T10. Registration of Trust Funds with the Charity Commission

Your church may have one or more trust funds that are looked after jointly with the Diocese. These trusts can arise from money left in a will, the sale of a building, or some other reason.

The **Parochial Church Councils (Powers) Measure 1956** sets out that if a PCC has funds which are to be kept on a permanent basis, then the funds must be held by the Diocese. In the case of most trusts, responsibility for the funds is as follows:

- The Diocesan Trustees (Oxford) Limited/ODBF is the **custodian trustee** of the funds and is responsible for holding the assets and ensuring their safekeeping.
- The PCC (or the incumbent and churchwardens) are **managing trustees** of the fund and are responsible for managing and maintaining the funds, including making decisions about where the funds are invested, and distributing assets to beneficiaries.

Registration with the Charity Commission

PCCs

PCCs with income of less than £100k are not required to register with the Charity Commission. They are known as **excepted charities**. This means they do not have a Charity Commission charity registration number, and they do not have to send any annual returns to the Charity Commission. They are still regulated by the Charity Commission.

Special Trusts of PCCs

A "special trust" is defined in the Charities Act 2011. A special trust of the PCC is:

- Property (money, shares etc.) held on separate trusts (e.g. the terms are set out in a separate document such a will)
- Held or administered by or on behalf of the PCC
- Held for a special purpose of the PCC (a purpose specifically part of the PCC's own purposes, such as maintaining the church fabric or graveyard)

(More definitions and examples can be found in **T9 Including Trust Funds in PCC Accounts**.)

A trust which is a special trust of the PCC does not need to be registered separately with the Charity Commission.

A special trust is not a separate reporting entity in charity law for the purposes of preparing and filing of a trustees' annual report and accounts. Instead, it is accounted for as a restricted fund in the accounts of the charity that is acting as trustee of the special trust. [Charities SORP (FRS 102) 25.17]

Trusts which do not form part of the PCCs accounts

Trusts which do not form part of the PCCs accounts include;

- Educational trusts held by trustees other than the PCC (e.g. the vicar and churchwardens, or school governors)
- Any incumbent and churchwardens' fund, which is <u>not</u> held for a special purpose of the PCC

(More definitions and examples can be found in T9: Disclosing funds in accounts)

A trust falling into this category should have its own, separate, statement of accounts. If the charity has annual income of over £5k, it will need to register with the Charity Commission.