St Albans Diocesan Board of Finance

PRINCIPAL ACCOUNTING POLICY

Approved by: Audit and Risk Committee of the Diocesan Board of Finance

Policy originator: Glyn Barker, Finance Director

Date approved: 31 October 2023

Review period: Three years

Review Date: 31 October 2026

Area	Policy Description
Charity	Constitutes a public benefit entity as defined by FRS 102.
Financial statements	Prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies in the table
	Prepared in accordance with 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 (Charities FRS 102 SORP 2015) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.
	Drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).
	Presented in sterling and are rounded to the nearest thousand pounds
Income - Generally	Recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received
	In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised
	Is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period
Income - Donations	Recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the

	amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period
Income - Legacies	Included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.
Income – Government Grants and other agencies	Included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding
Income – Grants receivable	On confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.
Income – Dividends	Recognised once the dividend has been declared and notification has been received of the dividend due
Income – Interest	On funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank
Income – long term land development contracts	Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold.
Expenditure	Included in the statement of financial activities when incurred
	Includes any attributable VAT which cannot be recovered.
	Comprises expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs
Expenditure - charitable activities	Comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them
Expenditure - Support costs	Those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis
Expenditure - Grants payable	Included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation
School major repairs and capital projects	These funds are paid by the DfE to the Charity before the money is allocated or spent. This gives the Charity some control over the monies received and so the grant received is included as income in the accounts. Monies paid out or allocated are treated as expenditure during the year.

Fixed assets	All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.
	Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review.
	Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS 102
	All other tangible fixed assets are included in the financial statements at cost
	Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value
	Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value
	Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.
Investments	Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price
	The charity does not acquire put options, derivatives or other complex financial instruments
	Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the Members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this
	Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date
	Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise
Stock	Comprises land under long term development contracts and is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs
Debtors	Recognised at their settlement amount, less any provision for non-recoverability.

Prepayments	Valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.
Cash at bank and in hand	Represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.
Short-term deposits	Deposits for more than three months but less than one year.
Fixed asset investment	Cash placed on deposit for more than one year
Creditors and provisions	Recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.
	Recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material
Funds - General	The charity is permitted to allocate from the unapplied total return element such sums as the directors consider appropriate provided the directors exercise their statutory duty to be even handed as between present and future beneficiaries and that they maintain the unapplied total return at such a level as to ensure it remains positive after having due consideration to the volatility of the investment markets. The charity's objective is also to maintain the value of non-distributable funds in real terms.
Unrestricted funds	Comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board
Restricted funds	Comprise those monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.
Endowment funds	Comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes. The application of total return in 2022 does not change this and all transfers to unrestricted funds as a result of total return are in accordance with the terms of the endowment funds.
Financial instruments	The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method
Pension costs	All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability
Custodian funds	These are funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management

	decisions. They are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.
Accounting judgements and estimates	The items in the financial statements where judgements and estimates have been made include: • the valuation of Diocesan houses • the valuation of investment land and property • the useful economic life of tangible fixed assets for the purpose of determining the annual deprecation charge, where required • the underlying assumptions in the actuarial valuations of the defined benefit schemes • the estimation of future income and expenditure flows for the purpose of assessing going concern