

III PRESBYTERY FINANCE REGULATIONS (REGULATIONS III 2016) (REPLACING REGULATIONS III 2012)

Edinburgh 21 May 2016, Session i

Replace Regulations III 2012 for Presbytery Finance with the following:

(A) FORMAT OF PRESBYTERY ACCOUNTS

The annual accounts of the Presbytery (“the Accounts”) will be prepared in one of two formats:

- (1) In accordance with the methods and principles set out in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (the SORP) or
- (2) In the form of receipts and payments accounts including associated notes thereon, in accordance with the Charities Accounts (Scotland) Regulations 2006 as amended by the Charities Accounts (Scotland) Regulations 2010.

The second format may only be prepared by Presbyteries with gross income of less than £250,000 in any financial year.

Where the Presbytery is not a registered charity, the format of the accounts should be amended to remove references which are specific to charities.

(B) CONTENT OF PRESBYTERY ACCOUNTS

- (1) Where the Accounts have been prepared in accordance with the methods and principles set out in the SORP then in addition to the information required by the SORP the Accounts or notes thereon must also contain the following:

- (a) An analysis of donations and legacies;
- (b) An analysis of income from charitable activities;
- (c) An analysis of income from other trading activities;
- (d) Details of the receipt and disbursement of Special Collections and Fund Raising for Other Charities (if any). These details shall be shown separately from the Statement of Financial Activities;
- (e) A Note or Notes disclosing the Accounting Policies adopted in preparing the Accounts (see annexed Schedule);
- (f) A Memorandum Note showing any additional information necessary or appropriate to an understanding of the financial affairs of the Presbytery, including details of any Funds held by the Church of Scotland General Trustees for or in connection with the Presbytery.

- (2) Where the Accounts have been prepared in the form of Receipts and Payments Accounts then in addition to the information required by Schedules 2 and 3 to Regulation 9 of The Charities Accounts (Scotland) Regulations 2006 (as amended) the accounts should also contain the following:

- (a) A Receipts and Payments Account showing amounts actually lodged in and withdrawn from the Presbytery’s bank account during the year, but to include money received by the year-end but not banked and cheques written by the year-end but not cleared through the bank account and to exclude money received by the previous year-end but not banked and cheques written by the previous year-end but not cleared through the bank account. The Receipts and Payments Account should show under separate headings:

Ordinary General Receipts

Ordinary General Payments;

- (b) Details of the receipt and disbursement of Special Collections and Fund Raising for Other Charities (if any). These details shall be shown separately from the Receipts and Payments Account;
- (c) Details of all Reserve, Special and Trust Funds and Transfers between other Presbytery Funds (if any);
- (d) A Statement of Balances analysed by fund at the year-end showing amounts held in bank accounts, investments held, other assets held, and amounts due to and due by the Presbytery at the year-end;
- (e) A Memorandum Note showing any additional information necessary or appropriate to an understanding of the financial affairs of the Presbytery, including details of any Funds held by the Church of Scotland General Trustees for or in connection with the Presbytery.

(C) AUDIT/INDEPENDENT EXAMINATION OF PRESBYTERY ACCOUNTS

- (1) If the gross income of the Presbytery exceeds £500,000 in the current financial year an audit shall be conducted. Otherwise, an independent examination shall be conducted.
- (2) An audit shall be conducted by an auditor who is eligible to act as an auditor in terms of the relevant legislation for Companies (a) or by the Auditor General for Scotland.
- (3) An independent examination shall be conducted by a person who is reasonably believed by the Presbytery, or the appropriate Presbytery Committee, to have the requisite ability and practical experience to carry out a competent examination of the accounts.

Where the Accounts have been prepared in accordance with the methods and principles set out in the SORP the independent examiner must also be:

- (a) a member of one of the following bodies:
 - the Institute of Chartered Accountants of Scotland
 - the Institute of Chartered Accountants in England and Wales
 - the Institute of Chartered Accountants in Ireland
 - the Association of Chartered Certified Accountants
 - the Association of Authorised Public Accountants
 - the Association of Accounting Technicians
 - the Association of International Accountants
 - the Chartered Institute of Management Accountants
 - the Institute of Chartered Secretaries and Administrators
 - the Chartered Institute of Public Finance and Accountancy

or

- (b) a full member of the Association of Charity Independent Examiners

or

- (c) the Auditor General for Scotland.

An auditor or independent examiner, or a connected person of an auditor or independent examiner, must not be a member of Presbytery.

- (4) The Report of the auditor or independent examiner shall be in the form set out in Regulation 10(4) or Regulation 11(3) of the Charities Accounts (Scotland) Regulations 2006.

(D) APPROVAL AND ATTESTING OF PRESBYTERY ACCOUNTS

- (1) After the Accounts have been prepared, they shall be submitted to the independent examiner or auditor and provided the independent examiner or auditor is content then they shall be submitted for the approval of the Presbytery.
- (2) After the Accounts have been approved by the Presbytery the appropriate report will be signed by the independent examiner or auditor.
- (3) Immediately after the appropriate report has been signed by the independent examiner or auditor, they shall be submitted for attestation to the Stewardship and Finance Department, along with an Extract Minute, certifying the Presbytery's approval of the Accounts.
- (4) The Council of Assembly shall report to the General Assembly on its diligence in attesting Presbytery Accounts.

Schedule to Accounting, Independent Examination and Auditing Regulations for Presbytery Accounts with reference to paragraph (B)1(e) – Accounting Policies

All Presbytery Accounts prepared in accordance with the methods and principles set out in the SORP shall contain a Note or Notes disclosing the Accounting Policies adopted in preparing the Accounts. The Note or Notes shall *inter alia*:

- (a) state that the Accounts have been prepared on an *accruals basis* (income and expenditure).
[An *accruals basis* takes account of outstanding year-end income/debtors and expenditure/creditors.]
- (b) disclose the basis of accounting for heritable properties.
[Heritable properties should be recorded in the Accounts where title is locally held and where a cost or reliable valuation of cost is readily available, and when not included a statement of Presbytery properties should be provided.]
- (c) disclose the basis of accounting for fabric expenditure.
[eg "normal repairs and maintenance are charged to the General Fund; extraordinary repairs and improvements are met from a Fabric Fund and/or by special fund raising efforts".]