

TRUSTEE HANDBOOK

*For Churches Affiliated to the
Spiritualists' National Union*



www.snu.org.uk

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Introduction

The SNU has enjoyed charity status for some years. Now our Affiliated Churches with incomes of over £5,000 need to register with the Charity Commission as separate charities. The Charity Commission is the regulator of the charity sector. The SNU is providing support to Churches to assist with the process of registering should they require it.

This hand book provides general guidance for Spiritualist Church committees about charity trusteeship and is intended to provide an overview. Committees are still responsible for checking the requirements of charity status themselves. Church committees have a long history of managing their own affairs and being responsible for the assets of the Church including the accounts and the property. Becoming a charity should be seen as a natural progression in the development of our Churches.

Charity status will bring benefits too. Churches will have a separate registration number which may be utilised with banks, donors etc. Churches in Scotland have already made the transition towards charity status and are registered with Office of the Scottish Charity Regulator (OSCR). The Charity Commission website stores a wealth of useful information. Our Church rules should shortly be accepted by the charity commission and go much of the way to ensure our Churches meet the requirements of the charity commission. Our Church rules provide a good basis for transition to charity status.

Responsibilities of the committee or trustee board

The Church committee will become the trustee board of the charity. Each member of the Church committee will then become a trustee of the charity.

Responsibilities

- Set, maintain and guard the purpose, ethos and reputation of the charity.
- Develop and agree the strategy, direction and priorities.
- Establish and monitor policies – ensuring that the policies of the SNU are implemented at Church level.
- Ensure compliance with our governing documents i.e. Articles, Bye laws and Church rules.
- Be accountable – this is achieved by publishing an annual report and accounts.
- Ensure compliance with the law – all activities must be legal.
- Maintain good financial management- manage resources so the Church can meet our agreed charitable objects and ensure spending is in the best interests of the charity.
- Manage, respect and value staff and volunteers.
- Ensure employment procedures are followed. The committee become an employer as soon as they take on paid staff. Consider the training needs of volunteers.
- Most trustees do not get paid and most trustees cannot be employed by the charity.
- Maintain effective board (committee) performance.
- Promote the Church and National Spiritualism.

Responsibilities of Trustees

Details about the responsibilities of a trustee can be found on the charity commission website in the publication "The Essential Trustee" CC3.

Definition of a trustee: "Persons having the general control and management of a charity" Section 97 Charities Act 1993.

Who can be a trustee?

The Church rules describe our agreed criteria for eligibility on church committees. In addition no one may be a trustee who has been previously removed from trusteeship of a charity or who has been disqualified under the Company Directors Disqualification Act 1986.

Responsibilities

- To ensure that the committee acts within the provisions of Articles, Byelaws and Church rules.
- To ensure that the committee pursues its objects.
- To ensure that the committee uses resources exclusively to fulfil its objects. The committee must not spend money on activities which are not included in its own objects no matter how worthwhile.
- To contribute actively to helping the committee be effective in giving direction to the Church and implementing SNU policies etc.
- To have a duty of care, using personal skills and experience to ensure the Church is well run and efficient. To consider getting external professional advice where they may be a risk to the charity.
- To safeguard the good name of Spiritualism and the Church.
- To ensure the financial stability and good financial management of the Church.
- To protect and manage the property liaising with the Trust Property Co-ordinator.

- To avoid conflict of interest.
- To act collectively as a team and be bound by majority decisions of the committee / trustee board.
- To not profit from their role unless it has been authorised. Trustees serve to benefit others rather than for personal financial gain.

Can trustees be personally liable?

Generally speaking where trustees operate honestly and in good faith there should not be a problem Church insurance should include trustee liability insurance.

- Breach of trust under charity law e.g. spending the charity's money on an activity outside of the charity's legal status, fraud, receiving personal benefit.
- Acting as a trustee when disqualified.
- Failure to comply with statutory guidance under certain laws e.g. health and safety.
- Failure to operate PAYE when people are employed by the Church.

Managing Finances

All trustees are legally responsible for the financial resources of the charity. The Treasurer should report to each meeting on the financial position of the Church. The committee is responsible for ensuring that finances are managed effectively and that proper financial controls are in place e.g. To avoid fraud and theft. To avoid expenditure on items which do not meet the charity's objects.

All SNU charities should keep financial records for 6 years. The accounts must be made available to the public on request. This is important for public accountability, and must be complied with in all cases. It is open to trustees to make a reasonable charge to cover the costs of complying with the request (e.g. photocopying and postage). Churches with incomes over £25,000 should file their accounts online with the charity commission.

External scrutiny of accounts

Our Church rule requirements exceed the requirements of the charity commission. Churches with incomes below £20,000 must have accounts independently examined. Churches with incomes over £20,000 must have accounts professionally audited.

Annual Report

All registered charities must prepare an annual report and make it available on request. There are legal requirements for the Trustees Annual Report which vary according to the size of the charity. The duty to file accounts and the Annual Report with the Charity Commission applies to all registered charities whose gross yearly income exceeds £25,000. The Annual Report and accounts should be filed online.

Extract from CC15b: Charity Reporting and Accounting, the essentials.

The basic contents of the Annual Report are mandatory. However, smaller charities which are not subject to statutory audit i.e. SNU Churches, are not required to provide as much information as larger charities which are legally required to have an audit.

The legal requirements are set out below:

The Annual Report is an important milestone in a charity's life, a chance to take stock of how the year compared to the trustees' plans and aspirations, a time to celebrate successes and achievements, and to reflect on difficulties and challenges. The Annual Report is also an opportunity to highlight the main activities or significant activities undertaken in order to carry out the charity's purposes for the public benefit. The report's audience is not just trustees and members, funders, donors and beneficiaries, but also the wider public who have an interest in what charities do and what they achieve.

The Annual Report need not be lengthy. A good Annual Report explains the charity's aims and how it is going about achieving them. It meets all the legal requirements and provides a balanced view of the charity's structure, aims, objectives, activities and performance. Importantly, it brings the charity to life and for those charities that rely on voluntary income as their primary source of funding provides donors with the opportunity to understand how their money was spent and the difference it has made.

A. Matters that all charities must report	SORP Para. Accounting standard
1. Reference and administrative details of the charity, its trustees and advisers.	41
a. The charity's name, which in the case of a registered charity means the name under which it is registered. Any other name which a charity uses should also be given. b. The charity registration number. c. The address of the principal office of the charity. d. The names of all those who were the charity's trustees on the date the report was approved. e. The name of any other person who served as a charity trustee or custodian trustee in the financial year in question.	
Where the disclosure of the names of any charity trustees, could lead to that person being placed in personal danger (for example in the case of a women's refuge), the charity trustees may dispense with the disclosure provided that the Charity Commission has given them authority to do so.	42
2. Structure, governance and management	44
The Annual Report should provide the reader with an understanding of how the charity is constituted, its organisational structure and how its trustees are appointed and trained and assist the reader to understand how the charity's decision-making processes work. The level of detail provided may well depend on the size and complexity of the charity and be proportionate to the needs of the report's readers.	

a.	Particulars, including the date if known, of the nature of the governing document (e.g. trust deed, memorandum and articles of association etc.) and how the charity is or its trustees are) constituted (e.g. limited company, unincorporated association etc).	
b.	The methods adopted for the recruitment and appointment of new trustees.	
3. A financial review containing:		52 & 56
Policy on reserves stating the level of reserves held and why they are held. Where material funds have been designated, the reserves policy statement should quantify and explain the purposes of these designations, and where set aside for future expenditure, the likely timing of the expenditure. Where no reserves policy is in place, a statement should be made to that effect.		
b.	Where any fund is materially in deficit, the circumstances giving rise to the deficit and details of the steps being taken to eliminate the deficit.	
4. Funds held as custodian trustee on behalf of others		59
Where a charity is or its trustees are, acting as custodian trustees, the following matters should be disclosed in the report.		
a.	A description of the assets which they hold in this capacity.	
b.	The name and objects of the charity (or charities) on whose behalf the assets are held and how this activity falls within their own objects.	

c. Details of the arrangements for safe custody and segregation of such assets from the charity's own assets.	
5. Public benefit statement	
A statement confirming whether the charity trustees have complied with their duty to have due regard to the guidance on public benefit published by the Commission in exercising their powers or duties.	
b. Matters that smaller charities, not Subject to statutory audit, must Also report.	
1. Objectives and activities	47 & 52
2. Achievements and performance	53 & 54
Charities that are not subject to a statutory audit requirement may limit their disclosures within this section to a brief summary of the achievements of the charity during the year in relation to its objects.	

The Annual Return Form

The duty to complete and file the Annual Return with the Charity Commission applies to all registered charities whose gross yearly income exceeds £10,000 – below this level, registered charities are asked to complete and file an update form. Each registered charity receives an Annual Return form from the Commission shortly after its financial year end. In all cases the Annual Return should be completed online.

The Annual Return form (and the update form for smaller charities) enables the Charity Commission to ensure that the details of every charity on the Register of Charities are as complete and accurate as possible. The Annual Return gives us basic financial details, and details of contacts, trustees, activities and of the charity's classification.

References

The Essential Trustee Booklet CC3 Charity Reporting and Accounting; the essentials CC15b, The Charity Trustees Handbook Mike Eastwood, The Good Trustee Guide edited Peter Dyer.

Key Points

- The Church committee will be the board of trustees.
- Each committee member will be a trustee of the charity.
- Each Church committee will have to provide an Annual Report which is available to the public on request. Churches with an income over £25,000 must file their Annual Report online with the charity commission.
- An annual return form must be completed by all charities. Those with an income over £10,000 must return the completed form to the charity commission.
- All trustees are legally responsible for the finances of the Church.
- The Church accounts should be made available to the public on request. Churches with income over £25,000 must be file their accounts on line with the charity commission.

Appendix

Employing people – Tax and other implications

If a Church employs someone on a regular basis they need to establish the employment status i.e. employed or self employed. This applies to all workers including part time and casual.

If the worker is employed by the Church then the Church needs to register as an employer if any of the following is true:

- The employee is being paid more than the PAYE threshold
- The employee is being paid more than the NI Lower earnings limit
- The employee has another job, a state pension, an occupational pension or has employee benefits.

All Churches must keep records of payments made to employees whether they need to register with the HMRC or not. Also all employees should complete a P46 on commencing employment. Where necessary, Churches can register for a PAYE scheme by following the guidance on the HMRC www.gov.uk website 'How to register as an employer'.

All payments should be above the national minimum wage.

All workers are entitled to holidays. On a 5 day week the entitlement is 5.6 weeks or 28 days paid leave per year (Including bank and public holidays). A worker who works 10 hours a week over the year would be entitled to 56 hours holiday pay.

This guidance does not apply to contractors who are engaged on a self-employed basis to do one-off repairs or building work for example. Churches are recommended to check current advice on the HMRC website.

Employing trustees

Can committee members be paid as tutors of circles and workshops? SNU Church Rules do not currently allow for committee members to be paid for services offered to the church. Expenses such as petrol may be legitimately claimed. A suggested claim form is attached.

Corporation Tax

Charities have an exemption from corporation tax on most income received if it is applied for “primary purpose” charitable purposes. Selling books to promote spiritualism falls within the primary purpose. Charities will also be exempt from corporation tax on ancillary income for example selling refreshments before and after services. However secondary trading may be eligible for taxation. Examples of secondary trading are;

- Selling cards to raise funds. The charity has to buy the cards in order to sell them.
- Shops or stalls selling new goods which it has bought. Income from renting out property which it owns.

Substantial non charitable trading may have to be channelled through a trading subsidiary company. Infrequent fundraising events are exempt from taxation.

The sale of donated goods is not seen as trading. Small scale charitable trading is exempt from tax i.e:

- if the turn over from all non-exempt trading activity is less than £5000.
- If the turnover from the trade is less than 25% of the gross income.

This would probably apply to most of our Churches. Churches must keep records of all income and expenditure relating to trading activities. Any Church which receives income from trading activities above the 25% threshold must contact HMRC to register for Corporation tax returns.

Fundraising

The charity may hold up to 15 fundraising events of the same kind in the same location each year without incurring tax. Events have to be organised with a clear fundraising purpose and must be advertised as such. The profits must be applied for charitable purposes. However if a Church was to hold a weekly car boot for example ie more than 15 times a year, then all the income is probably liable for taxation.

Model Spiritualist Church expenses policy

The Church may reimburse trustees and volunteers for expenses incurred whilst carrying out business for the Church. It is the responsibility of any such persons to minimise the costs incurred within the boundaries of the time available and acceptable levels of comfort. Please note, all claimable expenses will only be payable upon production of receipts, preferably as soon as possible after the event. No claim for reimbursement of expenses

will be accepted after January 15 in the year following the year in which the expenses were incurred.

1. Committee members/Trustees travelling to meetings and events on behalf of the Church may claim for travel expenses E.g District Council meetings and the SNU AGM.
2. Exponents carrying out workshops and circles on a voluntary basis may also claim transport expenses.
3. All potential claims should be approved by the committee beforehand.
4. It is recognised that car transport will often have to be used. Public transport should however also be considered wherever possible. Where this is the case Economy class travel should always be the default option rather than Business or First class travel.
5. The mileage for individual journeys in a private car will be calculated at the current rate of xx per mile.

Claims Procedure

1. To make an expense claim the relevant form must always be filled in fully.
2. Forms are available the Head Office.
3. Receipts or other proof of expenditure should always be attached to the claim where applicable.
4. Claims by volunteers should be authorised by a trustee/officer.
5. Claims by a trustee/officer should be authorised by a different trustee/officer.
6. All claims should be passed to the Church Treasurer for processing.

Guidance Note

The Church committee should agree a mileage rate.
This should not exceed the HMRC agreed maximum rate.

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