

ASSOCIATION OF CHURCH  
ACCOUNTANTS AND TREASURERS

President: The Bishop of London

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# Newsletter

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ACAT

## ACAT NEWS

### SPRING CONFERENCE

On 13th March, over 80 members attended the ACAT Conference at the Megacentre in Sheffield. The venue was once an old tool-mill that was acquired by the Assemblies of God about 10 years ago. Since then, it has undergone a transformation and is now a vibrant modern focal point for worship and serving the community with a commercial arm as a superb venue for conferences.

After the opening by the local Pastor, the programme of presentations followed. They covered Gift Aid, Safety in the Church, IT Software Packages and SORP Accounting. It had been hoped that, the Charity Commission would provide a speaker but were unable to do so, probably because

of other pressing business on that day. The conference concluded with an Open Forum.

The feed-back has been highly encouraging and many have sent in their congratulations saying that they welcomed the opportunity of sharing common problems with others.

We shall be holding a second Conference in London on 2 July and are still hoping to hold a third in the Bristol area in September.

All of the slides used in the presentations are available to download from the ACAT website, or hard copies may be obtained by writing or email to ACAT.

### CHARITY COMMISSION THRESHOLDS CONSULTATION

To fulfill the Government's promises during the passage of the 2006 Charities Act through Parliament a

consultation for reconsideration of thresholds has been taking place. In general the proposals are to

increase thresholds in order to ease the burdens of compliance on smaller charities. Many of the proposed changes will be of interest to churches. The ACAT response to

the consultation, which finished on 31st March can be viewed on the ACAT website, or obtained by writing or email to ACAT.

## **GIFT AID CHANGES – The Budget March 2008**

*We are indebted to HMRC for helping ACAT prepare the following advice.*

The 2008 Budget brought assurance that charities won't lose out on their income because of the drop in basic rate of tax. There are some practical implications for users of Gift Aid.

### **Gift Aid and Transitional Relief**

There is no relaxation in the records that have to be maintained.

Donations received up to 5th April 2008 still attract repayments at 28.2p for every £1. Donations received from 6th April 2008 will attract repayments at 25p for every £1. The 3.2p difference will be covered by 'Transitional Relief'(TR), this is available only for donations received from 6th April 2008.

Charities do not have to claim the TR, it will be calculated and paid by HMRC usually at the same time as your claim. (Note: HMRC can only pay the TR after the Royal Assent, expected late July. They will then review earlier claims and pay any TR after that time).

TR is for 3 Years (6th April 2008 to 5th April 2011) and must be claimed

within 2 years of the end of the tax year or the accounting period to which it relates.

A new Gift Aid schedule for claiming at the lower rate of 25p will be available, but only from 6th April 2008.

### **Aggregation basis**

Some less obvious changes included a relaxation in the presentation of your claim. Called the 'Aggregation basis', it allows for GA supported donations up to £10 to be brought together up to a maximum of £500.

#### *Example*

*Your church makes an appeal and regular donors support this collection using their envelopes (this does not extend to open plate). 35 donors give you £10. Rather than list them individually you can now enter them on one line of your schedule. An entry of 'Special collection; 20/4/2008; £350' will be sufficient and will save some time and effort.*

The change is immediate but churches will need some time to consider how it impacts on them. The £10 level could be increased after discussions with the sector.

### **Audit changes – a yellow card system**

HMRC have also responded to the worry and concerns of charities that are audited by them. With immediate effect where any claim is under £2,500 and the error rate is 4% or less (tax of £100), they will not recover any overclaim.

Above these levels they will use a proportionate response or issue 'yellow cards'. After giving charities

an opportunity to 'repair' donations (i.e. obtain missing declarations, provide banking evidence etc) they will mostly provide advice on improvements. For the larger errors they will still pursue the recovery of that part of the tax claim that still can't be supported.

This approach does not affect any audits that have already been finalised.

## **CHARITIES ACT 2006**

### **Public benefit**

The Charity Commission have now published a statutory guidance on public benefit, and what charity trustees should consider in order to show that their charity's aims are for the public benefit. The text can be downloaded from:

<http://www.charitycommission.gov.uk/publicbenefit/default.asp>

They have also published a draft supplementary guidance for consultation on Public Benefit and the Advancement of Religion which will be of most interest to Churches. The closing date for the consultation is 30th June 2008, and ACAT will be making a response. Details can be downloaded from the same webpage.

### **Third commencement order**

Provisions, implemented in March.

The "Charity Tribunal" is a further avenue of appeal for trustees wishing to challenge a legal decision of the Commission. This new body has been set up by the Tribunals Service.

A range of powers is now in place which make it easier for trustees of unincorporated charities to: change the administrative provisions of the charity; change the purposes of the charity; and transfer property. In many cases these changes can be made without Commission consent. There is information about each of these areas and other topics on the 'Apply for it' page of the Commission website, from which there are links to the appropriate declaration or application forms.

Charities now have the power to spend permanent endowment. See the Commission information sheet CSD1347A for details

Charities may now pay trustees for goods and services supplied to the charity without Commission consent, subject to certain conditions. Information sheets are available on the "Apply for it" page of the Commission website. As noted previously, this change does not allow payments to Trustees for being trustees, or cover payments under contracts of service,

unless allowed by the charity's governing document.

If an appeal fails, fundraisers can now advise donors that donations will be used for similar purposes unless donors have completed a declaration requiring the offer of a refund. Only donors who signed declarations need be contacted. The Commission advise charities to avoid failure by careful wording in appeals. For further information see OG53 Charitable Appeals: avoiding and dealing with failure.

## CHARITIES IN SCOTLAND NEWS

OSCR has published a new **Receipts & Payments work pack** to assist smaller charities in the preparation of their accounts. All Scottish charities with a gross annual income under £100,000 that are not companies should have received a copy. The pack and its templates can be downloaded free of charge from: <http://www.oscr.org.uk/Receipts%20and%20Payments%20Work%20Pack.stm>

The website also features sample accounts and reports.

The mailing also included new guidance on References to Charitable Status; and an 'OSCR Postcard' detailing when to seek consent from OSCR, or to notify OSCR, about proposed changes to a charity. All Scottish charities, regardless of size, should have received these two additional items in the post.

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