

PCC of St Margaret's Church, Burnage.
Independent Examination for Year Ending 31st December 2021

Examination undertaken in accordance with The Charity Commission instructions and checklist:

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672779/CC32 -
Independent examination of charity accounts.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672779/CC32_-_Independent_examination_of_charity_accounts.pdf)

<https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32>

**DIRECTIONS 1, 2 & 3 – ELEGIBILITY FOR & RECORD OF INDEPENDENT EXAMINATION;
CONFLICTS OF INTEREST**

St Margaret's doesn't require an audit as income is under £1,000,000 in 2021 and the trustees have not requested an audit.

I am qualified to independently examine St Margaret's accounts by virtue of my understanding of accounting practice with nearly 40 years as a bank manager for which I was trained in analysis of accounts and qualified as ACIB; for the last 8 years being the treasurer trustee for a charity. I require no further qualification as income is under £250,000. I was approached prior to the APCM in April 2021 to see if I would undertake the examination for year-end 31st December 2021. I agreed to do so, and my appointment was ratified by the APCM (refer minutes).

There are no conflicts of interest which prevent my undertaking the independent examination. Where I have had questions arising from my examination I have conversed by email with Angela Stansfield (Treasurer).

A file containing working papers is on record.

DIRECTION 4 – PLAN THE INDEPENDENT EXAMINATION

The objectives and activities of the charity are understood from a 40-year association with St Margaret's and from examination of the accounts for at least the last 12 years.

Random items of higher value or unusual occurrence will be vouched for.

I have reviewed areas for improvement suggested in the previous examination and have observed that action has been taken where essential. Advisory items carried forward have been included below.

Accounting records have been supplied by way of *Statement of Financial Activities, Balance Sheets, General Ledger* and *Fund Receipts & Payments* reports provided by the accounting software and by provision of a *full list of transactions*. Receipts have been provided to match against the transactions.

Minutes of the trustee meetings for 2021 have been provided as well as the APCM & Vestry Meeting and Annual Report.

**DIRECTION 5 – CHECK THAT ACCOUNTING RECORDS ARE KEPT TO THE REQUIRED
STANDARD**

The guidance detailed by The Charity Commission includes the following statements:

The review procedures are aimed at identifying any significant failure to maintain records in a manner consistent with the legal requirements and are not intended to identify every omission or insignificant error in the keeping of accounting records

The accounting records kept by the charity should:

- *be up to date at the time the accounts are prepared*
- *be readily available*
- *provide the basic information from which the charity's financial position can be understood on any selected date and at the end of the reporting period (financial year)*

The accounting records kept by the charity must contain:

- *details of all income/money received and payments/expenditure made, the date, and the nature of the income/money received or payments/expenditure and a record of any stocks and fixed assets held*
- *details of any assets and liabilities at the end of the reporting period*

Accounting records are kept to the required standard. The treasurer and those assisting with the finances are to be complimented.

The CC recommends an annual review of internal financial controls. I have had confirmation that this has been done. The checklist can be found here: <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

DIRECTION 6 – CHECK THAT THE ACCOUNTS ARE CONSISTENT WITH THE ACCOUNTING RECORDS

The examiner must compare the accounts of the charity with the charity's accounting records in sufficient detail to reasonably conclude that the accounts are not materially inconsistent with the accounting records.

The following comparisons have been undertaken:

- The accounts have been compared against the reports described in 4 above.
- The bank account balances on the Balance Sheet have been compared against the statements from the various organisations and found to be correct.
- Standing orders received in March to code 0201 and code 0101 were confirmed against bank statements (A few had been missed on March spreadsheet but caught up in 2 months)
- Transactions on code 1810 Missionary giving were compared to vouchers. Not all receipts/acknowledgements were identified. However, the payments were made electronically and appear to be valid.
- Transactions on code 1930 were sampled against vouchers and found to be in order.
- Evidence of Parish Share invoice and receipts was seen on screen. **Copy to be placed in Payments folder for Dec 2021**

The following are record keeping or accounting matters for consideration:

- **It would helpful if all the receipts were annotated with the audit number. Some receipts are stored electronically which is helpful but if the document could have the audit number at the start, that may be an advantage.**
- **Consideration should be given to depreciating the Parish Centre.** It is recognised that the value of the land has increased considerably and that the balance sheet value may be fair. **The PCC could be acquainted with the options and decide if any accounting changes are required.**
The SORP states as follows:

10.29. A tangible fixed asset, less its residual value (its scrap or realisable value at the end of its

economic life), must be depreciated on a systematic basis over its useful economic life. The charity should choose a depreciation method which reflects the use of the asset and the expected timing or pattern of consumption of its economic benefits.

10.30. Some assets may have a high residual value which will remove the need for depreciation to be charged. For example, land is not depreciated because it will not generally wear out and its residual valuation is likely to be at least equal to its cost or valuation. However, land is tested for impairment.

- Use of income classed as earmarked donations (Code 1370) disguises what it really is. **Should it be under another heading but put in the relevant fund or indeed, use made of agency for collections for leaving gifts?**
- Having a designated fund for *Legacies* is understandable and it is presumed that the donor made no restrictions. For as long as the PCC hasn't defined what the legacies will be used for, the fund description is appropriate.

The conclusion is that the accounts are consistent with the accounting records.

DIRECTION 9 – GOING CONCERN

I am confident that the trustees have assessed the charity's financial circumstances. The charity can pay bills and meet liabilities when due.

DIRECTION 10 – FORM & CONTENT OF THE ACCOUNTS

The charity has prepared *receipts and payments* accounts. It is lawful to prepare such accounts; all accounting statements are present, and the funds of the charity are correctly identified.

DIRECTION 11 – ANALYTICAL REVIEW

Cash spent in the current year has been compared to that of the previous year. There have been no significant changes.

All necessary explanations and confirmations have been provided by the treasurer.

DIRECTION 12 – COMPARE THE TRUSTEES' ANNUAL REPORT WITH THE ACCOUNTS

The annual and report and accounts are consistent.

DIRECTION 13 – WRITE AND SIGN THE INDEPENDENT EXAMINATION REPORT

Direction 13 states: ***The examiner must not sign their report before the trustees have approved and signed the trustees' annual report and the accounts. Until the trustees have approved and signed the accounts, the accounts are draft and not final.***

The PCC should approve the report and accounts <https://www.churchofengland.org/resources/clergy-resources/pcc-accountability-guide/chapter-4>

The examiner could be asked to review the accounts prior to presentation to the PCC and may indicate that they are prepared to sign the examiner's report once the PCC has given approval. This

would remove the possible need for e-presentation to the PCC after the examiner has reported. The March PCC meeting may have to be changed.

Direction 13 further states: *A charity's governing document may have specific requirements about using handwritten or electronic signatures. If it does not, signatures on balance sheets and trustees' annual reports do not have to be "wet ink" or handwritten. **Electronic signatures can be used**, for example, typed signatures or electronic versions of a handwritten signature (for example a scanned version of a handwritten signature). This also applies to the signature on the independent examiner's report.*

CONCLUSION

I am grateful to the treasurer who has taken up the recommendations from last year.

The statements in bold above indicate that attention is required to the treasurer's satisfaction. Outcomes of enquiries and evidence found are not required by me.

I am confident to sign of the Independent Examiners Report without qualification

Martin Palmer
2nd May 2022