

ST JOHN & ST LUKE  
— ✠ —  
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**

<b>Prepared by:</b>	John Wright
<b>This version:</b>	3.0
<b>Date of Issue:</b>	25 January 2022
<b>Date of Review:</b>	26 April 2022
<b>Signed by:</b>	Paul Bates Interim PCC Chair

# Clay Hill Accounting Policies and Procedures

## CONTENTS

1.	Introduction .....	3
2.	Accounting Year .....	3
3.	Basis of Financial Statements.....	3
4.	Independent Examination .....	3
5.	Approval of Annual Accounts.....	3
6.	Fund Accounting.....	3
7.	Agency Accounts .....	4
8.	Receipts.....	4
9.	Payments.....	4
10.	Fixed Assets.....	5
11.	Current Assets.....	5
12.	Parish Halls .....	5
13.	Accounting Procedures .....	5
13.1	Receipts .....	5
13.2	Payments and Financial Interests .....	5
13.3	Contractors.....	6
13.4	Payments by Direct Debit.....	6
13.5	Bank Reconciliation.....	7
13.6	Retention of Records .....	7
13.7	Accounting Tools.....	7
14.	Reserves Policy.....	7
15.	Sequestration Accounting.....	7

# Clay Hill Accounting Policies and Procedures

## 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 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 2011Act,
- 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 charity 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 the 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 two Restricted Funds:

- The Night Shelter
- Collections and Gifts with Restricted Purposes. All monies collected in this fund are disbursed before the end of a calendar year, leaving a zero balance.

## Clay Hill Accounting Policies and Procedures

Two further restricted funds are currently inactive for St Luke's Church Special Projects and St John'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 three Designated Funds

- Improvements to St Luke's Church
- Improvements to St John's Church and Hall
- Legacies.

*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.
- Assigned 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. Use of this Agency account is suspended during a vacancy when the corresponding fees are maintained in a Sequestration Agency account (see section 15).

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

### 8. Receipts

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

### 9. Payments

- Donations are accounted for when paid over.
- 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).
- See section 7 for Agency Payments

# Clay Hill Accounting Policies and Procedures

## 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). For anything acquired prior to 2000 there is insufficient cost information available and therefore such assets are not valued in the financial statements. All purchases are accounted gross and not depreciated.

## 11. Current Assets

Amounts owing to the PCC at 31 December in respect of fees or other income are shown as Debtors less provision for amounts that may prove un-collectable. Short-term deposits include cash held on deposit with the CBF Church of England Funds (see also section 14).

## 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 both halls annually on 25 December to the sums insured by the Ecclesiastical Insurance Office

## 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.

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 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 balance of cash in hand is zero.

Miscellaneous Income is income 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

The parish operates a single current account with Metro Bank for which there are four signatories. Three of the signatories are John Wright (Treasurer), Ian Buswell (Churchwarden of St Luke's church) and Mary Englefield (Parish Administrator). The fourth signatory is the former vicar, Rev Peter Godden who will be replaced when a new vicar has been appointed to the parish. All cheques must be signed by any two of the signatories.

The Treasurer can access the current account online after completing a secure login process. Whilst online, the Treasurer may view transactions and download lists of selected transactions. However, the Treasurer is not allowed to make online payments from the PCC account.

## Clay Hill Accounting Policies and Procedures

The parish operates a single deposit account with CBF Church of England Funds for which there are three signatories, one of whom is the Treasurer. The others, currently are Mary Englefield (Parish Administrator) and Joan Young (Former churchwarden of St John's church). All withdrawal forms must be signed by any two of the signatories.

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

All expenses (apart from Hundred Cub Prizes) are either settled by cheque or by direct debit arrangements from the current account. Apart from cash held for Hundred Club Prizes and fees paid to Choristers for attendance at weddings or funerals, no other petty cash is held. The petty cash account is occasionally used with virtual cash transactions to facilitate transfers between accounts. The petty cash account is cleared at the end of each year.

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 vote by the PCC related to those matters.

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 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 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

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:

- London Diocesan Fund (Common Fund)
- Total GP (Gas and Electricity supplies to both churches)
- Castle Water (Water supplies to both churches)
- Thames Water (Water supply to the vicarage)
- Redemptorist Publications (Weekly readings sheets)
- BT (Parish telephone at the vicarage) – quarterly

Standing Orders

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

## **Clay Hill Accounting Policies and Procedures**

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 "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 on a Windows computer using Finance Co-ordinator Version 4 supplied by Data Developments Ltd. New versions of Finance Co-ordinator are installed when released by Data Developments. Supplementary information is maintained on an Excel spreadsheet and includes details of receipts and payments for weddings, funerals and interments of ashes.

After new entries have been added to Finance Co-ordinator, the database is checked and backed up onto (a) the computer, (b) a separate drive and (c) a cloud Dropbox folder.

## **14. Reserves Policy**

It is the policy of the PCC 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 the Hawthorn Grove Hall in 2008 was set aside in a designated fund for improvements to St Luke's church and Hall, some of which has since been used for refurbishment of St Luke's church refectory and emergency repairs to St Luke's church ceiling.

It is the PCC's policy to invest as much as possible of the parish's funds with the CCLA CBF Church of England Deposit Fund where 51% of total funds were invested at the end of 2021.

## **15. Sequestration Accounting**

The accounting policy adopted for Sequestration accounting is based on the advice received from Theresa Moses, Diocesan Financial Advisor, set out in an e-mail dated 13 September 2016.

At the start of a vacancy, the Diocese is advised that all fees from date of departure of the vicar will be taken into the Sequestration account and that the parish will not submit any further quarterly Assigned Fees forms until the vacancy has ended.

## Clay Hill Accounting Policies and Procedures

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

- Diocesan Fees received for occasional services (Weddings, Funerals and Interments of Ashes)
- Fees paid to retired clergy for occasional, Sunday and weekday services
- All expenses claimed by any visiting clergy
- Vicarage Expenses - costs incurred in maintaining the vacant vicarage including gas, electricity, telephone and minor repairs.

At the end of the vacancy, a claim is prepared and submitted to the Diocese for 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.