

accounting software for churches and smaller charities

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1 Introduction

We are often requested to provide advice on software packages for churches and smaller charities.

The first comment to make is that there is no solution that best fits all churches and charities. The factors that need to be considered in selecting a particular package include:

- The accounting experience of those who will use the system.
- The number of different users and their geographic locations.
- The extent to which they have access to computers and the internet.
- The size of the charity/church and the complexity of its finances.
- The type of information needed by the leaders/trustees to manage the finances.
- The cost and what is already available.

There are three main ways that charities will usually keep their records:

- a) Manual accounting books and records.
- b) Spreadsheets (such as Excel).
- c) Specifically written accounting packages.

2 Manual records

It is rare now for manual accounting books to be the best approach. This is because ready access to computers and e-mail via the internet means that information can be quickly input, and readily and securely shared between people in different locations by means of computers that cannot be achieved with handwritten information. This does, however, remain a suitable alternative where the treasurer does not have access to a computer or the desire to learn to use it.

3 Spreadsheets

Spreadsheets form a significant proportion of the accounting records we see in churches and charities, particularly where the level of income is less than £100,000 per annum and where there are not a great number of special projects or 'funds'. The advantages of a spreadsheet package are that it is:

- Cheap and readily available to most people.
- Intuitive to use and therefore requires little training.
- Flexible to the individual circumstances.
- Powerful where set up by an experienced user.
- Can be easily e-mailed between members of a team and therefore flexible over location of staff and volunteers.

However, there are some significant disadvantages to consider:

- They do become very complex where there are a significant number of bank accounts, funds or special projects.
- They do not easily handle 'accruals' accounting (i.e. where income and expenditure is accounted for other than when received or paid)
- They are prone to error if not used correctly with 'error trapping' built in.

4 Accounting packages

The advantages of accounting packages are that they are designed to hold and sort accounting data, so that with one entry a transaction can be fully handled and then easily reported upon. This tends to mean that this is a more comprehensive way of handling the accounting process, especially where there are numerous bank accounts, special projects or funds. Reporting is also easier than most spreadsheet or manual systems.

Accounting packages are therefore favoured by the larger church or charity and they are used by a large proportion of our clients with income over £100,000, and by the majority for those with income over £250,000 per year.

There are disadvantages, however, for some situations:-

- they are less intuitive than manual records or spreadsheets
- they require more training and familiarisation, which can be a barrier to use
- all users will need a copy of the package to use it

They do not have to be expensive but it is strongly recommended that the users are trained, normally by the supplier, before the product is used extensively.

Not every 'accounting package' is suitable for use by churches and smaller charities. Most are designed for use in small businesses. Whilst these can be used they are normally designed for invoicing systems (sales invoices to customers and purchase invoices from suppliers) rather than cheque based systems incorporating 'special funds'.

The most common systems our clients use are:-

"Finance Co-ordinator" (formerly "Cashcall")

This is the only product commonly available that is specifically designed for churches and small charities. We understand that there are approximately 5000 users of Finance Coordinator and its predecessor Cashcall, so it is widely used. It is intended to be driven from payments and receipts and is specifically designed to handle 'special funds' (i.e. restricted, designated and endowment funds). Most churches have at least one of these fund types. Finance Co-ordinator has further improved this aspect. It can also handle multiple bank accounts.

It is aimed at treasurers who are not necessarily accountants and therefore it does not demand accounts training or experience.

Users of Cashcall will see major changes in the user interface and many additional features such as all reports can be exported as PDF, Word documents, TXT and Excel data. Others include the whole flow of the software being redesigned to make it more

intuitive, including memorised transactions to reduce repetitive input and improved management reporting. For ex Cashcall users, however, some previously valuable reports such as the 'detailed trial balance' are no longer as visually easy to use. On the year end issue, which had some limitations in the previous design, the user can now enter additional data into their 2008 accounts whilst also working on 2009.

It is surprisingly economic given its facilities; retailing at £145 (or £92 if upgrading from Cashcall). Currently Stewardship clients are able to claim a discount bringing the full price down to below £120. If the user is not experienced with Finance Co-ordinator, we would recommend training which we understand to be available from the supplier from £130 per person. We consider it a strong package and the one most clearly aimed at the church charity sector. It is supported by a small but dedicated team based in Wolverhampton and for approximately £70 per annum you can have telephone support. This is recommended.

"Quick Books"

This is the one of the largest selling small business packages in the world and the 'larger brother' of Quicken. It is primarily aimed at the small business market but has been used effectively in the small charity sector as well. It is a comprehensive accounting software package and includes the ability to run sales and purchase ledgers; which is beneficial if there are numerous sales and purchase invoices.

It is able to report income and expenditure 'by class' which is the common way that charities use it for 'fund accounting'. It can export files into spreadsheets, which means that experienced users can carry out flexible reporting if they wish.

It is intended to be used by those who aren't necessarily accountants, but some understanding of ledger and double entry systems is definitely an advantage. It is not as simple a system as Quicken and, whilst there are similarities in approach and therefore there is a natural progression from Quicken for those that use that product, it needs to be taken much more seriously and the approach properly thought through.

Its price reflects these facts; the regular product retailing at £290 rising to its 'top of range' product at £450, although the price can be brought down by discounts if you are willing to research the market. There is a 'simple start' version at around £45 but there are a number of cautionary reviews and is not commonly used by our clients.

"Sage"

Sage is the largest selling commercial software package in the UK. It has a range of products; starting with Sage Instant (From £115 +VAT) which is a cut down version of its top selling 'Line 50' range (RRP £525-1275 + VAT) but discounts are available for charities of up to 30%. Like Quick Books they are aimed at the small business market, with nominal, sales and purchase ledgers and also payroll. The range differs from Quick Books in the way the products work; with more inbuilt controls which some people like and others find to be frustrating.

SAGE have in recent times developed a Charities module within the SAGE LINE 50 Software. The module allows for the set up and tracking of funds, Restricted, Un-Restricted and Endowment. It includes a chart of accounts using terminology that will be familiar to those individuals experienced in working with charities, but still gives flexibility in being possible to tailor it to an individual church/charities needs.

Similar to the facilities in 'Finance Co-ordinator' each of the nominal codes can be assigned to a SOFA category and for those categories to amended or reported on as

required. There is also a Gift Aid declaration which can be completed by members and donors, and also a report which shows the details needed to complete Statutory Gift Aid reports.

The software is used in the same way as any other SAGE program, so knowledge of SAGE accounts procedures rather than that of Charities accounting, is the key.

It has the advantage of having more bookkeepers experienced in its use than any other package. This specialist charity enhancements are an improvement on earlier versions and makes it worth a serious look for the medium sized charity (gross income in excess of £250,000). It should be remembered that it is primarily not designed for church and charity accounting and also experience indicates that to be used well it needs:

- The user to have previous book-keeping experience.
- Proper training in its use.
- Careful planning of its set up.

Because of its focus on the business market we would not consider it a first choice for use in a small charity with income under around £250,000 unless you have access to good 'Sage knowledge'.

"Paxton"

Paxton is listed because it is developing a strong reputation in charity accounting although we have no clients of Stewardship who currently use it as far as we know. Its 'Charities Accounting package' has been developed in response to the market demand from small and medium sized charities for a low cost, integrated system with multi fund facilities and SORP compliant reporting.

As with the products from Data Developments, Paxton is designed specifically for the charity market with its roots being in the armed forces charities.

The package accommodates receipts and payments as well as accruals accounting for non VAT and VAT registered charities. A broad range of facilities includes multi fund accounting, donations and Gift Aid processing, budgets, purchase ledger, sales ledger and invoicing. This is supported by a range of enquiries and reports include the ability to produce operating statements for consolidated or individual funds.

The package offers a generally easy to use solution for those wishing to move on from spreadsheets or other 'make do' systems. The on-screen Help module including self tutorials and live demonstrations of most programs, which helps new users to move across to Paxton at any time during the accounting year.

Prices start for a single user charity package at £195 plus VAT; with an extra £100 plus VAT for a sales module. If multi user systems are required this is an extra £95 plus VAT per user.

Other packages

There are many hundreds of different accounting packages in use in businesses and homes across the UK and we are not in a position to comment on them all. Each has differences and because one has not been mentioned does not mean we do not think it suitable. To a very large extent, if it works for you then it works satisfactorily!

Some others, including two for Apple Macs, are worth a mention, although very rarely seen by us amongst our clients. These are:-

Omega Church Software - £155-£485 (02892 641144)
King Books for Charities - £299 (0208 311 4381)
Systematics - £95 pa, (0870 787 9255)
MYOB (Apple Mac) - £79-£299 (0845 130 3975)
Ritz (Apple Mac) - £149-£795 (01689 860444)

We hope that helps you as you consider the most effective way for you to maintain your accounting records. If you do want to talk through matters further you can research the 'web' or call the sellers of the product. The main ones are:

"Finance co-ordinator": Data Developments on 01902 824044 (www.data-developments.co.uk)

"Quick Books": Intuit on 0845 606 2161 (www.quickbooks.co.uk)

"Sage": Sage PLC on 0800 447777 (www.sage.co.uk)

"Paxton": Gareth Jones on 01234 216666 (www.paxtoncharities.co.uk)

Alternatively our accounts examination team are available if you want to discuss issues with us:

Stephen Mathews 020 8502 8588
David Moir 020 8502 8575
Fiona Green 020 8418 8892

Information on Sage partly provided by Vantis, accountants, tax and business advisers, (contact Andrew Carey on 0208 309 0011) www.vantisplc.com

Information on Paxton partly provided by Independent Examiners Ltd, (contact Viv Trump on 01243 55 56 11) www.independentexaminers.co.uk