31st December 2017

Aim and Purpose

St Agatha's Parochial Church Council (the PCC) has the responsibility of cooperating with the Incumbent, the Reverend James Trollop, in promoting in the ecclesiastical parish, the whole mission of the Church, pastoral, evangelistic, social and ecumenical. As well as the Church itself, which is a Grade II Listed Building, the PCC is also responsible for maintaining the Church Hall in Barchester Close.

Objectives and Activities

The PCC is committed to enabling as many people as possible to worship at our Church, and to become part of our parish family. ***When planning our activities, the PCC has considered the Charity Commission's guidance on public benefit, and in particular the specific guidance on charities for the advancement of religion***. Our services and worship put faith into practice through prayer and scripture, music and sacrament. We try to enable ordinary people to live out their faith as part of our parish family, through:

- Worship and prayer: learning about the Gospel, and developing their knowledge and trust in Jesus.
- Provision of pastoral care for people living in the parish.
- Mission and outreach work.

To facilitate this work, it is vital that we maintain the fabric of both the Church and the Hall.

Achievements and Performance

Worship and Prayer

The PCC is keen to offer a range of services not only on Sundays, but also during the week, that our community will find both beneficial and spiritually fulfilling. For example, Wednesday morning Services of Holy Communion provide a traditional form of service, Sacred Space (on Monday mornings) provides a time of quiet and reflection, whilst the main Sunday Service is more lively. This year we have been successful in welcoming more families into our church, and the PCC agreed to the use of a new style of Family Worship on the 1st Sunday of each month. We try to arrange for Baptisms to take place at this Service. The use of the overhead screen at this Service, whilst not welcomed by everyone, has certainly allowed the use of hymns and songs not in our Hymn Books, and the volume of singing has increased significantly! The arrangements will be reviewed early the autumn of 2018.

At present there are 173 parishioners on the Electoral Roll, 91 of whom live within the parish. 18 names were added during the year, and 9 were removed, either because of death or moving away. The average Sunday attendance at the 10am Service on Sundays was 107, but this number increased significantly at Easter, Harvest, and Christmas.

As well as our regular services, we enable our community to celebrate and thank God at the milestones of the journey through life. There have been 15 Baptisms, 1 wedding and 4 funerals during the year. Those who are no longer able to come to Church are not forgotten. There is a team of Visitors – part of the Pastoral Link Scheme, and in addition, many receive Holy Communion in their own homes, taken by Lay Eucharistic Ministers.

Deanery Synod

Two members of the PCC sit on the Grantchester Deanery Synod. This provides the PCC with a link with the Churches around us, and also with the Diocese as a whole. It also receives reports from the General Synod. Amongst the items discussed was the formation of a Deanery Plan – trying to work

© ACAT 2021

out how best to deploy clergy, both stipendiary and non-stipendiary between the 20 parishes in the Deanery.

Church Fabric

We are delighted that with the blessing of our Insurers, we are still able to have the church open from at least 8am until dusk. The presence of the Coffee Bar within the Church building means that there are people around most of the time, whilst still leaving areas in the church an oasis of peace. We are so very grateful to all the volunteers who run the coffee bar – without it the Church would probably have to be locked most of the time.

The state of the nave roof has been causing concern for some years ***and as you will see from the accounts pages, we had to spend £1400 as a matter of emergency in 2017. Fortunately, as the Church is a Listed Building, we were able to claim a grant equal to the VAT element (£233).*** Meanwhile we try to put money aside to pay for the eventual replacement.

Mission and Evangelism

Helping those in need is a demonstration of our faith. The Mission and Evangelism Committee is to be congratulated on their fund-raising efforts, raising £1350 for the South Africa Famine Appeal. Our monthly magazine, 'The Net' now has a print run of some 300 copies, and gives details of what is coming up, and reports on previous activities. We ask for contributions of £6 per year to cover the cost of this 20 page magazine. It is also available on-line at our web site: www.stagsbarchester.co.uk

Other Activities

The PCC publishes in March year, a separate document containing reports and details of some 20 organisations and groups which are part of our Church family. Activities range from Bell ringing to Walking, the Lunch Club for the over 60's, to the Baby Tots. Please do call in at the Coffee Bar and collect a free copy.

Financial Review

Total receipts on the unrestricted General Fund were £63450, and payments from this fund totaled £60850, giving a surplus of £2600. Of this, the PCC decided to move £2000 to the 'designated fund' for the maintenance of the Organ.

Income from standing orders and weekly envelopes ('Planned Giving') increased by 8% and it has been good to see that many visitors are now using the one off Gift Aid envelopes. It is important to see that the receipts figure includes a legacy from the late Mary Rudge of £1000. Without this, the surplus would, of course, been far smaller.

The contribution to the Diocesan 'Parish Share' – which pays the stipends and housing costs etc of the clergy – increased by 12%. This was because the size of the congregation has grown since the last adjustment.

Reserves Policy

The PCC has resolved to maintain, if possible, a balance on our General (unrestricted) Fund, which equates to at least three month's unrestricted payments (say £15,000) to cover emergencies. Obviously our current balance of £4900 does not match this target. The Fabric Fund balance of £17050 is retained towards the cost of the nave roof repairs/replacement. It is our policy to invest any surplus funds with the CBF Church of England Deposit Fund.

Volunteers

The members of the PCC would like to thank all the volunteers who work so tirelessly to make our Church a lively and vibrant community. Our especial thanks go to our Churchwardens, Arabella Allen and Mark Tapley.

© ACAT 2021

Structure, Governance and Management

The method of appointment of PCC members is set out in the Church Representation Rules. The Council comprises the Incumbent, the Churchwardens, a representative of the Readers, those elected to the Deanery Synod, and other members who are elected at the Annual Parochial Church Meeting, by those on the Electoral Roll. Members of the congregation are always urged to join the Electoral Roll, and to stand for election to the PCC.

The PCC members are responsible for making decisions on all matters of general concern and importance in the parish, and for all financial matters. The full PCC met six times during the year, with an average level of attendance of 94%. Given its wide responsibilities, the PCC has a number of sub committees, each dealing with a particular aspect of parish life. These include Worship, Mission and Outreach, Buildings and Finance, and Youth Work. Each reports back to the full PCC, with the Minutes of their Meetings.

Administrative Information

The Church is situated in The Green, Barchester, BR1 3FG and is part of the Deanery of Grantchester, in the Diocese of Foxton. The correspondence address is The Parish Office, St Agatha's Church, The Green, Barchester, BR1 3FG. The PCC is a body corporate (PCC Powers Measure 1956, and the Church Representation Rules 2006) and a Charity Excepted from registration with the Charity Commission.

PCC members who have served from the 1st January 2017 until the date this report was approved were:

Ex Officio

The Incumbent	The Rev'd James Trollop	Chairman
Reader	Mr. Robert Sawyer	
Churchwardens	Mrs. Arabella Allen	
	Mr. Mark Tapley	Vice Chairman
Deanery Synod Reps	Mr. John Fielding	
	Mr. Peter Magnus	
Elected Members	Miss Julia Bates	From APCM April 2017
	Mrs Flora Finching	From APCM April 2017
	Mrs Edith Granger	
	Mr. John Handford	Secretary
	Mrs Emma Hardale	
	Mrs Elizabeth Hexham	
	Mrs Charlotte Neckett	Treasurer to the PCC
	Mr. George Redfoot	Until APCM 2017
	Mr. Edward Wardle	Until APCM 2017

Approved by the PCC on 3rd February 2018 and signed on its behalf by:

…… ……

Rev'd James Trollop (Chairman) **Mr Mark Tapley (Vice Chairman)**

© ACAT 2021

Receipts & Payments A/cs
Year ended 31st December 2017

Receipts		Unrestricted General Fund	Designated Organ Fund	Restricted Fabric Fund	Total 2017	Total 2016
Voluntary Receipts	notes					
Regular Giving	1	48000	0	0	48000	46100
Other Voluntary Receipts	2	2700	0	4100	6800	7300
Activities for generating funds	3	8300	0	0	8300	9000
Charitable Activities	4	4300	0	0	4300	3850
Investments	5	150	250	950	1350	1100
Total Receipts		**£63,450**	**£250**	**£5,050**	**£68,750**	**£67,350**
Payments						
Fundraising costs	6	400	0	0	400	450
Charitable Activities	7	60450	0	1400	61850	57400
Total Payments		**£60,850**	**£0**	**£1,400**	**£62,250**	**£57,850**
Excess of receipts over payments		2600	250	3650	6500	9500
Transfers between funds		-2000	2000	0	0	0
		600	2250	3650	6500	9500
Opening Balance 1st Jan		4300	3300	13400	21000	11500
Closing Balance 31st Dec		**£4,900**	**£5,550**	**£17,050**	**£27,500**	**£21,000**

© ACAT 2021

Notes to the Financial Statements: Year Ended 31st December 2017

	Unrestricted General Fund	Designated Organ Fund	Restricted Fabric Fund	Total 2017	Total 2016
Note 1: Regular Giving					
Tax efficient planned giving	26600			26600	24600
Other Planned Fiving	2800			2800	2600
Offerings at Services	6500			6500	6250
Other recurring donations	2200			2200	2050
Income tax recovered	9900			9900	10600
	£48,000	**£0**	**£0**	**£48,000**	**£46,100**
Note 2: Other Voluntary Giving					
Grants			233	233	850
Legacies	1000			1000	0
Non-recurring donations/appeals	1700		3867	5567	6200
	£2,700	**£0**	**£4,100**	**£6,800**	**£7,050**
Note 3: Activities for Generating Funds					
Magazine	2200			2200	2100
Rent: form Verger's House	3700			3700	3700
Fundraising Events	2400			2400	3200
	£8,300	**£0**	**£0**	**£8,300**	**£9,000**
Note 4: Church Activities					
Fees	400			400	350
Church Hall Lettings	3900			3900	3500
	£4,300	**£0**	**£0**	**£4,300**	**£3,850**
Note 5: Income from Investments					
Interest	150	250	950	1350	1100
	£150	**£250**	**£950**	**£1,350**	**£1,100**
Note 6: Fundraising Costs					
Summer Event	400			400	300
Stewardship Expenses				0	150
	£400	**£0**	**£0**	**£400**	**£450**
Note 7: Church Activities					
Common Fund	41500			41500	37050
Clergy Expenses	1900			1900	1800
Youth Ministry Costs	750			750	0
Salary: non-pastoral staff	900			900	850
Upkeep of Services	2600			2600	2100
Church: Utilities	2900			2900	2500
Church: Running costs	1800			1800	2450
Church: Maintenance Costs	2500		1400	3900	5200
Hall Running Costs	1200			1200	1200
Magazine Costs	1800			1800	1650
Mission	2550			2550	2550
Independent Examination	50			50	50
	£60,450	**£0**	**£1,400**	**£61,850**	**£57,400**

© ACAT 2021

Statement of Assets & Liabilities as at 31st December 2017

	Unrestricted General Fund	Designated Organ Fund	Restricted Fabric Fund	Total 2017	Total 2016
Monetary Assets	**£**	**£**	**£**	**£**	**£**
Bank Current A/cs	400			400	350
CBF Deposit A/cs	4500	5550	17050	27100	20650
	£4,900	**£5,550**	**£17,050**	**£27,500**	**£21,000**
Money Owed to the Church					
Grant for Hall	500			500	0
Gift Aid Claim due January	2240			2240	0
	£2,740	**£0**	**£0**	**£2,740**	**£0**
Fixed Assets for Church Use					
Former Verger's House (at cost)	**£59,000**				**£59,000**
Money which the Church Owes					
Organ Cleaning		**£1,700**			**£0**

Notes:

1 The Financial Statement of the PCC have been prepared in accordance with the Church Accounting Regulations 2006 using the Receipts and Payments Method

2 Consecrated and benefice property is not included in the accounts in accordance with s10(2) of the Charities Act 2011. Moveable church furnishings are held by the vicar and churchwardens on special trust for the PCC and require a faculty for disposal are inalienable property.

3 Items costing more than £1000 are included in Fixed Assets at cost.
Former Verger's House: is valued at its cost in 1964

4 Items that are of a fixed asset type that cost £1000 or less are written off in the year acquired
Items listed below have been written off in the year indicated but are still under the control of the PCC

2011: Photocopier, computer 2012: Bookcases and Shelving, Pew Cushions
2013: Votive Stand , Lawnmower

5 The PCC allocated £2550 to Mission giving: of this £1200 was given to CMS and £1350 to the Bible Society. This was in addition to the £1350 raised by the Mission and Evangelism Committee which was sent to the Christian Aid's South Africa Famine Appeal

6 Payments to PCC Members:
Revd Trollop was paid £1900 in respect of expenses incurred in his duty as vicar of St Agatha
No other member of the PCC received any payment

Approved by the PCC on 3rd February 2018 and signed on its behalf by:

_____ _____

Rev'd James Trollop (Chairman) Mr Mark Tapley (Vice Chairman)

© ACAT 2021

Independent Examiner's Report to the members of the Parochial Church Council ('The Trustees') of St Agatha's Church, Barchester

I report on the accounts for the year ended 31st December 2017 which are set out on pages 1-6 of this report.

Respective responsibilities of the Trustees and Independent Examiner
The members of the PCC (the Trustees) are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to

- examine the accounts (under section 145(5)(b) of the 2011 Act);
- follow the procedures laid down in the General Directions given by the Charity Commissioners; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement
My examination was carried out in accordance with the General Directions given by the Charity Commission. 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 seeking explanations from the Church Council (the Trustees) concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in a full audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement
In connection with my examination, no matters have come to my attention:

1. which give me reasonable cause to believe that in any material respect the requirements
   - to keep accounting records in accordance with section 130 of the 2011 Act; **and**
   - to prepare accounts which accord with these accounting records and comply with the accounting requirements of the 2011 Act have 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.

……..
M Micawber ACCA
8 Anywhere Crescent Barchester
BR2 3ER

21st March 2018

© ACAT 2021

Accruals Accounting

If the income of a church is below £250k the accounts may be prepared under the Receipts and Payments method, however if above this threshold then there is no option and the accounts have to be prepared under the Accruals Accounting method.

The basic principle of Accruals Accounting is to include moneys that were due to be received or expended during the year under review. Under income this includes such amounts that are due but not yet received, e.g. offerings and fundraising events that took place prior to the year-end but money not banked until the New Year. Under expenditure this includes such amounts that were not paid until the New Year for items used in the year, e.g. utility invoices received after the year end that relate to last few months of previous year.

Year End Reports:

- Trustees Annual Report
- Statement of Financial Activity (SoFA)
- Balance Sheet
- Notes
- Auditor's or Independent Examiner's Report

Trustee Annual Report:

Must include:

- Objectives and Activities
- Achievements of the Year
- Financial Review
- Structure, Governance and Management
- References & Administrative Details
- Funds held as Custodian trustees

For larger churches (gross income > £500k) the following must be included:

- Plans for the future
- Risk Management

Statement of Financial Activities (SoFA)

The layout of the SoFA is set out in the SORP and should not be deviated from unless there is exceptional good reason which must be explained in the notes. A template (Table 2 from the SORP) is reproduced below

Balance Sheet

Here again the layout is prescribed. A Template is reproduced below

Notes to the Accounts:

Should include notes on:

- Accounting Policies
- Confirmation that the Church is a "going concern"
- Analysis of components of income and endowments
- Analysis of total expenditure
- Liabilities and Provisions
- Trustees' remuneration and benefits
- Trustees' expenses
- Transactions with related parties
- Remuneration of any Auditor or Independent Examiner
- Ex-gratia Payments

© ACAT 2021

- Staff costs and employee benefits
- Tangible and intangible non-investment fixed assets
- Investment fixed Assets
- Stocks and any work-in-progress
- Debtors and Prepayments
- Current asset investments
- Cash at bank and in hand
- Contingent Liabilities and Contingent Assets
- Events after the year-end

SoFA	**Unrestricted Funds**	**Restricted Funds**	**Endowment Funds**	**TOTAL FUNDS**	**Prior Period Total Funds**
	£	£	£	£	£
Income and endowments from					
Donations and legacies					
Charitable activities					
Other trading activities					
Investments					
Other					
Total					
Expenditure on					
Raising funds					
Charitable activities					
Other					
Total					
Net operating income/(expenditure)					
Net gains/(losses) on investment assets					
Transfers between funds					
Net income/(expenditure) for the year					
Other recognized gains/(losses):					
on revaluation of *non-investment* fixed assets					
on defined benefit pension schemes (actuarial)					
any other gains/(losses) – eg foreign currency					
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward					
Total funds carried forward					

© ACAT 2021

Balance Sheet Template: Table 5 from SORP

Note Ref.		Total Funds	Prior Year Funds
	Fixed Assets:	**£**	**£**
	Intangible Assets		
	Tangible Assets		
	Heritage Assets		
	Investments		
	Total Fixed Assets		
	Current Assets:		
	Stock		
	Debtors		
	Investments		
	Cash at bank and in hand		
	Total Current Assets		
	Liabilities		
	Creditors: amounts falling due within one year		
	Net Current assets or Liabilities		
	Total Assets Less Current Liabilities		
	Creditors: Amounts falling due after more than one year		
	Provision for Liabilities		
	Net asset or liabilities excluding Pension asset or liability		
	Defined benefit pension scheme asset or liability		
	Total Net Assets or Liabilities		
	The Funds of the Charity:		
	Endowment Funds		
	Restricted Income Funds		
	Unrestricted Funds		
	Revaluation Reserve		
	Pension Reserve		
	Total Unrestricted Funds		
	Total Charity Funds		

© ACAT 2021

Sample Letter of Engagement

Mr. Michael Micawber
8 Anywhere Crescent, Barchester, BR2 3ER

Chair of PCC St Agatha's Church Barchester
Parish Office St Agatha's Church BR1 3FG

15th August 2017

Dear Chair

Engagement as Independent Examiner
The purpose of this letter is to confirm our recent discussions the basis on which I will act as Independent Examiner, to prepare a report in respect of the church's financial statements for the year ended 31st December 2017 in accordance with section 145 of the Charities Act 2011 (the Act)

Responsibilities of St Agatha's PCC
As members of the PCC you are responsible for maintaining proper accounting records and for preparing accounts which comply with the requirements of the Act and Charities SORP. You are also responsible for determining whether, in respect of the year the church meets the conditions for exemption from an audit of the accounts set out in section 145(1) of the Act and for providing me with information and explanations required for my examination.

Responsibilities of the Independent Examiner
I will plan my work on the basis that an independent examiner's report on the accounts is required for that year, unless I inform you in writing to the contrary.

As an independent examiner I have a statutory duty to state in my report whether any matter has come to my attention in connection with the examination which gives me reasonable cause to believe that in any material respect:

- Accounting records have not been properly kept in accordance with section 130 of the Act; or
- The accounts do not accord with the accounting records or do not comply with the Regulations.

I also have a statutory duty to disclose in my report matters coming to my attention during the examination to which in my opinion attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Should my work lead me to conclude that St Agatha PCC is not entitled to exemption from an audit of the accounts or should I be unable to reach a conclusion on this matter then I will not issue any report and will notify you in writing of the reasons. In these circumstances, if appropriate, I will discuss with us the need to appoint an auditor.

Scope of the Independent Examiner's work
My work will be carried out in accordance with general directions setting out the duties of an independent examiner issued by the Charity Commissioners. My work as independent examiner will be less onerous form of scrutiny than an audit of accounts in accordance with Auditing Standards.

My examination will include a review of the accounting records kept by St Agatha's PCC and a comparison of the accounts presented with those records. It will also include a review of the accounts and considerations of any unusual items or disclosures identified. In such cases where I identify an unusual item I will seek explanations from you and may carry our verification and vouching procedures where I require further clarification.

My work cannot be relied upon to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which have taken place and which it is your responsibility to guard against. Should I become aware, for any reason that the accounts may be misleading and we cannot agree appropriate amendments, and I then conclude that the matter cannot be adequately dealt with in my report, I will not issue any report and will withdraw from the engagement and will notify you in writing of the reasons.

As part of my normal procedures I may request you to provide written confirmation of any information or explanation given by us orally during the course of my work.

Fees: expenses only

Confirmation
Once it has been agreed this letter will remain effective until it is replaced or until I cease to hold the position of independent examiner. I shall be grateful if you would kindly confirm your agreement to the terms in this letter by signing and returning the attached copy.

Signed on behalf of St Agatha PCC……

Signed by Independent Examiner …….. Michael Micawber

© ACAT 2021

Sample Management Report

St Agatha's Church Trustee Board: Independent Examiner Notes ~ March 2018

It is customary for an Independent Examiner after concluding their examination of the accounts to write to the commissioning Board outside the issuing of the official report to highlight any issues whilst not requiring comment in the official report may need attention if the accounts in future years are to comply with best practise.

General Overview

All charities are expected to keep records to prove they are in control of their finances. These should be kept in such a way that any transaction can be traced quickly through the system. For example, from Offering Plate to banking slip to bank statement; plus in reverse, bank statement to banking slip to donations. Similarly all expenditure should have backing documents.

In the records that were presented to me: whilst all transactions had backing documents they were not always easy to find. When looking for the invoice relating to a particular cheque it was not obvious when the cheque was issued. A process improvement that you may consider would be to prepare a list of cheques issued. This could be a monthly list which could be place at the front of the payments section of each month or as an annual list placed in the year end information.

The points raised above and those listed below have been raised to indicate some areas where there may be some issues that the Board may wish to address or where there could be a risk to the funds. The purpose of systems and procedures is to protect the operators and also to demonstrate that the Board is in control.

Points to Notes: *(in no particular order)*

1. Fundraising: where are the costs of events other than the Summer Event?
    a. There should be no netting off;
    b. If items have been donated they should be reflected in the accounts

    This rule is one of the treasurer's nightmares. Members think they are doing the Treasurer a favour by just handing over the "profits". The effect of only recording these profits is that the income/receipts are understated. As Income is the trigger for various rules and regulation to kick in, it is important that all income is recorded. If you could persuade your members to claim everything, be paid, and then they could make a cash donation of this reimbursement which could be gift aided (GA). For this to be GA money must pass.

2. **Expenses 1**: It was noted that expenses were being submitted at random intervals. For budgeting and cashflow purposes it is considered best practice for expenses to be submitted on a monthly basis

3. **Expenses 2**: It was observed that expenses did not appear to be authorised. Whilst none of those viewed appeared to be anything other than legitimate this process does leave the way open to the risk of misappropriation. The process appears to be just hand the Treasurer the bills and reimbursement is made. This method does not demonstrate that there are any controls are in place. It is considered good practise that the procedure for the repayment of expenses is regularly reviewed and agreed by the Board. Ideally this procedure should be in written format and all those that are likely to request payment of expenses be handed a copy. All expense claims should be countersigned by a non-related party to prevent collusion. Many churches list a group of people one of whom must countersign all expenses. One reason why all (personal) expenses should be authorised; if HMRC does an inspection they could construed these payment as "salary" unless there are receipts and the payment sanctioned by another officer. A suggestion would be to devise a simple form on which all expenses can be claimed. There should be space for the person making the claim to sign and to be countersigned by a nominated person plus if reimbursement is to be by bank transfer confirmation of bank details into which the money should be paid.

4. **Expenses 3:** It was observed that invoices attached to expense claims were in the name of the individual rather that the charity. For the sake of transparency of the transaction, the invoice at least should have the Charity's name on it: e.g. St Agatha's Church c/o Mr M Tapley

© ACAT 2021

5. **Banking Online 1:** You have started to pay some of your bill by online banking. Having discussed this with your Treasurer, he has confirmed that it requires 2 people to process any payment, whilst this does equates and thus comply with the 2 signatures rule the current process does not provide any confirmation that the second person has seen the invoice that he is being asked to confirm the payment nor proof of exactly what he is being asked to confirm. I did suggest that the Treasurer could email the other party with a list of payments that are in need of confirming when he has set up payment. Alternatively arrange for the invoices to be signed before the payment is prepared

6. **Banking Online 2:** The procedure for online banking should be agreed by the Board, ideally in written format and regularly reviewed. The procedure should include who should operate the system and what payments may be made this way. You may wish to restrict this method to regular suppliers and officer expenses. At present you have only 2 people to operate this system which may cause problems if one is unavailable, you could of course revert to issuing cheques.

7. **Cashing handling:** It was noted that a large number of the cash sheets were only signed by the Treasurer implying it is he who operates the whole process of cash handling. This system does put the Treasurer at risk. Good practise dictates that there should be some segregation of duty. Whilst appreciation that your congregations are small and finding volunteers is not easy, it should be possible to find others to do this task not necessarily on a weekly basis or even a monthly basis. I know of one church that took a very proactive approach and devised a rota on which every member who were considered to be regular worshippers was allocated a task that had to be completed at least once during the year … counting the offering was one.

8. **Annual Report:** To help the reader of your Report is would be helpful if figures are quoted for the current year, the figures for the previous year should be quoted. For example you stated that the *average attendance was 107*; the reader is not to know if this is good, bad or indifferent.. If you had included the fact that last year the average was 45, the average of 107 is put in context. You could then go on to explain the dramatic change

- **Overall System:** The software package being used to record your accounts is the one that is recommended for churches, whilst the application has recently been upgraded the database has been in existence for a number of years and has many line items that are now defunct but cannot be deleted as they have data attached albeit many years old. This means that when report are produced they are overly long and cumbersome. It is possible to archive current data and re-set the database without losing past data. I would be happy to assist with this.

Conclusion

In reporting my observations to you, I hope you will find them to be constructive. They are not meant to be disparaging or a criticism but to give you some reassurance that most things are being completed efficiently and effectively. Although the list of observations is long the issued raised are relatively minor but minor issues could become major ones if not addressed at an early stage. Most of the issues revolve around best practice or hints and suggestions for the future.

It is good practise to review all systems on a regular basis to ensure that they are still fit for purpose. So please rest assured your account record keeping system is working and is being run as it should be however all systems could be improved on, (including mine!)

If there is anything in this report you would like further clarification please do not hesitate to contact me

Best wishes

Michael Micawber
Independent Examiner

© ACAT 2021

Glossary of Acronyms

ACAT	Association of Church Accountants and Treasurers
ACIE	Association of Charity Independent Examiners
CAF	Charities Aid Foundation
CC	Charity Commission
CCEW	Charity Commission for England and Wales
CCNI	Charity Commission for Northern Ireland
CIO	Charitable Incorporated Organisation
CofE	Church of England
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
IE	Independent Examination / Independent Examiner
I&E	Income and Expenditure
GAD	Gift Aid Declaration
GASDS	Gift Aid Small Donations Scheme
GDPR	General Data Protection Regulation
HMRC	His Majesty's Revenue and Customs
LPWGS	Listed Places of Worship Grant Scheme
NICs	National Insurance Contributions
OSCR	Office of the Scottish Charity Regulator
OG	Operational Guidance
PB	Public Benefit
PCC	Parochial Church Council
R&P	Receipts and Payments
SCIO	Scottish Charitable Incorporated Organisation
SoAL	Statement of Assets and Liabilities
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice
TAR	Trustees' Annual Report
VAT	Value Added Tax

© ACAT 2021