



The Representative Church Body

Financial Guides for Parishes

Receipts and Payments Accounts and Accrual Accounts

What are Receipts and Payment Accounts and Accrual Accounts?

- **Receipts and Payment Accounts** are a simpler form of accounts based on money received and paid through the Parish bank and cash accounts, during the financial year, with a statement of assets and liabilities. A parish may use this type of accounts if its gross income is **less than £250,000 per year** (in calculating Gross Income, a parish excludes any receipts that have come from endowments, loans and proceeds from the sale of investments or fixed assets).

The following **four documents must be included** as part of the Parishes full accounting and reporting requirements under receipts and payments accounts:

- Trustees' (Select Vestry's) Annual Report
- Receipts and Payments Account
- Statement of Assets and Liabilities
- External Scrutiny Report (Independent Examiner's Report)

If your parish is eligible for Receipts and Payments Accounts, these requirements will apply for your first full financial year beginning on or after 1 January 2016, or your date of registration with the Commission, if later. The full accounting and reporting requirements will apply to all financial years beginning on or after 1 January 2016.

- **Accrual Accounts** are accounts that record the income of a particular activity when there is an entitlement or probability about income, and expenses, when the liability is incurred. This is not necessarily the same date when money is received or paid out.

Example of Income which would be accrued –

A local business donates £1,000 to the Parish at 29th December, the funds have not reached the Parish bank account but the treasurer is aware the funds have been transferred from the business. This income under the accrual method would be included in the year-end accounts and shown as a donation of £1,000 with a corresponding entry in debtors for monies due.

Example of Expenditure which would be accrued –

New carpet has been laid in the Parish Church in December, but no invoice has yet been received at 31st December, the year-end date. The treasurer would include this expense as the work has been completed in Church repairs and a corresponding entry in liabilities as an accrual for monies due to be paid (owed) by Parish.

Accrual Accounts must be prepared if a parish fulfils at least one of the following criteria.

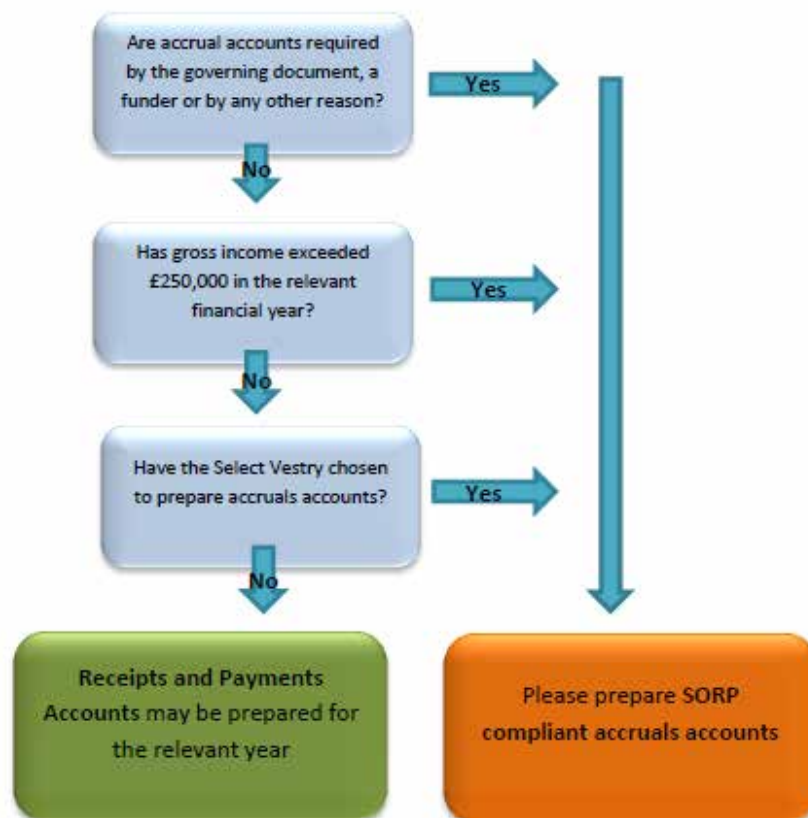
- Have a gross income of more than £250,000 in the relevant financial year.
- The parish's governing document requires accrual accounts.
- Another enactment says the parish must prepare accruals accounts.
- A decision has been made by the Select Vestry to prepare accrual accounts.

As with Receipts and Payments Accounts, these requirements will apply for your first full financial year on or after 1 January 2016, or your date of registration with the Commission, if later.

The following **four documents must be included** as part of the Parishes full accounting and reporting requirements under accrual accounts:

- Trustees' (Select Vestry's) Annual Report
- Statement of Financial Activities (SoFA) and relevant notes
- Balance Sheet and relevant notes
- External Scrutiny Report (Independent Examiner's / Auditor's Report)

Preparing Accounts



· Accounting Records

The Charities Act stipulates that charities must keep records for at least 6 years from the end of the financial year/period in which they are made.

A Parish should keep

- Cash book
- Bank Statements
- Vouchers, invoices, receipts and other supporting evidence of income and expenditure

A Parish may keep

- General ledger
- Computer spreadsheets
- Accounting software and supporting data