

ASSOCIATION OF CHURCH ACCOUNTANTS AND TREASURERS

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Newsletter

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ACAT NEWS

Membership continues to grow. In addition to the Baptists (see August newsletter) there are seven Church of England Dioceses and one Church in Wales Diocese with block membership and a continuing stream of new individual members, so that by the time this newsletter is printed, membership total will be not far short of 5,500. In a new development, a large Diocese (400 treasurers) has stopped short of block membership but is offering to pay the first year's subscription for all their treasurers; we await significant individual applications from that quarter. Might we see 6,000 membership early in the New Year?

More major conferences or local training sessions has been a subject for the Committee's consideration recently. Increased membership and the success of the Annual Conference might suggest more than one major conference each year, with different venues to be accessible to more members, but at the same time the committee has for some time been keen to develop local training sessions. The outcome is that for 2007 we presently plan to continue with just the one Annual Conference, but we will begin to organise more local conferences. The success of these may depend upon having a sufficient number of members within a smaller, defined geographical area to make such a venture worthwhile; the block membership arrangements now make this possible. The first "pilot" will take place on 4th November and is centred on the St Albans Diocese. All the treasurers within the Diocese together with all other ACAT members in the area have been invited to attend, on a Saturday morning, a session specifically aimed at those churches preparing Accounts on the Receipts and Payments basis.

There are still places available (cost £5), make a reservation, or just come to All Saints Pastoral Centre, Shenley Lane, London Colney, Herts, AL2 1AF at 9.45a.m.; non-members will be welcome.



EMPLOYING ORGANISTS

The employment status of church organists is one of those grey areas of employment law which causes many difficulties when it comes to deciding whether to deduct PAYE from payments or not. The Incorporated Society of Musicians produce a useful set of documents for Church Organists but in general they assume that part time posts where there is less than 10 hours per week of employment will be treated as self-employed and no PAYE is thus deducted. They also usefully provide a draft contract, which can be obtained from them for £10.

To be self-employed it is helpful if the individual is not obliged to take a service if it does not suit them and for the church not to be obliged to use the same organist for every service. This will mean there is no mutuality of obligation and so employment is not relevant at all. If there is a permanent

organist it is helpful if they can delegate the duties to some other players at their discretion. The organist should not be under the control of an employer as to how they discharge the duties. It is also helpful as far as possible if the organist provides their own music (clearly not the Hymn tunes) and is able to do their practising at times to suit themselves. As self-employed persons it is important to remember that they have to provide for their own sickness, holidays, pensions etc.

The address of the Incorporated Society of Musicians is 10 Stratford Place, London W1C 1AA, 020 7629 4413. Website www.ism.org

Note: There are differences in self-employed status/rules for tax and employment law purposes.

ARE YOU READY FOR THE END OF THE YEAR?

Many churches' financial year coincides with the calendar year, so if your church is one of those, the end of the financial year fast approaches. The Report and Accounts you have to prepare early in 2007 are the first to which SORP 2005 will apply.

For those churches on the Receipts and Payments basis, the main changes relate to the content of the Annual Report. There is now a clearly defined "simpler" level of reporting required of the smaller charity.

See the handbook Annual Reports chapter for full details.

For those on Accruals Accounts, the "simpler" Annual Report provisions may still apply since they are for all charities below the audit threshold. However, some of the structure and headings in the SOFA have changed, but again only for those charities above the audit threshold. Again, see the handbook chapter "Accruals" for full details.

THE 2006 ANNUAL CONFERENCE 'CHURCH ACCOUNTING AT THE COALFACE'

John Conlan, Baker Tilly

John covered much that is of interest to the Church Treasurer, especially in relation to Gift Aid. Since we can all benefit equally from words of caution and inspiration, this summary of John's main points is worthwhile.

Last year the Treasury paid out £652million gift aid; how much to churches?; are we making the most of it?; it is simple in concept but easy to get wrong; good accounting is a must.

For every £1 donated 28p tax can be reclaimed, but it must be a money donation, there must be a valid gift aid declaration, an audit trail, and the donor must be an individual, must be a taxpayer and receive minimal benefit (see handbook for details).

The money donation can be a cash, cheque, postal order, standing order, direct debit, or credit card payment in sterling or a foreign currency. Any collections at services, baptisms, weddings, funerals, etc., qualify as do tithes and stewardship schemes and general donations.

"Donations" that don't qualify include, payments for goods or services (e.g. raffle tickets, entry to an entertainment or function), waiver of loan or conversion of debt, expenses of volunteers, or donations in kind (e.g. value of an item given). However if somebody wishes to forgive a debt, let the church repay the debt, then the creditor can repay the sum as a donation.

Similarly pay volunteers' expenses; they can repay them as donations. Where somebody wishes to give an item, let the church buy it and the donor pay the cost as a donation. In these ways the church can then recover gift aid.

Gift Aid Declarations must contain 6 vital ingredients: name of church, name of donor, donor's address (inc. postcode), description of the payment, declaration that payment is gift aided, and note explaining that donor must have paid sufficient UK tax to cover the claim.

Common errors detected in claims are; the church didn't have a Gift Aid Declaration; no evidence of receipt of a donation; the payment was not received from the individual who made the declaration; the payment was not a gift.

Sponsorships qualify provided there are minimal benefits to the donor and to the person being sponsored. So a sponsored walk for the church will qualify, provided an appropriate sponsorship list is completed, see www.hmrc.gov.uk/charities/appendix_b2.htm

Even amounts received at an auction can qualify provided there is a "shop" price for the item, the donor is made aware of the shop price before bidding, the donor bids more than the shop price and makes a gift aid declaration. The excess over shop price qualifies for gift aid.

REMINDERS

NEW MINIMUM WAGE RATES

Minimum wage rates have increased with effect from 1st October. The new rates are:

Over 21 - £5.35 per hour

18 to 21 - £4.45 per hour

16 & 17 - £3.30 per hour

The accommodation offset (the amount by which remuneration can be reduced in lieu of accommodation provided as part of the job) is £29.05 per week or £4.15 per day.

It is important to ensure that all employees are paid at least these minimum rates. For somebody over 21 this equates to a minimum annual salary of approx. £11,150 for a 40 hour week.

HM Revenue and Customs are responsible for policing compliance with these regulations and significant penalties can be applied for non-compliance.

Full details can be found at www.dti.gov.uk or www.hmrc.gov.uk

POSTAL CHARGES

The new rates have applied since August, but have our churches' postage practices been adjusted to make the most cost efficient use of the new system. For example, is sending mail in A4 envelopes avoided if the items can be folded into a C5 envelope? The difference in cost (second class) is 14p !

The new rates are:

- Letter; (max. 240x165mm, weight 100gm max., thickness 5mm max.) – 32p first class and 23p second class – this is up to and including the C5 size of envelope.
- Large letter; (max. 353x250mm, weight 750gm max., thickness 25mm max.) – depending upon weight, from 44p to 131p first class and from 37p to 109p second class – this is from C5 up to A4 envelopes.
- Packet; (anything over large letter), various rates depending upon weight.

Full details at www.postoffice.co.uk

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