

RETURNS ON BOND INVESTMENTS

Almost unnoticed, days before Christmas 2005 the Investment Management Association, with the blessing of the Accounting Standards Board, issued a "Statement of Recommended Practice for Financial Statements of Authorised Funds." Without going into details of the mechanisms, the effect is that managers of bond funds must in future create special reserves, which will effectively cut the rate of return on such investments. Many churches invest surplus or capital funds in

managed bond funds or in common investment funds, a large part of which may be in bonds. Such churches should be aware that the return they receive from such investments may suffer significant falls, which could be serious if the interest forms a significant part of income or is essential to a project. Churches with such investments should check to establish whether there will be any significant effect on distributions and consider alternative investments if returns are reduced.

FOOD HYGIENE REGULATIONS

New food hygiene regulations came into force with effect from 1st January 2006. Many churches serve food at fetes, fund-raising events, before or after church services or in their church halls. They must all be aware of the need for food hygiene and where necessary must register with the local authority. The government website <http://www.food.gov.uk/> has a mass of information. The legislation and business guidance is on page

<http://www.food.gov.uk/news/newsarchive/2006/feb/foodhygguide> and a page specifically relating to clubs, fetes etc , is: <http://www.food.gov.uk/foodindustry/hygiene/haccpclub/>

Copies of the various leaflets and guides can also be obtained by telephone from 0845 606 0667. Alternatively check with your local authority to obtain advice.

ACAT NEWSLETTER is published by the Association of Church Accountants and Treasurers. Information contained in the newsletter is prepared carefully from the information available, but ACAT accepts no responsibility for its complete accuracy; members should always consult their professional or Church advisors. Contributions and letters for future publication, requests for information or assistance, or membership applications should be directed to: admin@acat.uk.com or to any of the officers below:

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Newsletter

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ACAT NEWS

By the time you receive this newsletter, you should have received a package by post containing the flyer for the Conference on June 21st, the notice of the AGM to be held at the same time and the 2006/7 "Treasurers Guidelines". If your package has not arrived please let us know.

The conference and AGM will be in Birmingham this year. Again we hope that some excellent speakers will make this yet another most successful event. Based upon the response last year, we expect to "sell out" quickly, so do not delay in posting your application.

The Annual Report and Financial Statements will be published on the ACAT website after 15th May and hard copies will be available at the AGM. Otherwise, we do not intend to post copies unless specially requested; please email or write to the Secretary if you want a copy posted to you.

At the AGM a change to the constitution will be proposed which will allow notices of meetings to be sent by email, other electronic means or published on the website. These facilities were not foreseen when the constitution was framed in 1998, so it is time to bring it up to date, to avoid the necessity of posting notices to the those members prepared to accept email communications.



GIFT AID DECLARATIONS

HM Revenue and Customs have updated model Gift Aid forms, largely to deal with the ability to claim back to April 2000, but only for six tax years. The following is the form included in the IR guidance notes. In practise, any wording can be used but the declaration must contain:

- the donor's name and the donor's home address
- the charity's name
- a description of the donations to which the declaration relates
- a declaration that the donations are to be treated as Gift Aid donations
- a note explaining the requirement that the donor must pay an amount of income tax and/or capital gains tax equal to the tax deducted from his or her donations.

Gift Aid Declaration	
Name of Charity	
Details of donor	
TitleForename(s)	Surname
Address	
.....	
..... Post Code	
I want the charity to treat	
*the enclosed donation of £ as a Gift Aid donation	
*the donation(s) of £which I made on/...../..... as (a) Gift Aid donation (s)	
*all donations that I make from the date of this declaration until I notify you otherwise as Gift Aid donations	
*all donations I have made for the six years prior to this year, (but no earlier than 6/4/2000) and all donations I make from the date of this declaration until I notify you, otherwise, as Gift Aid donations.	
*delete as appropriate	
You must pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that the charity reclaims on your donations in the appropriate tax year (currently 28p for each £1 you give).	
Date:/...../.....	
Notes:	
1. You can cancel this Declaration at any time by notifying the charity.	
2. If in the future your circumstances change and you no longer pay tax on your income and capital gains equal to the tax that the charity reclaims, you can cancel your declaration.	
3. If you pay tax at the higher rate you can claim further tax relief in your Self Assessment tax return.	
4. If you are unsure whether your donations qualify for Gift Aid tax relief, ask the charity.. Or, refer to help sheet IR65 on the HMRC web site.	
5. Please notify the charity if you change your name or address.	

BUDGET 2006

There was only one measure in the budget, which has a wide application to churches. The Chancellor of the Exchequer announced that the Listed Places of Worship Grant Scheme is extended until 31 March 2011 (it had previously been extended to 31 March 2008). The main criteria remain the same. However the grant has been extended to include professional fees and expenditure on

repairs to certain fixtures and fittings, incurred since 22 March 2006. Officials in DCMS are currently reviewing the eligibility criteria for the scheme and further information will be available as soon as possible.

Other announcements, which could impact on some churches, but only in special restricted circumstances, are not dealt with here.

CHARITY COMMISSION NEWS

The Commission website has been slightly re-organised so that help with preparing charity Reports and Accounts is now available all from one page. This includes new accounts packs for Receipts and Payments Accounts, and Accrual Accounts in accordance with SORP 2005. The website page is :

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

The Charities Bill has passed through the House of Lords and has received its first reading in the House of Commons. It is not likely that it will receive the Royal Assent before the

Autumn and many of the provisions will require further consultation and/or subsidiary regulations; it is therefore not likely that the registration changes will be effective before the Autumn of 2007, though the audit threshold changes may be effective earlier.

A Charity Commission working group has been consulting with the Evangelical Alliance and others over guidelines to help churches avoid financial irregularities. A report is expected in May and is likely to include a recommended trust deed for independent churches.

PIPE ORGANS MAY CONTINUE TO THUNDER

Recently, the press made much of a new EU directive, banning the use of lead in pipe organs, which becomes effective in the UK from 1st July. There were various scare stories, which indicated that repair and refurbishment would not be allowed and that the death knell for the

traditional pipe organ had been sounded. The EU Commission has subsequently clarified that the new rules do not apply to repairs, only to new pipe organs using electric power as the source of energy, and that even then the manufacturers can apply for exemption from the regulations.