Reporting shortfalls in Parish Share Payments

You do not need to record Parish Share shortfalls as a liability in your financial statements. However, depending on the likelihood of that shortfall being met, you can report this in a number of ways...

<table>
<thead>
<tr>
<th>Likelihood of meeting Parish Share Shortfall</th>
<th>Recommended inclusion in the Financial Statements</th>
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| Where there is a strong commitment to make the payment, with funds identified to support this commitment | **Accruals accounting basis**: accrue the outstanding value. Ref: PCC Accountability 5th Edition, Section 7.2.10  
**Current liabilities and long-term liabilities**  
**Receipts and payments basis**: include a note in the accounts |
| Where there is commitment to make the payment but there is a strong probability this will not be possible, due to depleted funds and the unlikelihood of an upturn in future income | **Do not accrue the outstanding value**  
A note in the accounts is recommended as good practice, per PCC Accountability 5th Edition, Section 7.2.10  
**Current liabilities and long-term liabilities**, such as:  
Voluntary Parish Share contributions were not paid in full due to reduced income as a direct consequence of the Covid-19 pandemic.  
Parish Share arrears:  
Current year £x  
Prior year £xx |
| Where there is no likelihood of being able to meet the Parish Share shortfall in the coming years | **Do not accrue the outstanding value**  
It is still recommended that a note is included in the accounts but as this is a voluntary contribution there is no obligation to do so.  
However, it is strongly recommended that Churchwardens and PCC officers are apprised of the situation. |

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Diocese of Canterbury, February 2022