


Clay Hill Accounting Policies and Procedures

ST JOHN & ST LUKE
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CLAY HILL

Parish of St John & St Luke, Clay Hill

**The Parochial Church Council of the Ecclesiastical Parish of
St John the Baptist and St Luke the Evangelist, Clay Hill, Enfield
Registered Charity number 1151418**

**Accounting Policies
and Procedures**

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1. Introduction

This document describes the policies, structures, procedures and automations that are operated for management of the finances of the Parochial Church Council (PCC) of the Parish of St John and St Luke, Clay Hill, registered charity number 1151418.

2. Accounting Year

The PCC's accounting year runs from 1 January to 31 December.

3. Basis of Financial Statements

Financial statements are prepared on a receipts and payments basis under with the Church Accounting Regulations 2006 in accordance with applicable accounting standards and the current Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005). Financial statements are prepared under the historical cost convention. Financial statements include all transactions, assets and liabilities for which the PCC is responsible in law. They do not include the accounts of church groups that owe their main affiliation to another body including St Luke's branch of the Mothers' Union, or those that are informal gatherings of church members.

4. Independent Examination

The members of the PCC, as trustees of the charity, are responsible for the preparation of the accounts and consider that they do not need to be audited under section 144(2) of the Charities Act 2011 (the 2011 Act) but that an annual independent examination is needed.

The independent Examiner is responsible for:

- examining the accounts under section 145 of the 2011 Act,
- following the procedures laid down in the General Directions given by the Charity Commissioners under section 145(5)(b) of the 2011 Act,
- reporting whether any particular matters have been identified.

Independent Examinations are carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the parish and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from the PCC concerning any such matters. However, the procedures undertaken do not provide all the evidence that would be required in a full audit.

5. Approval of Annual Accounts

The draft accounts are submitted to the Independent Examiner for examination and signature. Should the Independent Examiner identify the need for changes, these may be discussed with the Independent Examiner and all agreed changes implemented by the Treasurer before the revised accounts are passed back to the Independent Examiner for signature. The examined accounts are then submitted to a meeting of the PCC for approval and signature by the Vicar and a lay member of the PCC, usually a Churchwarden. The approved accounts are then presented at the Annual Parochial Church Meeting before uploading to the parish's entry on the Charity Commission website.

6. Fund Accounting

Restricted Funds comprise revenue donations or grants for a specific PCC activity intended by the donor. A Restricted fund is normally set up and used for a specific project and closed when the project ends. The parish presently operates four Restricted Funds:

- Collections and Gifts with Restricted Purposes. All monies collected in this fund in a calendar year excepting for Bridge of Hope Children's Ministry are disbursed during the same year.
- St John's Church Organ Fund
- Legacies Fund
- Pattie Skeats Legacy Fund

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One further restricted fund is currently inactive for St Luke's Church Special Projects.

Designated Funds are general funds set aside by the PCC for use in the future. Project Funds are designated for particular projects for administration purposes only. Designated Funds remain unrestricted and the PCC may move any part or all to other general funds. The parish presently operates two Designated Funds

- St Luke's Church Building Fund
- St John's Church and Hall Building Fund

Unrestricted or General Funds are funds to be spent on the PCC's general purposes.

The parish does not have any **Endowment Funds**.

7. Agency Accounts

The PCC maintains two Agency accounts which are external to the parish accounts for fees and related expenditure where the PCC merely acts as agent for ensuring that they are passed in entirety from a third party to a beneficiary:

- Fees for the services of organists and choristers and for the cost of memorials, inscriptions and entries in St Luke's Book of Remembrance received for weddings, funerals and interments of ashes that are paid over in full directly to those involved.
- Statutory Fees received for the London Diocese Fund (LDF) for weddings, funerals and interments of ashes, less expenditure of fees paid to retired clergy for taking services when the vicar is absent or otherwise not available. The net balance is paid to the LDF quarterly. (Notes: (a) SSM clergy, current or retired, are not eligible for any fees. (b) All clergy including SSM clergy may claim for reasonable travel expenses for taking services at the rates approved by the LDF in force at the time which are paid from parish general funds.)

During vacancies, a third Agency account is maintained for Sequestration expenditure accounting (see section 15).

8. Receipts

- Stewardship and other planned giving, collections and similar donations are recognised when received.
- Contactless collections and donations are recognised when received in the bank account.
- Income Tax refunds receivable under Gift Aid are recognised when received.
- Grants and legacies to the PCC are accounted for when the PCC is legally entitled to use the resources.
- All other income is recognised when it is receivable.
- VAT reclaimed under the Listed Places of Worship Scheme for repairs is offset against the corresponding expenditure.
- Refunds are offset against the corresponding expenditure.
- All other receipts including all online donations are accounted for gross.
- See section 7 for Agency Receipts

9. Payments

- Donations are accounted for when paid.
- Contributions to the London Diocese Common Fund are accounted for when paid.
- Any Common Fund contributions unpaid at 31 December are provided for in the accounts as an operational (though not a legal) liability and are shown as a creditor in the balance sheet.
- All other expenditure is recognised when it is incurred and is accounted for gross excepting when offset by corresponding VAT reclaimed under the Listed Places of Worship Scheme or refunds (see section 8).
- Refunds are offset against the corresponding receipts.
- See section 7 for Agency Payments

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10. Fixed Assets

Consecrated and beneficed property is not included in the accounts in accordance with sections 10(2)(a) and (c) of the Charities Act 2011. Movable church furnishings held by the Vicar and Churchwardens on special trust for the PCC and which require a faculty for disposal are inalienable property, listed in the church's inventory, which can be inspected (at any reasonable time). Purchases are not depreciated and are accounted gross excepting when offset by corresponding VAT reclaimed under the Listed Places of Worship Scheme or refunds.

11. Current Assets

Current assets are held in:

- A Current Bank Account with Metro Bank. The account has a maximum of three signatories. All payments online or by cheque and direct debit and standing order arrangements must be approved or signed by any two of the signatories.
The signatories are presently John Wright (Treasurer), Ian Buswell (Churchwarden of St Luke's church) and Mary Englefield (Parish Administrator).
The Treasurer can access the account online after completing a secure login process and may view transactions, download lists of selected transactions and make online payments from the account.
The other two signatories can access the account online to approve online payments.
- A Deposit Account with the CBF Church of England Funds (COIF). The account has three signatories. All withdrawal forms must be signed by any two of the signatories.
The signatories are presently John Wright (Treasurer), Mary Englefield (Parish Administrator) and Ian Buswell (Churchwarden of St Luke's church). (see also section 14)
The Treasurer can access the account online after completing a secure login process and may view transactions and download lists of selected transactions.
Petty Cash for Hundred Club prizes, held by the Hundred Club Administrator, and fees paid to Choristers for attendance at weddings or funerals, the balance of which is cleared at the end of each year. No other petty cash is held. The petty cash account is occasionally used for virtual cash transactions to facilitate transfers between accounts.

12. Parish Halls

The parish has two halls - St Luke's Hall, located in Morley Hill, Enfield, Middlesex, EN2 0BL and St John's Jean Price Hall, in Strayfield Road, Enfield, Middlesex, EN2 9JF. The Vicar is the Managing Trustee and the London Diocese Fund Custodian Trustee of both buildings. Commencing 1 March 2021, Nursery on the Hill (Enfield) Limited took a 20-year full repairing lease for the whole of St Luke's Hall. The PCC is responsible for insuring both halls, but Nursery on the Hill is contractually obligated to reimburse the PCC the full cost of insuring St Luke's Hall. It is the PCC's policy to revalue buildings annually on 25 December to the sums insured by the Trinitas Church Insurance Services.

13. Accounting Procedures

13.1 Receipts

All cash collections are counted by two people and recorded and initialled in the services book at each church.

All cash and cheques received are recorded on a weekly receipts summary sheet for each church and numbered Jnn and Lnn respectively for John's Church and St Luke's Church where nn = the week number. Banking is done weekly separately for each church.

The parish also receives payments by Credit and Debit cards through SumUp financial services made using either a contactless SumUp card reader on a CollecTin More device or an online payment portal accessible on the parish website or by a QR code. **These payments are numbered Cnn where nn is a sequential number starting at 1 on 1 January.**

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Hundred Club subscriptions and prizes are recorded on monthly sheets numbered Hnn where nn = month number. Cheques are banked and cash is retained by the Hundred Club Manager as Petty Cash for monthly cash prizes (presently £40 + £20 + £10 + £5). Any cash remaining after payment of the December prizes is banked before the end of the year so that the end of year petty cash balance is zero.

Miscellaneous Income is income and occasional journal entries not covered by any of the above categories, principally payments made directly into the parish bank account. Transactions are numbered Mnn where nn is a sequential number starting at 1 on 1 January.

13.2 Payments and Financial Interests

All expenditure transactions are numbered sequentially starting at 1 on 1 January.

All invoices and expenses apart from Hundred Club Prizes are settled by direct debit or standing order arrangements or by online bank transfer or cheque from the current account.

All expenses incurred by church members including the vicar are claimed on expense forms to which original invoices and copies of any estimates must be attached.

The organists at St Luke's church and St John's church provide services to the PCC as self-employed contractors and invoice the PCC monthly in arrears for the services provided. Choristers are paid fees in cash for attendance at weddings and funerals and are asked to sign a collective attendance/receipts form.

Members of the choir and/or organists who are members of the PCC withdraw from all discussions by the PCC about the services they provide and do not participate in any related vote by the PCC.

The financial interests of the Vicar and other PCC members in transactions are limited to reimbursement for minor operational expenditure including travelling expenses, materials for minor repairs or improvements, postage, stationery, communion wine and candles.

13.3 Contractors

When a contractor is instructed to undertake work in any of the parish buildings the instructing officer must:

- Obtain a written quotation/writing (e-mail is acceptable)
- Instruct the contractor to proceed in writing, referencing the date and amount in their quotation/estimate (e-mail is acceptable)
- Instruct the contractor to send their invoice either to the vicarage (as the parish "office") or the home address of the officer (electronic invoices by e-mail are acceptable). Invoices and any other important documents must NOT be sent to the address of any of parish buildings which do not have letter boxes as that increases the risk that they will be lost.
- Attach a copy of the quotation/estimate with the original invoice so that the paired documents can be inserted into the parish accounts files.

13.4 Payments by Direct Debit or Standing Order

Automated Direct Debit or Standing Order payment arrangements from the current account are established for the majority of utilities and other services. Arrangements presently in place are listed below and are paid monthly unless otherwise indicated:

Direct Debits:

- BT Group Plc (Parish telephone and broadband at the vicarage) – quarterly
- Castle Water (Water supplies to both churches)
- Copy Quality Ltd (Service fee for photocopier in St Luke's church) - quarterly
- Corona Energy (Gas supplies to both churches)
- Ecotricity (Electricity supplies to both churches)
- Data Developments (Finance accounting system)
- London Diocesan Fund (Common Fund)
- Metro Bank Ltd (Commercial Online Current Account bank fee)

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- Premium Credit Limited for Trinitas Church Insurance Services (Insurance of both churches and St John's hall)
- Redemptorist Publications (Weekly readings sheets)
- Thames Water (Water supply to the vicarage)

Standing Orders

- Bridge of Hope Childrens Ministry (Mission donations)
- Enfield Churches Debt Centre (Mission donations)

All Direct Debit and Standing Order payment arrangements are set up using the Treasurer-independent contact address at the Vicarage, 92 Browning Road, Enfield, EN2 0HG (as the parish "Office") and the generic e-mail address of clayhilltreasurer@gmail.com.

13.5 Bank Reconciliation

Statements for the current account are received and reconciled monthly.

Statements for the deposit account are received quarterly and reconciled annually.

Petty cash transactions are reconciled annually.

13.6 Retention of Records

Parish accounts, including physical files of all receipts and payment documents and bank statements are retained for six years from the end of the financial year in which the transactions were made. The files are stored in a cabinet in the sacristy of St Luke's Church. After six years, the files for a year are destroyed by either shredding or burning.

13.7 Accounting Tools

The PCC accounts are maintained using the MyFundAccounting.Online system supplied and operated by Data Developments Ltd and accessed using a Windows computer. New versions of MyFundAccounting.Online system are automatically installed when released by Data Developments. The MyFundAccounting.Online system is automatically and securely backed up by Data Developments.

A copy of the online accounting data can be downloaded to the Treasurer's laptop for offline reporting and analysis purposes only using MyFundAccounting Offline. Upon completion of analysis of the downloaded data, closure of MyFundAccounting.Offline automatically deletes the data.

Supplementary information is maintained on an Excel spreadsheet and includes details of receipts and payments for weddings, funerals and interments of ashes and special restricted collections and payments.

14. Reserves Policy

It is the policy of this parish to try to maintain a balance of unrestricted funds which equates to at least three months of routine unrestricted payments. This is equivalent to approximately £25,000 and is held to smooth out fluctuations in cash flow and to meet emergencies.

Both churches had Quinquennial inspections in January 2020 and after completion of repairs to some of the most urgent items in both churches, a complete schedule of repair work is being updated. The parish has reserved £25,000 for this ongoing work, the sum to be reviewed as more detailed assessments of the areas identified for repair are obtained.

St Luke's church half share of the proceeds of the sale of Hawthorn Grove Hall in 2008 was placed in a designated fund for improvements and repairs to St Luke's Church and Hall, most of which has been used for refurbishment of St Luke's church refectory and repairs to St Luke's church.

It is our policy to invest as much as possible of the parish's funds with the CCLA CBF Church of England Deposit Fund where 76% of total funds were invested at the end of 2025.

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15. Sequestration Accounting

During a vacancy, Statutory Fees received for the LDF for weddings, funerals and interments of ashes, less expenditure of fees paid to retired clergy for taking those services will continue to be paid as normal to the LDF quarterly (see section 7).

The following procedures for accounting of expenditure during a vacancy are set out in the London Diocese document reference:0 sequestration notes 2024 v4.docx

During a vacancy, the following expenditure transactions are collected in a Sequestration Agency Account:

- Reasonable travel expenses to clergy (and others) for taking services at the rates approved by the LDF in force at the time
- Service fees to retired clergy for taking Sunday services at the rates approved by the LDF in force at the time. (Note: SSM clergy, current or retired, are not eligible for any fees but are entitled to claim for travel expenses.)
- Standing charges for the vicarage for telephone, electricity and gas
- Minor repairs to the vicarage and low- level heating of the vicarage in winter (these must be agreed in advance with the LDF Property Department)

At the end of the vacancy, a claim is prepared and submitted to the Diocese for expenditure during the whole of the vacancy period. The final settlement is used to clear the balance on the Sequestration Agency Account.

During a vacancy the vicarage may be let by the Diocese to a tenant during which time, the tenant will be responsible for all gas and electricity consumed and the Diocese for minor repairs. The PCC will continue to be responsible for water used but will be fully refunded by the Diocese in an arrangement separate from the Sequestration Account.