



The Representative Church Body

Financial Guides for Parishes

Accounting for Church Property Assets

The Select Vestry should discuss Church Property with the Independent Examiner or Auditor, as it is not possible to be prescriptive for every Parish situation in providing general guidance. The guidance below should cover the vast majority of Church of Ireland Parishes; however, there will be particular situations which will require specific advice and the guidance will not cover every unique situation.

The Representative Church Body holds various Parish properties and land in trust for the Church of Ireland. The following guidance is provided to Select Vestries for accounting purposes only. The management of Parish properties and land continues to be governed by the relevant provisions of the Constitution of the Church of Ireland.

- **Church Property** includes churches, graveyards, glebes (rectory), glebe-land, other Parish residential properties and Parish halls/centres. The type and extent of Church Property will vary from Parish to Parish and should be considered by Select Vestries as the list above may not include all the properties in a particular Parish.

Where an individual Church property is vested in the RCB, that property should be included in the Parish's Statement of Assets & Liabilities or Balance Sheet under 'Fixed Assets'. Whilst the RCB is the legal owner and trustee of the Church property, responsibility for the maintenance and upkeep of the property rests with the Select Vestry, requiring the property to be listed in the annual Parish financial statements.

Some Church property may be vested at a Parish level, in which case these properties will still be accounted for in the annual Parish financial statements.

Properties vested in separate organisations or individual trustees will need to be considered on an individual basis. These might include properties vested in local trustees or Diocesan Boards of Education etc. The Select Vestry may need to make further enquiries in regard to these properties.

- **Valuation of Church Property**

Churches and Graveyards

Churches and graveyards may be deemed 'Heritage assets' as defined by the Charities SORP (FRS102). Parishes are required to recognise *Heritage assets* on the Balance Sheet or Statement of Assets & Liabilities unless information on their cost or valuation is not available and to obtain such information would be costly and not beneficial to the users of the accounts. Where this is the case,

no value is ascribed to the church or graveyard in the Statement of Assets and Liabilities or the Balance Sheet. Where a Heritage asset has not been recognised in the Parish financial statements, the financial statements should disclose the nature/type of heritage assets and explain the reason why the heritage asset has not been recognised.

A 'Heritage asset' is defined as a tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. This definition covers cathedrals and historical Churches and monuments where their preservation and contribution to culture are ancillary to faith and other purposes. Similarly, the artefacts contained within, or associated with, such assets may also be heritage assets. Therefore, religious artefacts contained within a cathedral or historic church will be included under 'Heritage asset'.

Churches built in the latter part of the twentieth century

Churches built in the latter part of the twentieth century may be classified as heritage assets, under contribution to knowledge and culture. The cost of construction or acquisition cost if available will be the cost ascribed to such Churches in the Parish financial statements. If no information on their cost or valuation is available and to obtain such information would be costly and not beneficial to the users of the accounts, then no value is ascribed to the church in the Statement of Assets and Liabilities or the Balance Sheet. The Select Vestry should make enquiries for more recent church buildings whether cost of construction or acquisition cost figures are available.

In the case of new graveyards, or land acquired for extensions to older graveyards, which are being used for burials or over which parishioners hold rights of burial, generally no value can be ascribed to the graveyard in the Statement of Assets and Liabilities or the Balance Sheet.

Church of Ireland Churches will generally be deemed heritage assets for their contribution to knowledge and culture. Heritage asset definition may be also be applied to more recent church buildings.

Parish Halls/Centres

As the situation in Parishes will be different, the RCB suggests that select vestries consider one of the three options below when valuing a Parish hall/centre.

1. Where the Parish hall/centre is physically attached to a Heritage asset such as a Church, then the Parish hall/centre will be deemed to be a Heritage asset as it is not separable as an individual asset. You should refer to the accounting treatment of Heritage assets above.
2. Where the Parish hall/centre is not physically attached to a heritage asset, a value should be ascribed to the building in the accounts. However if the Parish hall/centre was built or acquired at a time when there were no reliable records of cost of construction or acquisition, and a valuation of such a building lacks sufficient reliability, then no value need be ascribed to the Parish hall/centre in

the Statement of Assets and Liabilities or the Balance Sheet. However, the accounting policy being applied needs to be disclosed in the financial statements.

3. Where the Parish hall/centre is not physically attached to a heritage asset, a value should be ascribed to the building in the accounts. Where reliable records for the cost of construction/acquisition of the parish hall/centre are available, then the Parish hall/centre is recognised at cost of construction/acquisition in the annual financial statements. The Select Vestry may not need to provide for depreciation to the Parish hall/centre where (i) the Select Vestry maintains the hall/centre in good repair, (ii) the current estimated residual value is not less than its book/carrying value and (iii) the remaining useful life of the building exceeds 50 years.

Glebes (Rectories)/Parish Residential Properties

As each Parish will have individual positions, the RCB suggests Select Vestries should use one of the three different options below to value a glebe or other residential properties in the Parish.

1. Glebes or other residential properties which stand on their own grounds & could be placed on the open market for sale without breaching any terms of trust governing that property, must be recorded in the Statement of Assets and Liabilities or the Balance Sheet at *cost* or *deemed cost* figures. *Cost* will be the cost of construction or acquisition. *Deemed cost* might be the valuation placed on the property for Local Property Tax/ Rates or the market value of similar type properties in the locality. The Select Vestry may not need to provide for depreciation to the Glebe or other residential properties where (i) the Select Vestry maintains the Glebe/other property in good repair, (ii) the current estimated residual value is not less than its book/carrying value and (iii) the remaining useful life of the building exceeds 50 years.
2. Glebes or other residential properties which stand within the grounds of the church and/or graveyard, and which could be placed on the open market without breaching any terms of trust governing that property, must be recorded in the Statement of Assets and Liabilities or the Balance Sheet at *cost* or *deemed cost* figures. *Cost* will be the cost of construction or acquisition. *Deemed cost* might be the valuation placed on the property for Local Property Tax/Rates or Insurance purposes. The Select Vestry may not need to provide for depreciation to the Glebe or other residential properties where (i) the Select Vestry maintains the Glebe/other property in good repair, (ii) the current estimated residual value is not less than its book/carrying value and (iii) the remaining useful life of the building exceeds 50 years.
3. Glebes or other residential properties which are within the grounds of the church and/or graveyard, and which cannot be placed on the open market or separately sold, should be ascribed a value in the Statement of Assets and Liabilities or the Balance Sheet. However if the Glebe or other residential property was built or acquired at a time when there were no reliable records of cost of construction or acquisition, and a valuation of such a building lacks sufficient reliability, then no value need be ascribed to the Glebe or other residential properties in the Statement of Assets and Liabilities or the Balance Sheet. However, the accounting policy being applied to the building should to be disclosed in the financial statements.

Glebe Lands

1. Glebe lands may be recorded in the Statement of Assets and Liabilities or the Balance Sheet using valuations from independent valuers.

Insurance of Church Property

1. The insurance valuation which is placed on Church property by the Parish & insurance provider is a separate matter and will not be effected by the accounting valuation identified above. For the avoidance of doubt, where a property for accounting purposes might not be ascribed a value in the financial statements, it will have a replacement value for insurance purposes. This value should be agreed with your insurance provider when reviewing Parish property insurances annually.

Further guidance will be added in due course.