

The Church of Scotland

Accounts Guidance Notes

Church Organisations

The congregation accounts should give an overall view of the total incoming resources during the year and how they have been expended. It must be recognised therefore that the activity of the congregation extends far beyond that of worship and it is likely that the congregation will have a number of different activities (both on Sunday and on weekdays) and the accounts must include all of the activities of the congregation.

The type of organisation will vary from congregation to congregation but may include such groups as Sunday School, the Guild, Bible Study Groups, Youth Groups etc.

In determining whether an organisation should be included in congregation accounts the fundamental question is whether the organisation is part of the activity of the congregation or is an independent body which rents space (either paid or unpaid) from the congregation. If this latter option applies then the organisation **can not** use the congregation's charity number on Gift Aid claims and should not refer to the congregation name in any way which might infer that the organisation has a connection with the congregation. (Separate rules apply to uniformed organisations and are dealt with below).

When it is considered appropriate and correct to include an organisation within the congregation's accounts then it is likely that this should be done by including a separate designated fund for the organisation with the income and expenditure being included in the total shown in the main accounts. It is not appropriate to merely include the organisation as an appendix to

the congregation accounts. As the organisation is able to transfer all or part of its funds to the congregation general fund (and indeed it is common for such “donations” to be made) the funds of the organisation are designated and not restricted. In certain circumstances however an organisation may have elements of its income which is restricted (perhaps specific income for a special project) and in such cases, where of a material amount) then this should be shown as a restricted fund.

Uniformed organisations should **not** be included in congregation accounts as the uniformed organisations have their own constitutions over which the Church has no control and generally, the funds of uniformed organisations can be used for wider purposes than the congregation funds. It is understood that the national offices of uniformed organisations have issued separate guidance on accounting requirements.

Further advice on all aspects of congregational accounts can be obtained from the Church offices (amcdowall@cofscotland.org.uk)