



Bishop's Stortford Baptist Church

Finance Policy

1. Budget Process

A draft budget is prepared each year by the Treasurer after consultation with the Elders and Ministry Area Leaders, who will notify any anticipated expenditure required for their areas and for major activities.

The budget is then finalised by the Finance Committee (consisting of the Treasurer, Secretary and other Church Members as appointed). The budget, in full detail, is then submitted to the Leadership Team for approval.

Consideration should be given to prioritising expenditure and ensuring less essential expenditure is left until late in the financial year in case income does not meet expectations. This should guard against reducing balances to the minimum Reserves level.

The Church Meeting will be asked to agree total income and expenditure for each of the following headings:

Income: Offerings, Tax reclaimed under Gift Aid, Donations, Dividends, Legacies, Reserves.

Expenditure: Ministry/Outreach, Essential Costs, Missionaries, BMS/Home Mission, Donations.

At the Church Meeting, the Treasurer will provide fuller details of these elements and the Meeting may change the recommendations.

After approval, activities and ministries within the Church may be allocated their own budgets as appropriate. They must not overspend without reference to the Treasurer.

2. Reporting and Virement

During the year, the Treasurer will bring regular reports to the Leadership Team and to the Church Meeting about the progress of income and expenditure. If unbudgeted expenditure arises that is likely to breach the amounts under the headings agreed by the Church Meeting, this must be brought immediately to the attention of the Leadership Team.

The Leadership Team may transfer money between budget expenditure headings providing the overall expenditure budget is not breached. If expenditure is required that will breach the overall budget, this must be approved by the Church Meeting.

3. Annual Accounts

With gross income between £100,000 and £250,000 (levels may rise under the new Charities Act), accounts are prepared in line with SORP 2005 guidelines. Accounts are prepared on an accruals basis with fixed assets depreciated over agreed periods.

Finalised accounts are subject to an Independent Examination by two individuals

appointed annually by the Church Meeting.

The Treasurer must give an annual report based on SORP 2005 recommendations.

If the Church ends up with a surplus of income over expenditure in any one year, the Church Meeting will be asked to approve a recommendation for the use of this surplus.

4. Gift Aid

Gift Aid is claimed on qualifying donations once a year by the Treasurer. On receipt, this will normally be allocated to general income, unless the donor has directed otherwise.

5. Reserves

The minimum level of Reserves should be maintained at a level sufficient to allow the necessary notice to be given to paid staff and other commitments to be met. At the time of adoption of this policy, the sum is £35,000

6. Capital Items

All capital items will be depreciated over agreed periods and should be added to the Insurance Schedule. A rolling programme for capital purchases should be in existence.

7. Insurance

A sufficient level of cover should be maintained for buildings and equipment that allows for rebuild cost (for buildings) and for a new-for-old basis for equipment.

8. Allocated Funds

The Church will receive income given for specific areas of expenditure. Some of this income will be budgeted and some unbudgeted. In the latter case, receipt must be approved by the Leadership Team who will judge whether the gift is in line with the Church's vision. They may seek the approval of the Church Meeting.

9. Legacies

These may be given for general purposes or for specific application. In the former case, the Treasurer may seek the approval of the Leadership Team and Church Meeting to fund a general deficit.

10. Gifts in Kind

The receipt of Gifts must be agreed by the Leadership Team, who will judge whether the gift is in line with the Church's vision. They may seek the approval of the Church Meeting.

11. Donations for the Benefit of Third Parties

The Church may receive income destined for a third party (e.g. another charity). The donor should be encouraged to make this payable directly to the third party, rather than it passing through the Church accounts.