

accounts examination service

Introduction

All churches and charities need to comply by law with current accounting regulations. These include the requirements of the Charities Act 1993; the Charities Act 2006, and "Accounting and Reporting by Charities" (SORP 2005). A brief summary is set out overleaf. These requirements include the preparation of annual accounts to particular standards and the examination or audit of those accounts. If the annual income of your church or charity falls between £25,000 and £500,000 your accounts will need to be examined by an **Independent Examiner**, unless the gross assets (i.e. before deducting liabilities) shown in the accounts exceed £3.26 million. Above these thresholds, a full professional audit will be required.

Peace of mind

We aim to provide clients with complete peace of mind by making sure that they comply with the law and by being proactive rather than simply reactive. We provide a high quality service but also look for opportunities to add value to the compliance process.

Our detailed knowledge, experience and professional expertise comes not just from being professional accountants but also from our personal involvement in church and Christian charity life.

We recognise that you value the ability to talk to someone who understands your key issues. In short, we are passionate about your success because your success reflects

the success of God's Kingdom. And that is what we are here for.

Examination requirements

An Independent Examiner is "*an independent person who is reasonably believed by the Trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts.*" (Section 43(3)(a) Charities Act 1993). For an examiner to be independent he should have no connection with the trustees which might inhibit the impartial conduct of the examination. This will exclude anyone closely involved in the church or charity's administration. Whilst examiners need not be professionally qualified if the charity's income is under £250,000, they will have a duty of care and must comply with Statutory Directions issued by the Charity Commission. Where the gross income is over £250,000 pa, a qualified examiner is required as the accounts must be prepared on the accruals basis and in full compliance with SORP 2005.

Our services

Stewardship provides an Accounts Examination Service for churches and charities with an income of up to £500,000. Staffed by qualified accountants, the service includes not only Examination of the accounts, but the preparation of accounts where requested. Accounts will be in a form acceptable to the Charity Commission and will incorporate an Examination Certificate.

The service also includes advising churches and charities generally on record keeping and on other matters arising from the examination, whether they are finance or general charity issues.

Charitable companies

The legal requirement for charitable companies has changed. Historically it has differed from those for non-company charities. We offer charitable companies a voluntary Independent Examination (where gross income is up to £90,000) and an "Accountant's Report" as required by the Companies Act 1995 (where income is between £90,000 and £500,000).

For accounting periods starting on or after 1 April 2008, the rules are brought in line with those for unincorporated charities.

If gross income or total expenditure exceeds £500,000 or gross assets exceed £3.26 million, an audit is required.

Charities requiring an audit

For charities with an income of over £500,000, we will prepare statutory accounts ready for audit, including relevant

working papers. You will need to appoint a registered auditor but the saving on audit fees may well exceed our accounts preparation fees.

Next steps

The first step is to complete the attached questionnaire. We will then give an estimate of the charges. The charge we make is calculated on the time involved and the complexity of the case. Where the accounting records are in good order and include reconciliation to the main bank account and a clear analysis of both receipts and payments the fee charged will be much lower than other cases.

For more information call Stephen Mathews on 020 8502 8588 or Email stephen.mathews@stewardship.org.uk

A summary of the requirements - applying in England & Wales (Read horizontally from the relevant income band)					
Annual income or expenditure	Accounting Records	Statements of Annual Accounts	Trustees' Annual Report	Examination or Audit	What to be sent to Charity Commission
Up to £5,000	Proper records showing all items of income and expenditure (i.e. cash book or equivalent, plus assets and liabilities to be kept, to allow accurate accounts to be prepared). Applies to registered & unregistered charities	Must prepare annual accounts which may be on a simple Receipts & Payments basis. Applies to registered & unregistered charities	Not required (unless registered)	None required	Accounts & Report not required (but may be requested). Registered charities complete an Annual Return
£5,000 to £25,000			Report required unless an excepted charity (main church denominations) and unregistered		
£25,000 to £250,000		Full accruals accounts in accordance with the Regulations. Accountancy knowledge needed.	More detailed report required	Independent Examination required (may opt for full audit). Stricter requirements of examiners if income more than £250,000	Registered charities submit annual Accounts, Report and Annual Return Unregistered charities: accounts and report, on request.
£250,000 to £500,000			Requires full compliance with SORP 2005		
Over £500,000				Audit by registered auditor	

The above table applies to unincorporated charities. Information on incorporated charities is available on request.

Accounts examination service:

1	Name of Church /charity	
2	Name and address of Treasurer. The Treasurer's telephone number or the name and telephone number of the person we should contact regarding the accounts examination Can we contact you by e-mail? If so please list.	
3	<p>a) Will you be preparing formal year end accounts that comply with the accounting regulations to be examined?</p> <p>b) If NO, do you want us to prepare the accounts and are you able to allow us around 10 weeks to complete them?</p> <p>c) Approximately when will you need the work completed and when would your records be available to start?</p> <p>d) Do you want details of our charity telephone/ mail 'support package'?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Needed by:.....</p> <p>Records available by:.....</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
4	<p>a) What is the accounting year (dd/mm/yyyy) for which examination is required,</p> <p>b) What was the gross income during that year?</p> <p>c) (For churches only) How many on average attend Sunday meetings?</p>	
5.	Please confirm that a cash book is kept which records all monies received and paid.	<input type="checkbox"/> <i>Please tick</i>
6.	<p>Are payments out recorded showing the name of the recipient and the purpose of the payment?</p> <p>Are cheques paid out only with two signatures?</p> <p>(Please list those authorised to sign)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
7.	Is the cash book kept up to date i.e., within one month of the receipt or payment?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8.	Is the cash book agreed (reconciled) with the bank and if so how frequently?	<input type="checkbox"/> Yes <input type="checkbox"/> No Frequency _____
9.	Will you supply a copy of the end of year bank reconciliation?	<input type="checkbox"/> Yes <input type="checkbox"/> No

10	Are the receipts and payments analysed in any way and if so how?	<input type="checkbox"/> Yes <input type="checkbox"/> No How:
11	a) How are cash offerings or gifts recorded and are they verified by a second person? b) Do you receive a significant number of donations for specified purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12	Are all cash offerings or gifts banked before expenses being paid? If not how are payments made in cash recorded?	
13	In the case of gift aid donations made by cash, how is the payer identified?	
14	How many employees are there?	
15	Are the accounting records computerised and if so which software package is being used?	<input type="checkbox"/> Yes <input type="checkbox"/> No Software _____
16	If the records are computerised will you be able to send us these by email (or on disk)?	<input type="checkbox"/> Yes Email <input type="checkbox"/> Yes Disk <input type="checkbox"/> No
17	Please provide a copy of the Trust Deed (Memorandum and Articles if you are a company) and any additional rules/standing orders that affect the administration of the charity. If not sent please provide key details.	
18	How many freehold or lease hold properties are owned?	
19	Please note here any questions of other comments you may that you want to raise with us.	

Signature of Treasurer or other Church/Charity Officer: _____

Dated: _____

Please return to:

Accounts Examination Service
Stewardship
PO Box 99, Loughton
Essex, IG10 3QJ