

# THE UNITED REFORMED CHURCH

## Guidance Notes relating to Loans from the Church Buildings Fund

1. Applications for loans for building works will only be considered where the total cost of the project is not less than £30,000.
2. All loans for building works will be limited to 50% of the cost of the project (excluding professional fees). The maximum loan available will be £75,000.
3. Where churches are considering major improvements or modifications to existing premises in order to strengthen their mission, the retention of consultants to advise on design and structure is essential. The use of consultants is also regarded as essential in those cases where a church is considering the disposal (preferably by lease) of land or premises for commercial, industrial or residential development.
4. To encourage churches to employ professional consultants, consideration will be given to applications for assistance towards such fees separately from the cost of the works. In such cases, financial assistance will be given towards a loan of up to 100% of the professional fees, with a maximum of £25,000 in respect of any one project. This maximum of £25,000 applies irrespective of the number of consultancy contracts entered into.
5. In order to qualify for a loan for professional fees, churches must show that the contract between the church and the consultant has received the approval of the Synod.
6. Any loan in respect of professional fees is interest and repayment free for a period of 2 years from the date when the loan is taken up. At the end of the 2 years repayments are made quarterly and should be not less than 4% of the capital loan each quarter. So for a £25,000 loan the repayment will be £1,000 ( $=£25,000 \times 4\%$ ) each quarter, ie £4,000 per annum. Also at the end of 2 years from the date the loan is taken up interest is calculated on the balance at the end of each quarter and added to the balance at 31 December each year. Interest is charged at the CCLA Charities Deposit Fund deposit rate, varied on 1 January each year.
7. Any loan towards the cost of building works will be repayable by instalments, of capital and interest, of not less than 4% of the sum advanced. The first instalment, not less than 4% of the sum advanced, should be made within 12 months of the date of the first advance and thereafter instalments should be made quarterly.  
  
Any loan towards the cost of building works is repayment free (not interest free) for a period of 12 months from the date when the loan is taken up. At the end of the 12 months repayments are made quarterly and should be not less than 4% of the capital loan each quarter. So for a £75,000 loan the repayment will be £3,000 ( $=£75,000 \times 4\%$ ) each quarter, ie £12,000 per annum. Interest is chargeable from the date the loan is taken up and is calculated on the balance at the end of each quarter and added to the balance at 31 December each year. Interest is charged at the CCLA Charities Deposit Fund deposit rate, varied on 1 January each year.
8. The Chief Finance Officer at Church House will send a re-payment schedule on request once the loan has been agreed.

## ***Guidance notes relating to Loans from the Church Buildings Fund - contd***

### **PART III - GENERAL**

1. Agreed loans are valid for twelve months from the date of approval. Loans not taken up by the due date will be deemed to have lapsed and further applications will be necessary.
2. Loans may be paid whilst the work is still in progress.

**COMPLETED APPLICATION FORMS FOR LOANS SHOULD BE SENT TO YOUR SYNOD TREASURER FOR COMPLETION OF SECTION 6. THE TREASURER WILL THEN FORWARD THE APPLICATION FORM AND AN ESTIMATE OF THE WORK TO BE UNDERTAKEN AND A COPY OF THE CHURCH'S ACCOUNTS FOR THE MOST RECENT FINANCIAL YEAR, OR A STATEMENT OF ASSETS, WHICH SHOULD BE ATTACHED TO THE APPLICATION FORM TO THE SENIOR FINANCE OFFICER AT CHURCH HOUSE.**

*NOTE: EXTRACT FROM THE CHURCHES MAIN COMMITTEE CIRCULAR 1997/6 – 'VALUE ADDED TAX AND THE CHURCHES (GUIDANCE NOTES REVISED 1997)'.*

#### **“iv) Aids for Handicapped Persons on Church Premises**

The supply of goods or services for the following works are zero-rated when carried out on existing church premises –

- (a) The construction of ramps, or widening doorways or passages, or widening pathways from the gate to the porch, including any preparatory work or making good, provided that the work is carried out for the purpose of facilitating a disabled person's entry to or movement within the building.
- (b) The installation of a chair lift or stair lift designed for use in connection with invalid wheelchairs, and the repair or maintenance of any such lift, including work done on it to improve safety.
- (c) The installation of a lift in a newly built annex to a church building with independent main access, where there is also internal access from the church. Subsequent repairs and maintenance to such a lift are standard-rated.
- (d) The installation of an induction loop system for the use of hearing-impaired persons, and its subsequent repair and maintenance are zero-rated. (But the provision of a general public address system is standard-rated, unless it is a first-time installation in the course of construction of a new church building.)
- (e) The provision, extension or adaptation of a lavatory for use by a disabled person in a church building, provided that the building is used principally for church or other charitable purposes and the provision, extension, etc is necessary to facilitate the use of the lavatory by a disabled person.”