

ST ANDREWS COMMUNITY CHURCH Market Street, Craven Arms, Shropshire Financial Statements for periods 1 May to 30 April			
	2024/25	2023/24	2022/23
RECEIPTS & PAYMENTS ACCOUNT			
Receipts:			
Offertory	-	-	25,148
Offertory & Donations	46,957	21,562	500
Bequests	59,920	64,500	50,711
Food Bank Donations	3,400	4,793	9,289
Tax Reclaimed/Gift Aid	5,448	14,892	0
Main Bank Account Receipts: Sub-Total	115,725	90,855	85,648
Bank Interest (Building Bank Account)	1,464	-	-
Bank Interest (Kingdom Bank Account)	238	226	57
Total Receipts	117,427	105,973	85,705
Payments:			
Stipend & HMRC	-	-	-
Foodbank (Capital/setting up) (Note 1)		9,053	-
Foodbank Costs/Contributions (Note 1)	1,635	6,051	8,238
Mission, Donations & Outreach	4,051	7,790	5,179
St Andrews Costs	16,468	11,167	6,830
Building Costs Capitalised (Note 2)	183,546		
Building Costs Not Capitalised (Note 2)	425	5,250	2,215
Other ***		3,436	
Payments: Sub-Total	206,126	42,747	22,462
Receipts & Payments Surplus/(Deficit)	(90,400)	63,226	63,243
Food bank Receipts & Payments Deficit	(1,946)		
Equals fall in Total Liquid Funds	(93,379)		
Add back Building Costs Capitalised (Note 2)	183,546		
Depreciation Charge (Note 2)	(1,611)		
Equals Surplus/(Deficit) for the Year	91,788	63,226	63,243
STATEMENT OF FINANCIAL POSITION			
Fixed Assets (Net Book Value) - Note 3	181,935	-	-
Liabilities (Outward funds in transit)	(400)	-	-
Main Current Accounts @ 30 April	106,309	196,709	133,709
Savings Account @ (Kingdom Bank)	14,198	13,959	13,733
Main Church Liquid Funds	120,507	200,668	147,442
Subsidiary Bank Accounts			
Foodbank Account	7,846	9,392	-
Building Account	5,486	-	-
Total Liquid Funds	133,839	210,060	147,442
Total Church Assets (Net)	315,374	210,060	147,442

Note 1 Foodbank - From 1st February 2024 St Andrews Community Church has been operating a separate bank account for income and expenses relating to the food bank. As at 30th April 2024, the Foodbank bank account stood at £9,392. For 2024/25 a separate

detailed account has been produced for the foodbank though the totals figures have been brought into this accounting statement.

Note 2 - Building Costs Capitalised

Continued

Note 2 - Capitalised Building

Costs - spending money is an exchange of resources, money for something. Some resources are immediately used up, for example when you post a letter, but other resources give value into the future. It seems sensible to spread these costs over the years when such resources give their value. The term for this process is *depreciation* (see the short note which follows).

Accountants classify every outlay in the most helpful way. The guiding principle is to show a view of the situation that is both true and fair. Many millions of words have been written on [true and fair](#), both as textbooks and academically exploring the ideas. Another overall principle is prudence or conservatism: the idea is to avoid nasty surprises by being that little bit pessimistic. You don't look for bad news but with valid alternatives you choose the one that shows the worst position.

This is an area governed not by rules but by principles which principles are open to discussion. Judgements to be exercised include what is to be carried forward as an asset, the life of each asset and the depreciation method to be used.

Having been planning this for some years, St Andrews Community Church has invested significant money in new buildings. It does not seem fair to treat all this cost as a cost of 2024/25.

I have made the following choices, all of which can be discussed and changed if we think fit:

1. Monies spent in 2022/23 and 2023/24 on preparing for this building will not be capitalised.
2. For simplicity and transparency, the assets will be assumed to have no value at the end of their assumed useful lives and the [straight-line](#) method of depreciation will be used.
3. Fixtures and fittings, for example carpets will be assumed to have a 10-year life.
4. The balance of the costs will be taken as building and assumed to have a 30-year life.
5. I assume that the Church started using the building in January 2025. Thus it makes sense to charge one quarter of a year to depreciation.

The Table below reflects these decisions.

Table to Show Asset Values and Depreciation				
Total outlay	Outlay £	Useful Life	Depreciation Charge Per annum £	2024/25 3 Months' £
Building Fabric	178,679	30 Years	5,956	1,489
Fixtures and Fittings	4,867	10 Years	487	122
Total	183,546		6,443	1,611

Note 3 – Net Book Value

"Net" is because it's A less B (Cost less Depreciation to date).

Book Value is because it's the figure in the books, the accounts. The real value may be very different, lesser or greater.

Table to Show Net Book Values			
Total outlay	Cost £	Depreciation To date £	Net book Value £
Building Fabric	178,679	5,956	172,723
Fixtures and Fittings	4,867	487	4,380
Total	183,546	6,443	177,103

CONTINUED (Note on Depreciation)

Depreciation

This note addresses the decision as to how one might deal with SACC's outlays for new building in the accounts for the year to the 30th of April 2025. The note is designed for people to whom the concept of depreciation is new, so if you are already comfortable with the concept in the context of published accounts, feel free to ignore it.

Below, from the web, is a selection of things that you could read instead of, or as well as, this note.

<https://en.wikipedia.org/wiki/Depreciation>

<https://wiki.treasurers.org/wiki/Depreciation>

<https://www.designingbuildings.co.uk/wiki/Depreciation> (a site that specifically references buildings).

In the past, depreciation has not been an issue for St Andrews Community Church because you have not had what, in accounting jargon are called *fixed assets*. A [fixed asset](#) is something that gives value over more than one accounting period. But in this financial year the church has spent significant money on new building work.

Because depreciation is a significant item in most sets of accounts and because in the end it comes down to matters of opinion, there is very much written about depreciation.

I think an example may be helpful.

Imagine you are a haulage company using a range of lorries. To join your fleet, you were offered for £100,000 a new lorry which might last ten years, with good maintenance. But because you can use that money in more important ways, you decided in December 2025 to go for a second-hand lorry for £10,000 to be collected on January 1st, 2026.

So on January 1st the bank balance goes down by £10,000 and you have another lorry in your fleet.

You do not know how long the lorry is going to last but your best estimate is 2 years. Of course it should last longer if you are prepared to pay possibly big maintenance bills.

Everything goes well. The lorry performs with no unexpected bills. But when you come to do the accounts at the end of 2026, that £10,000 lorry is now a year older and may be halfway towards the end of its useful life. What to do?

The General Approach Taken by Accountants

In the UK and many countries it has influenced, the overriding idea is that accounts show a *true and a fair view*. I will spare you the complete lecture but, in my opinion, if you have to choose, fairness is much more important than truth. *Fair* implies telling the whole truth: anyone can lie by telling some truths but withholding others.

Fairness also implies *as simple as possible but not simpler*. You have a duty to be understandable but must not mislead through over-simplification. As in many other walks of life, this is not always an easy judgement to make.

In the case of our second-hand lorry, it seems fair, given an estimated life of two years at a cost of £10,000, to say that for 2026 the lorry has cost us £5,000. It may collapse in a heap on the 1st of January 2027 and will have cost us £10,000 for just the one year. Or, with acceptably low maintenance costs, it might keep running until 2030. *We just don't know*. But that's not the point: our best guess, a *fair view* is to say that for each year of its 2-year life this £10,000 lorry is costing us £5,000.