

## **THE UNITED REFORMED CHURCH**

### **GUIDANCE ON CHURCH ACCOUNTS UNDER SORP 2005 [Receipts & Payments account - proforma]**

#### **Why is new guidance important now?**

- the new "Accounting and Reporting by Charities: Statement of Recommended Practice" (SORP 2005) applies to all charity accounts for the accounting period commencing on or after 1 April 2005. For most of our churches this will be their year end to 31 December 2006.
- with the ending of the excepted charity status in the near future (probably early in 2008), all churches become liable to have to register directly with the Charity Commission. Initially this will affect churches with income (from all sources) in excess of £100,000 p.a., but most churches will increasingly be affected over the next few years. Once registered, churches will have to submit their independently scrutinised Annual Report and Financial Statements to the Charity Commission.
- in this changing world we want to encourage best practice in church accounts across the denomination.

These guidance notes will help all our churches prepare for these times.

#### **Who can still use Receipts and Payments accounts?**

Only churches with total income under £100,000 p.a. can opt in to using the simpler Receipts and Payments accounts. In fact this only applies to our churches in England and Wales, as our churches in Scotland are operating under a slightly different regime with a threshold of £25,000 - the Synod of Scotland is writing its own guidance for them.

#### **What about Income and Expenditure (full accruals) accounts?**

The Income and Expenditure (full accruals) accounts must be used by churches with total income in excess of £100,000 p.a., and by those smaller churches that do not opt to use the R&P accounts. The layout for the I&E accounts is more prescriptive in SORP 2005, and a separate guidance note has been written to help those churches.

#### **How to use this guidance note for Receipts and Payments accounts**

Attached is a proforma model set of R&P accounts for a United Reformed Church. Also available is a worked example based on a fictional Shortaccounts URC.

All church income and expenditure for the year, from whatever source or account, should be included. Bank balances should be adjusted for unrepresented items to reconcile with the church accounts records.

SORP 2005 requires Fund Accounting to be adopted, where appropriate, as described in Note 2 to the proforma.

The essence of good church accounts is clarity: your church accounts must relate to your situation and your activities; so, you should modify the presentation to suit your church within this framework. For instance, an item which is significant to your church, but not shown on this model set, should be shown separately to draw appropriate attention to it. Another example would be where you do hold restricted or designated monies in segregated accounts Note 9 would need to be modified appropriately.

The proforma model and worked example also remind you that the R&P based financial statements are prepared by the church treasurer, on behalf of the church, independently examined in accordance with Charity Commission directions, and then approved by church meeting.

#### **Further guidance**

This guidance can be found on the URC website. Updates will be posted on the URC website from time to time.

Hard copies of this guidance and the proforma models and worked examples are available from Synod offices in England and Wales (and the Synod of Scotland office for their own guidance). Synod Finance Officers and Treasurers (or your local equivalent) will be pleased to help church treasurers take all this on board.

Attached to this guidance are some other useful and important links for further information.

#### **Acknowledgements**

This guidance has been prepared by John Woodman and members of the church's national Finance Committee, with the encouragement of Synod Treasurers and Finance Officers. We are all grateful to them for doing this voluntarily for the benefit of all our churches and church treasurers.

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#### Useful Links

**The Association of Church Accountants and Treasurers** provides excellent, and more detailed, guidance in its members handbook and newsletters, including on the Annual Report requirements, which are not addressed here. You can visit their website at [www.acat.uk.com](http://www.acat.uk.com)

**The Baptist Union** have produced detailed guidance notes and examples for their churches, which might be of interest to church treasurers in particular circumstances. The link to their website for the R&P guidance is:

[www.baptist.org.uk/Resources/downloads/F6AccountingGuidelines.pdf](http://www.baptist.org.uk/Resources/downloads/F6AccountingGuidelines.pdf)

**The Charity Commission** remains the authoritative reference source, although they address all types of charities, and not specifically churches.

[www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)

Their specific publications on this matter are:

Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005)  
Independent Examination (advice on appointing an independent examiner, their duties and preparing an independent examiner's report)  
Receipts and Payments Accounts Pack (CC16)

## FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2023

## RECEIPTS AND PAYMENTS ACCOUNT

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	This Year 2023 Total £	Last Year 2022 Total £
<b>RECEIPTS</b>						
Voluntary Income		32,697		6,171	38,868.00	42,508
Investment Income						
Activities or Fund Raising				660	660.00	168
Income from Charitable activity				177	177.00	
Events				4,013	4,013.00	4,782
Manse Rental				14,400	14,400	22,825
Cash in hand						
Hall Hire				14,863	14,863	12,177
<b>Total receipts</b>		<b>32,697.00</b>		<b>40,284.00</b>	<b>72,981.00</b>	<b>82,460</b>
<b>PAYMENTS</b>						
URC Payments		4,901			4,901.00	4,901
Worship		80			80.00	2,657
Outreach		468		3,193	3,661.00	6,590
Fellowship		557		6,625	7,182.00	6,442
Discipleship						
Fund Raising costs						
Ministerial Costs		6,101		192	6,293.00	597
Property		8,794		13,611	22,405.00	18,992
Donations		4,600		1,152	5,752.00	4,931
Events		97		216	313.00	1,011
Governance		110			110.00	
Church Worker						
<b>Total payments</b>		<b>25,708</b>		<b>24,989.00</b>	<b>50,697.00</b>	<b>46,121</b>
<b>NET RECEIPTS / (PAYMENTS)</b>		<b>6,989</b>			<b>22,284.00</b>	
<b>TRANSFERS between funds</b>		<b>-13,063.00</b>		<b>3,302.00</b>		<b>0</b>
<b>CASH FUNDS b/fwd 1 January</b>		<b>46,122.00</b>		<b>56,269.00</b>	<b>102,324.00</b>	<b>65,986</b>
<b>CASH FUNDS c/fwd 31 December</b>		<b>40,048.00</b>		<b>84,560.00</b>	<b>124,608.00</b>	<b>102,324</b>

## STATEMENT OF ASSETS AND LIABILITIES

Monetary assets						
General account		40,048.00		20,334.00	60,382.00	61,566
Property Account				54,350.00	54,350.00	31,774
Youth Work						
Pastoral account				4,134.00	4,134.00	3,885
Wednesday Welcome				3,061.00	3,061.00	2,947
Pilots Account				385.00	385.00	304
Toddlers Account				960.00	960.00	476
Church Worker						
Manse Rental						
Events Account				1,336.00	1,336.00	1,371
Total monetary assets		40,048.00		84,560.00	124,608.00	102,323
Other assets						
Gift Aid Recoverable		5,200				
Assets used for church purposes						
Buildings	D	Church buildings £3m and manse £1ml church furnishings and equipment £116,000 and manse £10,000				
Church contents	D					
Liabilities						

APPROVED by the Trustees on  
by (name)

and signed on its behalf  
(signature)

FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2023

NOTES

**A ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Charities Act 2011 Section 133, using the Receipts and Payments basis available to small charities and the United Reformed Church guidance.

**B FUND ACCOUNTING**

**Unrestricted Funds** may be used by the church for any of its ordinary purposes.

**Designated Funds** represent unrestricted funds set aside by the church for specific designated purposes; they can be transferred back into general funds at the church's decision.

**Restricted Funds** represent income which may be expended only on those restricted objects provided in the terms of a trust or bequest, or donations or grants received or invited for a specific purpose. These funds can only be spent on the specific purpose for which they were given. Any balance remaining unspent must be carried forward as a balance on that fund for future expenditure on that specific purpose, or returned; it cannot be absorbed into general funds.

**C MONETARY ASSETS**

The church monies are not all held in segregated accounts, but for the sake of this financial statement the total of each account is allocated appropriately over the various funds.

**D ASSETS USED FOR CHURCH PURPOSES**

The church building and the manse are vested in the URC Thames North Trust as trustees and are not church assets. They are held for the benefit of St George's Church in accordance with the statutory trusts applicable to URC properties under the URC Acts. For insurance purposes the church buildings are insured by the church for church & hall £2,954,830 including the manse £1m. The contents are insured for 115,819

## FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2023

## TREASURER'S STATEMENT

I have prepared the financial statements on page 1 for the year ended 31 December 2023 from the accounting records of the church.

(name)

(signature)

(date)

## INDEPENDENT EXAMINER'S REPORT

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 December

**Responsibilities and basis of report**

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records.

Signed by the Independent Examiner:

date:

Name

Address

To which, in my opinion, attention should be drawn in order to enable proper understanding of the financial statements to be reached.

Signed by the Independent Examiner:

date:

Name and address of the Independent Examiner:

