



The  
United  
Reformed  
Church

# Help and Advice Group

Northern Synod Office, 4 College Lane, Newcastle upon Tyne NE1 8JJ (0191-232 1168)

## Bulletin 13: FINANCIAL REPORTING

The Help & Advice Group was set up by Synod in 2009, to support local churches in being informed and effective in their life and mission. The Group is made up of four members of local churches, together with administrative support from the Trust Officer. We are willing to try to provide specific advice or organise training days on particular topics. Please get in touch if you have questions or wish to suggest a training or discussion event.

This article is part of a series giving an overview of particular subjects of interest for local churches. We also circulate general updates from time to time. Bulletins will also be posted on the members' area of the website with direct links to other websites.

Where readers are directed to web-based resources, the Synod Office is willing to respond to reasonable requests for printed out information for readers without web access, although they may find it more satisfactory to follow up their interest through their local library's web access.

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### Church Accounts

A good deal of guidance is available to help Church Treasurers in producing their annual accounts. The Association of Church Treasurers & Accountants ([www.acat.uk.com](http://www.acat.uk.com)) provides training courses and regular newsletters, as well as a comprehensive handbook in a sturdy lever-arch binder, which is updated annually. The United Reformed Church regards ACAT as so useful that it enrolled all Church Treasurers as members, meaning you can benefit from these resources for free! If any church finds it has lost contact with ACAT, please get in touch with Synod Office.

### Accounting Method

There are two methods of accounting – simple receipts & payments accounts, or more sophisticated accruals accounts. Accruals accounts make adjustments for transactions due in one accounting period but actually settled in a different accounting period, so as to make it easier to compare successive sets of accounts. Churches with annual gross income of more than £250,000 **must** use accruals accounting. Guidance and proforma accounts are offered on the URC's website:

[www.urc.org.uk/what\\_we\\_do/finance/church\\_accounts/church\\_accounts](http://www.urc.org.uk/what_we_do/finance/church_accounts/church_accounts)

### Accounting Scrutiny

Most church accounts should be checked over by a third party. Churches with annual gross income of less than £25,000 do not legally have to have any scrutiny. Those with income of £25,000-£250,000 must appoint an independent examiner. For income of £250,000-£500,000, the independent examiner must be professionally qualified. For

income over £500,000 (or over £250,000 where there are gross assets over £3,260,000), an audit is required.

### **Consistency**

Accounts should be prepared on a consistent basis whenever possible, as this enables readers to compare one year's accounts with another. If you need to change your headings or move to accruals, you should provide comparative figures for the previous year adjusted to the same basis.

### **Reserves**

Synod recommends that churches should consider holding an appropriate level of reserves. Ordinarily this would be a sum equivalent to six months' ordinary expenditure, which helps with cashflow or any unexpected occurrences. Churches may also wish to create reserves designated for particular purposes, such as property repairs or improvements. In both cases, proactive planning and communication of your plans to members and other supporters can help you manage your finances more effectively.

In addition to the ACAT handbook referred to above, the Charity Commission also produces guidance on managing your reserves:

[www.charitycommission.gov.uk/Publications/cc19.aspx](http://www.charitycommission.gov.uk/Publications/cc19.aspx) or

[www.charitycommission.gov.uk/Library/guidance/cc19text.pdf](http://www.charitycommission.gov.uk/Library/guidance/cc19text.pdf)

### **Filing Accounts with Synod**

Once your accounts have been signed off and approved, please remember to forward a copy to the Synod Office.

[andrew.atkinson@urc-northernsynod.org](mailto:andrew.atkinson@urc-northernsynod.org)