

## Notes to the accounts

### Note 1. Basis of preparation

#### 1.1 Basis of accounting

These accounts have been prepared on the basis of historic cost (except that investments are shown at market value) in accordance with:

- Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005);
- and with 'The Charities Act 1993 and the PCC' 3<sup>rd</sup> edition, 2006. A guide to the SORP 2005 revisions.
- and with the Charities Act 1993.

The accounts include all transactions, assets and liabilities for which the PCC is responsible in law except for:

- Consecrated and benefited property which is excluded from these accounts by section 96(2)(a) of the Charities Act 1993 (the value of the narthex and church extensions have also been excluded from these accounts as they form an integral part of the church building), and
- The accounts of the sports clubs and other church groups that owe their main affiliation to another body or those that are informal gatherings of Church members.

#### 1.2 Change in basis of accounting

The PCC decided that all children's and youth work expenses should be paid from the unrestricted General Fund as staff salaries and expenses were already being paid by the General Fund and these were very large compared with the total spent by the existing Youth Fund. The balance in the existing restricted Youth fund was therefore transferred to the General Fund on the 1<sup>st</sup> January 2007.

There have been no other changes to the accounting policies (valuation rules and methods of accounting) since last year.

#### 1.3 Changes to previous accounts

No changes have been made to accounts for previous years.

## **Note 2. Accounting policies**

This list of standard accounting policies has been applied by the charity. Where a different or additional policy has been adopted then this is detailed below.

### **Incoming resources**

#### **Recognition of incoming resources**

These are included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- the trustees are virtually certain they will receive the resources; and
- the monetary value can be measured with sufficient reliability.

#### **Incoming resources with related expenditure**

Where incoming resources have related expenditure (as with fundraising or contract income) the incoming resources and related expenditure are reported gross in the SoFA.

#### **Grants and donations**

Grants and donations are only included in the SoFA when the charity has unconditional entitlement to the resources.

#### **Tax reclaims on donations and gifts**

Incoming resources from tax reclaims are included in the SoFA at the same time as the gift to which they relate.

#### **Contractual income and performance related grants**

This is only included in the SoFA once the related goods or services have been delivered.

#### **Gifts in kind**

Gifts in kind are accounted for at a reasonable estimate of their value to the charity or the amount actually realised.

Gifts in kind for sale or distribution are included in the accounts as gifts only when sold or distributed by the charity.

Gifts in kind for use by the charity are included in the SoFA as incoming resources when receivable.

#### **Donated services and facilities**

These are only included in incoming resources (with an equivalent amount in resources expended) where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the charity of the service or facility received.

#### **Volunteer help**

The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

#### **Investment income**

This is included in the accounts when receivable.

#### **Investment gains and losses**

This includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

### **Expenditure and Liabilities**

#### **Liability recognition**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

#### **Governance costs**

These include the costs for the preparation and examination of statutory accounts, the costs of trustee meetings and cost of any professional advice to trustees on governance or constitutional matters.

#### **Grants with performance conditions**

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

### **Grants payable without performance conditions**

These are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

## **Assets**

### **Tangible fixed assets for use by charity**

These are capitalised if they can be used for more than one year, and cost at least £500. They are valued at cost or, if gifted, at the value to the charity on receipt.

### **Investments**

Investments quoted on a recognised stock exchange are valued at market value at the year end. Other investment assets are included at trustees' best estimate of market value.

### **Stock and work in progress**

These are valued at the lower of cost or market value.

## **Policies additional to or different from those above**

### **Funds**

Unrestricted funds represent the funds of the PCC that are not subject to any restrictions regarding their use and are available for application to the general purposes of the PCC. Funds earmarked for a particular purpose by the PCC are also unrestricted.

Note 13 lists the individual funds, both restricted and unrestricted. The Vicars Aid fund is an emergency fund for the personal disbursement of aid by the vicar. The other funds are defined by their titles.

### **Reserves policy**

Between one and two months expenditure is normally held as balances in the current bank accounts. The remaining reserves are held in an interest-bearing deposit account with the CBF Church of England Funds. We consider that we normally need to have six months expenditure in the reserves.

### **Fixed assets**

The fixed assets: 27 Davenport Road, Hazel Grove, has been shown at market value (based on the estimate of the letting agent in 2001); the Garden of Remembrance at historic costs less amortisation; and the Recreational Land at a nominal figure (as the market value is unknown).

### **Consecrated land and buildings**

The PCC is responsible for the maintenance and insurance of this property. Costs associated with maintenance and improvement are written off in the year in which they are incurred.

### **Church furnishings**

Movable church furnishings held by the Vicar and Churchwardens on special trust for the PCC, and which require a faculty for disposal, are accounted as inalienable property unless consecrated. They are listed in the church's inventory, which can be inspected by appointment.

### **Other fixtures, fittings and office equipment**

Equipment used within church premises is normally depreciated on a straight-line basis over 4 years.

### **Current assets**

Amounts owing to the PCC at 31<sup>st</sup> December in respect of fees, rents or other income are shown as debtors less provision for any amounts that may prove to be uncollectable. Short-term deposits are cash held on deposit with the CBF Church of England Funds.

### **Stock**

Current stocks of churchyard supplies (unused tablets and vases) are included at original cost.

### **Cash handling**

Cash received in collections and envelopes is counted and verified by at least two independent people and is then stored in a safe until taken to the bank.

### **Payments**

Payments are made by cheque. These require signatures from any two of the following: vicar, treasurer or churchwarden. Cheques may not be signed by a beneficiary of the cheque.