

## SCOTISH CHARITIES

OSCR, with the assistance of the Association of Charity Independent Examiners, has produced guidance on independent examination of charity accounts. The guidance, [available here](#), is designed to assist charity trustees, independent examiners and other third parties in understanding the requirements for the external scrutiny of accounts in line with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. It

aims to explain, in broad terms, how to understand what form of external scrutiny is applicable to different charities, what independent examination involves and the responsibilities and duties of the independent examiner.

OSCR has already published specific guidance on how to prepare accounts: [Scottish Charity Accounts: A Guide to the 2006 Regulations](#) and the [Scottish Charity Accounts: OSCR Receipts and Payments Accounting Workpack](#).

## CHEQUE CLEARING

The Payments Council Board has announced a target date of 31 October 2018 to close central cheque clearing. Over the next nine years the Council will seek to promote and explain existing alternatives and where new options are required ensure that they are put in place. It will also

undertake a full review in 2016 before any final decision is taken. The Council notes that there are still plenty of situations where cheques are used extensively so easy-to-use efficient alternatives have to be found which are easily accessible and well understood by cheque users.

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## ASSOCIATION OF CHURCH ACCOUNTANTS AND TREASURERS

President: The Bishop of London Charity registration number: 1072733

# Newsletter

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ACAT

## PRE BUDGET REPORT

### Substantial Donors

The Government announced it is to scrap the 2006 Finance Act anti-avoidance provisions which were aimed at charities providing benefits to substantial donors. These rules were a particular problem for churches because many substantial donors were

also members of the church congregation and beneficiaries. Innocent charities will no longer face huge administrative burdens and potential tax claw backs. Replacement legislation will be targeted at abuse. The change is most welcome

### Succession and Wills

E U proposals that gifts made during lifetime could be clawed back by the deceased's heirs have caused serious concerns in church circles. Following representations, in which churches and Christian

organisations were prominent, the Government has decided not to opt into the proposals. The Ministry of Justice will be involved in the ongoing negotiations and ACAT will be monitoring progress.

### Anti-avoidance: Gifts of qualifying investments

As widely reported the Government has taken action to block a tax avoidance scheme that was exploiting the tax reliefs

available for gifts of qualifying investments to charity. ACAT fully supports the Government's action.

### VAT

From 1<sup>st</sup> January VAT will revert to 17.5%, however in respect of construction and services supplied before, or for a period spanning, the change date, there are special rules, which allow the 15% rate to

be applied in respect of work completed before: 1<sup>st</sup> January 2010 but invoiced after that date. Ensure your contractor is aware of these rules and see <http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-rise-guidance.pdf>

## CHARITY COMMISSION

### Registration

Churches have always been fully under the supervision of the Charity Commission and must comply with the requirements of the Charities Acts. As Excepted Charities, they were *excepted* from the requirement to register with and report to the Charity Commission by an order made by the Commission or by legislation.

The Charities Act 2006 changed the way that Excepted Charities are regulated. The aim is to ultimately create a single registration requirement for all English and Welsh charities.

From 31 January 2009, excepted charities with an annual income of more than £100,000 needed to apply for registration, unless the Commission issue a written determination to the contrary. Such a determination will not be issued unless the Commission is satisfied that the charity's income has only exceeded the registration threshold because of exceptional circumstances, such as a substantial one-off grant.

The Commission believes that there are still a number of excepted charities which need to apply for registration. Registration is a legal requirement; therefore we would encourage those organisations with income in

excess of £100,000 to submit their applications without further delay. For excepted charities with an annual income of less than £100,000, the exception from registration has been extended until 2012. This will allow time for a review of the 2006 Act to take place in 2011.

For details of excepted charities and ACAT guidance see the handbook "Registration" chapter. For Commission guidance see: (<http://www.charitycommission.gov.uk/registration/regreq.asp#b2>). To speak directly to the Commission or obtain a paper copy of the application pack, telephone (0845 3000 218).

All Churches in Scotland must register with the Office of the Scottish Charity Regulator, and all Churches in Northern Ireland will have to register in due course.

### Good Governance

The Charity Commission has published a new guide *Faith in Good Governance*, for faith-based charities to help them establish strong trustee bodies and good practice. The publication is aimed at the trustees, staff and volunteers of those charities established with a religious purpose whose main focus is religious worship and related activities.

## KEEP THE INVOICES FOR PUBLIC ADDRESS SYSTEMS

Along with commercial users churches that use radio microphones may have to replace their equipment in 2012 or shortly thereafter.

Ofcom is proposing to clear the 800 MHz band for other use from 2012. Users of channel 69 will have to move to channel 38. The consequence for those affected is that existing equipment will become obsolescent. There will

probably be some financial assistance towards the cost of replacing equipment bought before 30 June 2009 but to be eligible claimants will have to produce receipts, asset inventories or detailed insurance records. Many churches destroy receipts after 6 years and few hold asset registers or insurance detailed records. All churches should hold on to all pre 30 June 2009 receipts for PA equipment.

## MUSIC COPYRIGHT AND LICENSING

In October 2008 we reported upon the Government's review of licences for playing CDs and other recorded music. It has now determined that the current exemptions are to be ended. The necessary Statutory Instrument to repeal the relevant parts of the Copyright Designs and Patents Act 1988 is expected to come into force in April 2010

However, the exemption from performing right for the performance of music during church services remains. In addition, it appears the regulations will not apply to (eg) a wedding-reception held in the church hall after the wedding-service because that is regarded as a private occasion. Otherwise, a PPL and a

PRS licence will be required to play all recorded or broadcast music in public.

The Community Sector Law Monitoring Group is in discussion with Phonographic Performance Limited (PPL) and the Performing Right Society (PRS) to attempt to come to an accommodation. The initiatives being discussed are:

- a new joint licensing scheme to simplify the process for voluntary organisations obtaining a licence for playing sound recordings and broadcast music;
- a code of practice including an independent complaints mechanism ;
- a consultation to agree affordable tariffs.

We will keep members informed of progress.