

## **GLOSSARY OF TERMS** (updated March 2010)

<b>ACCOUNT</b>	a source of money kept at a bank or building society. An organisation can have one or a number of separately labelled accounts
<b>ACCOUNTS</b>	a summary of transactions prepared periodically but mainly annually by the treasurer of an organisation to report to the parties interested in the financial progress of the organisation. The annual accounts are subject normally to either independent examination or audit
<b>ACCRUALS ACCOUNTING</b>	a sophisticated form of accounting required by the Charities Act 2006 to be used by charitable organisations with a turnover in excess of £100,000 per annum
<b>ADVANCE FUND</b>	funds maintained by districts under the direction of Standing Order 963
<b>ANNUAL REPORT</b>	a report outlining the activities of any charity (including churches) for each financial year
<b>ASSESSMENT</b>	the amount levied by the connexion, districts and circuits on the next level below in the Methodist structure
<b>ASSETS</b>	fixed - items of a permanent nature by which the life of a church is carried on (e.g. the church building; plant; chairs etc) -current - items of less permanent nature which nevertheless are not consumed immediately (e.g. books for resale; hymn books; bank accounts etc.) -investments - cash which is deposited with third parties on a semi-permanent basis (e.g. Advance funds and long term deposits with the Central Finance Board)
<b>AUDITOR</b>	a person or firm who besides holding a professional accountancy qualification is also registered with their professional body for the conduct of audits under the Companies Act 1989.
<b>BANK RECONCILIATION</b>	a statement prepared by an account holder to reconcile his/her cash book with the statement issued by the bank or building society
<b>BENEVOLENCE FUND</b>	a fund maintained at church, circuit or district level for the relief of poverty and distress
<b>BEQUESTS</b>	gifts created by Will or Codicil - may take the form of specific legacies, such as a sum of money, or be the gift of the whole or part of the residue of an estate
<b>BUDGET</b>	a statement prepared by the treasurer forecasting the income and expenditure/receipts and payments for approval of his/her governing body as a framework for managing financial transactions of that body for the coming year
<b>CAPITAL</b>	money held or acquired by a church, circuit or district which must be administered in accordance with SOs 915, 916 and 917
<b>CASH BOOK</b>	record prepared by the treasurer of an organisation of financial transactions in and out. It can be maintained in a bound book or on a computer
<b>CENTRAL FINANCE BOARD of the Methodist Church (CFB)</b>	a board set up by the Methodist Church Funds Act (1960) to hold investments in a variety of funds and provide an investment service to the Methodist Church
<b>CHARITIES ACT</b>	Charities Act 2006 which governs the administration of all charities (previous Acts were issued in 1960 and 1992)
<b>CHARITIES (Accounts Reports) Regulations 1995 and Charities Accounts (Scotland) Regulations 2006</b>	the regulations which lay down instructions for financial record keeping to which all <b>and</b> charities (including churches) must conform

<b>CHARITY COMMISSION</b>	a body set up under the Charities Acts to have oversight of all charities (including churches)
<b>CHARITY SORP</b>	see SORP
<b>CHURCH COUNCIL</b>	the body which has authority and oversight over the whole area of the ministry of the church including the management of its property
<b>CIRCUIT</b>	a grouping of Methodist Churches within an area. It has oversight of the churches within its jurisdiction
<b>CIRCUIT MEETING</b>	the representative body as defined by SO's 510/511 which has oversight of a circuit
<b>CONFERENCE</b>	the Methodist Conference is the ruling body of the whole church, meets annually and issues Standing Orders
<b>CONNEXION</b>	a word describing the whole body of the Methodist Church
<b>CONNEXIONAL TEAM</b>	Ministers and lay people operating for administrative purposes to support local churches, Circuits and Districts
<b>CONNEXIONAL PRIORITY FUND</b>	a fund set up by Conference to support both building and ministry projects throughout the connexion by way of grants.
<b>CONSTITUTIONAL PRACTICE AND DISCIPLINE OF THE METHODIST CHURCH</b>	known as CPD it contains the Constitution, Model Trusts and Standing Orders of the Methodist Church
<b>CUSTODIAN TRUSTEE</b>	England and Wales – Trustees for Methodist Church Purposes Scotland – Trustees for Methodist Church Purposes Isle of Man – Trustees for Manx Methodist Church Purposes Jersey – The Board of Trustees for Bailiwick of Jersey Methodist Church Purposes Guernsey – The Board of Trustees for Bailiwick of Guernsey Methodist Church Purposes
<b>DISTRICT</b>	a number of circuits within a specified geographical area and overseen by a district chairman and the synod, membership of which is defined in SO. 410.
<b>DISTRICT POLICY COMMITTEE</b>	a principal committee of a district with responsibilities as specified in SO 431 ff
<b>ENDOWMENT FUND</b>	funds donated or bequeathed to an organisation where only the income may be spent
<b>ENVELOPE SYSTEM</b>	a method of giving used by most churches whereby an individual donates his/her weekly collection in predated envelopes. Because records are kept this is an advantage for tax efficient giving under gift aid
<b>EXCEPTING REGULATIONS</b>	statutory instrument giving some Methodist churches and circuits exception from registration under the Charities Acts
<b>FORECAST</b>	a realistic assessment of a future set of likely happenings to be used in the preparation of a budget
<b>FUND</b>	a pool of unspent resources
<b>FUNDS – UNRESTRICTED</b>	money which can be used for any Methodist Church purpose
<b>FUNDS – DESIGNATED</b>	money that is set aside from the unrestricted general fund to meet a specific item of expenditure
<b>FUNDS – RESTRICTED</b>	money which has been given for a specific purpose

<b>INDEPENDENT EXAMINER</b>	a person appointed by the church council to examine and report on its annual accounts
<b>INCOME</b>	all money and resources received by the church which must be used for its purposes within a reasonable period. (See SO 915 and 917)
<b>LIABILITIES</b>	financial obligations of the local church, circuit etc
<b>MANAGING TRUSTEES</b>	the body (ie church council) having responsibility for the life of the local church including the care and maintenance of its property and the good stewardship of all its resources
<b>OSCR</b>	The Office of the Scottish Charity Regulator
<b>RECEIPTS &amp; PAYMENTS ACCOUNT</b>	a summary of monies received and spent during the accounting year
<b>RESERVES</b>	money not immediately required by the charity (church) in meeting its planned expenditure
<b>SHARE</b>	see Assessment
<b>SORP - Statement of Recommended Practice</b>	Issued by the Charity Commission and setting out accounting practice for charities
<b>STANDARD FORM OF ACCOUNTS</b>	the financial reporting form for the annual accounts of a local church, Circuit or District.
<b>STATEMENT OF FINANCIAL ACTIVITIES (SOFA)</b>	The incoming resources and total expenditure of a charity
<b>STANDING ORDERS (SOs)</b>	rules or regulations made by the Conference
<b>TAX EFFICIENT GIVING UNDER GIFT AID</b>	contracted giving to a charity (including individual churches and funds of the whole church) as a result of which income tax can be reclaimed by the charity
<b>TMCP</b>	The Trustees for Methodist Church Purposes
<b>TRUSTEES – MANAGING</b>	Church Councils, Circuit Meetings, District Trustees etc responsible for the management of Model Trust property
<b>TRUSTEES – CUSTODIAN</b> (see Custodian Trustee)	The holders of the legal title to all Model Trust property (In most cases TMCP. There are separate custodian trustees for Jersey, Guernsey, and the Isle of Man)