

ASSOCIATION OF CHURCH  
ACCOUNTANTS AND TREASURERS

President: The Bishop of London

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# Newsletter

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ACAT

## ACAT NEWS

### ONE DOWN – TWO TO GO

The Sheffield Megacentre was the venue for the first of this year's conferences held at the end of last month. Nearly 70 delegates participated in a slightly changed format in which all the presentations were made by ACAT trustees. In addition round table discussion groups were given the opportunity to exchange views and discuss and ask questions about common problems. The general consensus was that ACAT had staged another interesting and enjoyable day.

The dates and venues for the other conferences this year have been fixed: London, at the School of Pharmacy in the University of London on Saturday 27th June (to include the AGM); and Birmingham, Thursday 8 October at the Carr's Lane Centre. In line with the Sheffield conference the fee will be £15.

An application form for the London conference will be circulated with this Newsletter and a copy is on the website.

### HANDBOOK UPDATES

The drafts for one new chapter and amendments to nine existing chapters are with the printer; we expect distribution to take place around the middle of May.

The new chapter is concerned with the process of registering with the Charity Commission (if gross income exceeds the threshold - currently £100,000), and there are amendments to the Accruals and

Receipts and Payments chapters to reflect the new thresholds (see the following article in this Newsletter) and the definition of income being adopted by the Charity Commission. Other amendments include Gift Aid, suggestions for retention of records, and Public Benefit reporting in the Annual Report.

## NEW THRESHOLDS

“The Charities Acts 1992 and 1993 (Substitution of Sums) Order 2009” finally brought into effect the changes in thresholds which will apply to any accounting period ending on or after 1st April 2009. Since most churches have an accounting year which is the same as the calendar year, this means that the new thresholds will apply to the current 2009 year for those churches.

The major change to be of interest to churches, is the change in the threshold for the preparation of financial statements on the accruals basis; it increases from £100,000 (gross income) to £250,000. This new threshold should enable all but a few larger churches to use the simpler “Receipts and Payments” basis for accounts and will ease a number of situations where an extraordinary receipt caused the previous threshold to be breached.

Other items for some churches:

- For churches with significant total assets, the audit threshold has been increased from “Assets in excess of £2.8million and income in excess of £100,000” to “Assets in excess of £3.6million and income in excess of £250,000.
- For very small churches whose denominations do not demand Independent Examination, the threshold for examination has been increased from £10,000 income to £25,000.

The Cabinet Office press release can be seen at:

[http://www.cabinetoffice.gov.uk/third\\_sector/news/news\\_stories/090331\\_red\\_tape.aspx](http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/090331_red_tape.aspx)

and the Charity Commission have revised their publication “Charity Reporting and Accounting”, which can be downloaded from:

<http://www.charitycommission.gov.uk/Library/publications/pdfs/cc15btext.pdf>

## PUBLIC BENEFIT – CHURCHES

The Charity Commission have now published an example Annual Report to demonstrate how “Public benefit” might be reported by a small church, preparing Accounts on the Receipts and Payments basis. It probably covers more detail than many churches might include in their report but does so to illustrate the various possibilities, and it

is written for a Church of England parish. Nonetheless it provides a very useful guide and can be downloaded from:

<http://www.charitycommission.gov.uk/Library/publicbenefit/pdfs/pbexemilions.pdf>

## **COMMISSION'S DEFINITION OF INCOME**

The Charity Commission have gradually been updating their publications to include a new definition of income which applies to charities using the Receipts and Payments basis for preparation of Financial Statements. Essentially it defines gross income for various purposes as being “...simply the total receipts recorded in the statement from all sources excluding the receipt of any endowment.”

The effect of this new definition is that any Church, whose total receipts (excluding an endowment receipt) exceed the R&P threshold, should prepare Accrual Accounts. If the receipts include items normally regarded as “capital” receipts (sale of

assets or investments, receipt of loan, etc.), the Accrual Accounts then prepared might disclose income below the threshold, but the Commission advice is that Accrual Accounts should nonetheless be prepared.

ACAT has reservations as to whether this definition is in accord with normally accepted definitions of income and expresses its concern. However, Commission guidance should be followed, but when excluding endowment receipts we suggest proceeds of disposal of endowment assets and investments should also be excluded.

## **KEEP AN EYE ON HEALTH AND SAFETY**

The introduction of the Health and Safety (Offences) Act 2008, which took effect in January, means that serious breaches of health and safety rules can now attract custodial sentences of up to two years.

The wide-ranging powers increase maximum penalties for breaching regulations from £5,000 to £25,000 and also mean that individuals, including managers and trustees, who contribute to health and safety offences could face prison sentences even if no accident or injury occurred as a result of their actions.

The new laws are designed to encourage paying closer attention to health and safety matters. Last year 229 people were killed at work in the UK.

Despite assurances that custodial sentences would only be considered in the most serious “public outrage” cases the Act gives the courts wide discretion.

## PENSIONS

The Pensions Act 2008 aims to encourage greater private pension saving. From 2012 it is planned that all eligible workers, between the ages of 22 and state pension age and earning £5,000 p.a. or more, who are not already in a good quality work scheme, will be automatically enrolled into either their employers' pension

scheme or a new scheme, currently known as a personal account scheme.

In the new scheme, employees' contributions (planned at 4%) will be supplemented by tax relief (equivalent to 1%) and employers will have to make contributions (planned at 3%).

## EMPLOYEE DISCIPLINE AND GRIEVANCES

With effect from 6th April the statutory discipline and grievance procedures have been repealed and replaced by an ACAS code of practice. ACAS states the aims of the change as:

- Less emphasis on the mechanics of how to manage disciplinary issues, grievances and dismissals
- More flexibility to resolve problems at an early stage and in a way that suits you best.
- Encouraging better and more direct communication in the workplace

will reduce the chance of problems going to an employment tribunal – as well as saving everyone time and money.

The code of practice can be downloaded from:

<http://www.acas.org.uk/CHttpHandler.ashx?id=1041>

and good practice advice can be obtained from:

<http://www.acas.org.uk/CHttpHandler.ashx?id=1043>

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