

*Diocese of Waikato & Taranaki
Parish Accounting Service*



MINISTRY ACCOUNTING

Policy and Procedure Manual

September 2021

Trust Management Limited - Waikato

*Hillcrest – Melville – Piopio/Aria/Mokau – Te Awamutu – Waikato Cathedral –
Whangamata – Hamilton East – Hamilton West – Ngaruawahia*

Trust Management Limited - Taranaki

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Orakau – Otorohanga – Putaruru – Raglan – Tamahere – Taumarunui – Te Aroha –
Te Kuiti – Tokoroa – Waihi – Waihi Beach – Wintec Chaplaincy – University
Chaplaincy – Forest Lake – Nawton - Te Kauwhata – Matamata - Cambridge -
Paeroa*

Bishop's Action Foundation - Taranaki

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Property, Plant and Equipment

Capitalisation Threshold: The threshold is \$500.

When to record PPE: PPE shall be recorded at the date when the item is in the location and condition necessary for it to be capable of operating in the manner intended.

Acquisition cost: All costs directly attributable to bring the asset to the form and location suitable for its intended use, for example, invoice price and any added transportation and installation costs.

Donated asset: Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent Costs

Parts of some items of property, plant and equipment may require replacement at regular intervals. For example, a ministry unit may need to upgrade the air-conditioning in its hall, a drive way may need resurfacing every few years, or church interiors such as seats and pews may require replacement. Items of property, plant and equipment may also be required to make a less frequently recurring replacement, such as replacing the interior walls of a building, or to make a non-recurring replacement. Under the recognition principle, the cost of replacing part of such an item, when that cost is incurred if the recognition criteria are met, shall be recognised in the carrying amount of an item of property, plant and equipment. The carrying amount of those parts that are replaced is derecognised.

The costs of the day-to-day servicing of the item are recognised in surplus or deficit as incurred. Costs of day-to-day servicing are primarily the costs of labour and consumables, and may include the cost of small parts. The purpose of these expenditures is often described as for the “repairs and maintenance” of the item of property, plant and equipment.

Depreciation and Impairment

Depreciation is calculated so as to write down the cost of property, plant and equipment, less any assigned residual value, on a straight-line basis over the expected useful economic lives of the assets concerned. Leasehold improvements are depreciated at the lesser of the period of the lease or 20%. Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- (a) On disposal; or
- (b) When no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in surplus or deficit when the item is derecognized.

ACCOUNTING DEFINITIONS

Statement of Financial Performance: Shows the activity carried out by the Parish during a particular period. This is also referred to as the Income and Expenditure Statement.

Statement of Financial Position: This is a financial “snapshot” of the Parish at a point in time, It shows what the Parish owns (assets) and what it owes to other parties (liabilities) and the equity or accumulated funds. This report is also referred to as a Balance Sheet.

Accumulated Funds: This is the total assets less total liabilities.

Assets: What a Parish owns, e.g cash, investments, debtors, land and buildings.

Current Assets: These are all the assets which can be quickly turned into cash eg cash, debtors, stock.

Accounts Receivable (Sundry Debtors): A current asset which is money owed to the Parish, normally as a result of providing services on credit rather than for cash.

Liabilities: What a Parish owes. Current liabilities are those which are owed within one year. Term Liabilities are those which are due for repayment in more than one year e.g. loans/mortgages.

Current Liabilities: These are all obligations for which cash is expected to be paid within one year. e.g. Creditors for goods purchased.

Accounts Payable (Creditors): A current liability which has usually arisen through the purchase of goods/services on credit rather than by paying cash.

Budget: A budget expresses the goals and objectives of the Parish in terms of the financial resources required to achieve the desired/required result.

General Ledger: A systematic collection of individual accounts into which entries are posted.

Accrual Accounting: A means of matching what the Parish spends and earns to the period in which the income is actually earned or the expenditure is financed. This is not necessarily the same time as cash changes hands. At the end of an accounting period, any expenses or income due are accrued and included in the Statements of Financial Performance and Position. Accrual accounting provides better information than cash accounting on the real costs of the Parish, use of resources and performance of the Parish.

HOW TO SUBMIT YOUR MONTHLY INFORMATION

Email

Monthly Bankings and Imprest Reconciliations may be completed electronically and emailed in excel format. Schedules of direct debits and payments may be completed electronically but must be printed, signed and scanned. Invoices can be emailed in pdf format, provided the total size of the email does not exceed 10MB. Electronic copies of schedules and invoices will be maintained by the service, the parish is required to keep the original documents for a period of seven years.

Post

Monthly documents may also be posted to the appropriate office. Please do not post original documents in case they are lost in the post. Retain the originals at the parish office for a period of seven years.

Scanning of Invoices

To avoid scanning each invoice individually we recommend the use of a scanner capable of batch scanning.

Please follow these instructions for scanning from the parish office:

(Note: Machines may vary slightly)

1. Select the **scanner** button on the copier panel beside the screen
2. Select the recipient's email
3. Select the **scan settings** icon on the left side of the screen and ensure that the following settings are selected by moving between tabs using the touch screen
 - a. Original Type – **B&W Text/Line Art**
 - b. Scan Size – **A4 Portrait**
4. Place all of your documents in the top feeder with text facing upwards
5. Push the big green **start** button

If you have invoices in the batch that are double sided or smaller than A4 you may find it easier to scan using the plate. In this case follow steps 1 – 3 above then:

1. Place the first invoice face down on the plate according to the marking guides
2. Close the lid and push the big green start button
3. Re-open the lid, remove the first invoice and place the second within 60 seconds
4. Close the lid and push the big green start button
5. Once this has been completed for all invoices push the hash key on the keypad. This will send all of the invoices as one electronic file.

*When the machine cannot detect the page size simply place a blank A4 sheet over the top of the invoice.

NOTES