



REPRESENTATIVE CHURCH BODY OF THE CHURCH OF IRELAND

Preparing your Parish for Charities Accounting

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Church of Ireland Parishes are very compliant, however, we like all charities must comply with the law.

Agenda

1. RCB & local supports
2. Trustee responsibilities
3. Thresholds – NI & ROI
4. Implications for Parishes – what they must file and deadlines
5. What are “Receipts & Payments” and “Accrual” accounts
6. How to account for your Parish, Group or Union
7. Trustee report – opportunity to tell your story
8. Explaining restricted & unrestricted funds
9. What is the statement of Assets & Liabilities and Balance Sheets?
10. Accounting for Church Property
11. Accounting for Parish Investments
12. Accounting for Parish bank accounts
13. Local filing requirements

RCB & local supports

- ✓ RCB providing **guidance & support on the charities registration process** via synod office (happened for NI Parishes and will happen for ROI Parishes)

- ✓ RCB finance department have developed a **series of supports** for Parishes which are available on the Church of Ireland website under parish resources/parish finances
 - 1) Example Receipts & Payment Accounts
 - 2) Explanatory Notes on receipts & payment accounts
 - 3) Glossary of terms for receipts & payment accounts
 - 4) Example SORP compliant accrual accounts
 - 5) Explanatory notes on SORP compliant accrual accounts
 - 6) Glossary of terms for SORP compliant accrual accounts
 - 7) Guidance on accounting for Church property

- ✓ **Additional guidance** will be available in due course to include:
 - 1) Trustees Report – example reports ROI

RCB & local supports (continued)

- ✓ **Treasurers networks** – Diocese are encouraged to support the formation of local treasurer networks to share learnings
- ✓ RCB will facilitate Diocesan meetings of **Parish treasurer networks during 2018 & 2019** as required
- ✓ Select Vestries are encouraged to **seek out local resources & experts** in Parish to support with email, new format of accounts, charities reporting, etc.
- ✓ SV encouraged to set up a **Parish email address** for communicating with the commissioners/regulators office & the RCB (htdunshaughlin@gmail.com)

Trustee responsibilities

- Trustees are responsible for:
 - keeping proper books of account
 - Prepare annual statements of accounts
 - Ensuring accounts receive an annual audit or examination
 - Prepare an annual report
- The parish trustees are the members of the Select Vestry of the Parish, Group or Union
- The trustees must keep either receipts & payment accounts or accrual accounts in line with thresholds

Income Thresholds for Parishes in NI

Charities with income of more than £500,000	Trustees prepare accrual account applying Charities SORP FRS 102 to be independently audited
Charities with income between £250,001 - £500,000	Trustees prepare accrual accounts applying Charities SORP FRS 102 to be <u>independently examined by an appropriately qualified person.</u>
Charities with income less than £250,000	Trustees prepare receipts and payments accounts to be <u>independently examined by a competent person.</u>

Most Parishes are in the position where they can produce accounts under the simplified receipts and payments methods
Parish should consider any Diocesan Rules which apply to accounts

What must a Parish file in NI?

- Submission of an Annual Return to the Commission - On registration every charity will be given an Annual Return date
- These submissions will become a matter of public record
 - Financial statements must be filed with the Charities Commission within 10 months of the financial period ending.
- The Commission require:
 - Online return
 - Upload Annual Report (trustee report)
 - Upload Annual Statement of Accounts (Receipts & Payments and Statement of Assets & Liabilities)
 - Upload auditors/independent examiners report (as required)

Income thresholds ROI – not enacted into legislation yet . However the Regulators office has advised that these will be recommended

Charities with income of €250,000+	Trustees prepare accrual accounts applying FRS 102 to be independently audited by a professional auditor Statement of financial activities, Balance sheet, Cash flow statement and notes to the accounts
Charities with income less than €250,000	Trustees prepare receipts and payments accounts to be independently examined Statement of receipts and Payments, Statement of Assets & Liabilities and notes to the accounts
Lower threshold - TBC	Minimal reporting – annual return

Most Parishes are in the position where they can produce accounts under the simplified receipts and payments methods

Parish should consider any Diocesan Rules which apply to accounts and which may mean that a Parish should prepare audited accounts

What must Parishes file in ROI?

- Submission of an Annual Return to the Charities Regulator
- These submissions will become a matter of public record
 - Financial statements must be filed with the Charities Regulator within 10 months of the financial period ending
- The Regulators office requires:
 - Online return
 - Upload Annual Report (trustee report)
 - Upload Annual Statement of Accounts (Receipts & Payments and Statement of Assets & Liabilities or Accrual Accounts, Balance Sheet, Cash Flow and Notes)
 - Upload auditors/independent examiners report (as required)

What are Receipts & Payments and Accrual Accounts

Receipts and Payments Accounts

Simpler form of accounts based on summary of money received and paid both through the bank and cash accounts for the financial period/year. Best practice is to include a statement of assets & liabilities and notes to the financial statements.

The majority of Parishes will fall into receipts & payment accounts

Accrued Accounts

Here the income or expense of a particular activity is accounted for when the liability is incurred or when there is an entitlement to certain income.

Parish, Group or Union – what unit do we prepare accounts for?

Entity	Select Vestry	Accounts
Single Parish which will register with CCNI or CRA	One Select Vestry and will be registered as one charity with CCNI or CRA	Prepare financial statements for the single parish
Group of Parishes each with their own charities registration number	Each Parish within the Group will have a Select Vestry and each Parish which has a SV will register with CCNI or CRA	Prepare financial statements for each Parish within the Group with a SV
Union of Parishes which are all registered under the one charities registration number	The Union will have one Select Vestry and will be registered as one unit with CCNI / CRA	Prepare one set of financial statements for the Union of Parishes

Trustee report – NI guidance

- Reference and administration details of the charity
- Structure, governance and management
- Objectives and activities
- Achievements and performance
- Financial overview which includes a reserve policy
- Plans for future periods
- Public benefit statement – statement of trustees responsibilities

It is an opportunity for the Parish to tell its story, explain the objectives, what the parish is doing, future plans.

The trustee report should not be left to just one member of the SV to complete
Can review details on Sample Style accounts for the “Best” Parish Church – see
handout

Restricted and Unrestricted Funds

Restricted Funds

Funds received for a specific appeal and which can only be used for that specific purpose – Church roof repair fund

Unrestricted Funds

Income arising which can be used for general Parish purposes

Endowment Funds

Funds donated or bequest made which can be either restricted or unrestricted and either permanent or expendable.

Statement of Assets & Liabilities and Balance Sheet

Most Parishes won't have produced a statement of assets & liabilities or a Balance Sheet

- What should be included:
 1. Fixed Assets – Property owned by the Parish - the RCB has produced guidance for Parishes on how to value church property
 2. Investment – held in trust or managed by the RB in the General unit trust or other investments
 3. Cash – held by the RB
 4. Bank – all bank accounts
 5. Debtors – amounts due to be collected which have not been received but are included in the accounts (BS only)
 6. Creditors e.g. suppliers or money owed which has not been paid but due (BS only)
 7. Bank Loans – any loan from banks or other financial institutes

The Statement of Assets & Liabilities is less onerous

Full Balance Sheet is only applicable to SORP compliant accrual accounts

Accounting for church property

- ✓ RCB holds Parish property and land in trust for the Church of Ireland
- ✓ Property includes – Churches, Graveyards, Glebes, Glebe Land, Parish Halls and other Parish properties
- ✓ Where the property is vested in the RCB the property **should be included** in the Parish statement of assets & liabilities
- ✓ Where the property is vested in the Parish, then the property **should be included** in the Parish statement of assets & liabilities
- ✓ Where the property is vested in individual or independent trustee these circumstances will need to be considered individually

Four pots of property types

Churches &
Graveyards

Church
Halls/Parish
Centres

Glebes / Rectories

Glebe Land or
lands owned

Church Properties - Church & Graveyard

Church property	Valuation
Historic Churches & Graveyards	Can be recognised as a “heritage asset” and where its cost or valuation is not available no value need be ascribed in the statement of assets & liabilities but a note needs to be included
Churches built in latter part of twentieth century	Can be recognised as a “heritage asset” however, where costs are available a value will be ascribed in the statement of assets & liabilities to the property

Church properties – Parish Hall

Church property	Valuation
<p>Parish Halls / Centres Option 1 - Is physically attached to Church</p>	<p>Can be deemed a “heritage asset” – refer to accounting treatment for Church deemed heritage asset</p>
<p>Parish Halls / Centres Option 2 - Is not physically attached to Church and no reliable record of cost exists</p>	<p>A value should be ascribed, however, if parish hall was built at a time when no reliable record of costs of construction or acquisition exists then no value need be ascribed</p>
<p>Parish Halls / Centres Option 3 - Is not physically attached to Church and a reliable record of cost exists</p>	<p>A value should be ascribed where a reliable record of cost of construction or acquisition exists. The parish hall will be recognised in the statement of A & L or B.S. at the cost of construction or acquisition.</p>

Church properties – Glebe

Church property	Valuation
<p>Glebe Option 1 - Which stand on their own grounds and <u>could</u> be placed on the open market or sold separately</p>	<p>Record in statement of A & L or B.S. at cost or deemed cost. Cost is cost of construction or acquisition. Deemed cost might be the valuation placed on the property for local property tax valuation or rateable valuation</p>
<p>Glebe Option 2 - Which stand within the grounds of the Church &/or graveyard and <u>could</u> be placed on the open market or sold separately</p>	<p>Record in statement of A & L or B.S. at cost or deemed cost. Cost is cost of construction or acquisition. Deemed cost might be the valuation placed on the property for local property tax valuation or rateable valuation</p>
<p>Glebe Option 3 - Which stand within the grounds of the Church &/or graveyard and <u>could not</u> be placed on the open market or sold separately</p>	<p>These properties should be ascribed a value in the statement of A & L or B.S. However, where no reliable record of cost of construction or acquisition exist and a valuation of such a property would lack sufficient reliability, then no value need be ascribed in the accounts.</p>

Church properties - Land

Church property	Valuation
Glebe lands or other lands	May be valued at the market value of an acre of land in the area.

Dealing with Depreciation on Church Hall or Glebe

Depreciation on Church Hall or Glebe

The select vestry may not need to provide for depreciation where it deems:

1. The SV maintains the property in good repair
2. The current estimated residual value is not less than the carrying value / book cost
3. The remaining useful life of the building exceeds 50 years

Please note insurance valuations of your property is a separate matter and you will need to discuss insurance valuations for your property with your insurance broker

Parish investments

Parish Investment	Valuation
<p>Where a parish has investments being managed externally these must be included in the statement of assets & liabilities</p> <ul style="list-style-type: none">• RCB General Unit Trust ROI or NI• Church of Ireland Trustees (NI only)• Shares Independently held <p>Where the investments are held in trust by the RCB a note should be included on the statement of assets and liabilities or the balance sheet to note that specific investments or funds are held in trust by the RB</p>	<p>Valuation to be included on Statement of A&L or B. S. will be the market value of the investments at the year end</p> <p>The external investment manager (RCB/CIT/other) will be able to provide a year end market valuation per unit.</p> <p><u><i>RCB General Unit Trust Investments</i></u></p> <p>Valuations may be obtained from the RCB for the Parish year end accounts after 31st December of each year where the Parish holds units in the RCB General Unit Trust</p> <p>The Church of Ireland web site under Parish resources provides a facility for a Parish to value its own investments and obtain a valuation immediately</p>

Parish Bank Accounts

Parishes historically have produced accounts for each bank account held on a receipts and payments basis.

- Going forward need to bring all bank accounts into **one set of Parish accounts.**
- Need for Parish organisations to produce accounts for the **same accounting period** (i.e. all tie in with the same year end date).
- Include activities which are **part of the parish** e.g. choir, active retirement group, flower club.
- Organisation with national head-quarters should **not** be included in your Parish accounts e.g. Boys/Lads Brigade, Girls Friendly Society, Girls Brigade, Mothers Union.

Future reporting for Parishes

- Parishes in NI – NI Parishes in the Diocese of Derry & Rafoe registered in February 2016. First reporting deadline is 31st October 2018 and is the 2017 financial year end.
- Parishes in ROI – ROI Parishes in the Diocese of Derry & Rafoe and other parts of ROI who are here tonight are encouraged to prepare now and adopt the form of accounts in the example accounts on Parish Resources



**Hopefully
this will be
child's play**



**Thank you
&
any questions?**