

STANDARD FORM OF ACCOUNTS CHURCH

Receipts and Payments Accounts Notes

It is recommended that the **separate** Standard Form of Accounts - Receipts and Payments (Short Form) - be used wherever possible.

This Standard Form of Accounts (Receipts & Payments) should be used where the Church's gross income from all sources (including receipts from Internal Organisations) is below the Accruals threshold.

(Information on accounts thresholds is on the Methodist website www.methodist.org.uk)

(Internal Organisations are those under the direct control of the Church).

Financial Reporting

All local Churches are required by the Methodist Conference to submit their annual accounts to the Circuit Treasurer by **31st March**. This requirement is fulfilled by the completion of the Standard Form of Accounts or a set of Accounts audited by a Registered Auditor together with a Declaration form signed by the Treasurer and Chair of the Trustees.

Churches in Scotland – please use separate forms from OSCR website www.oscr.org.uk

If Total Receipts exceed the Accruals threshold of £250,000, Accruals Accounting is required, not Receipts and Payments and a different form is required.

Charity Registration

In England and Wales religious charities with a gross income exceeding £100,000 are required to register with the Charity Commission. All other Churches with an income below this threshold continue to be Excepted Charities under Statutory Instrument 2014 No.242. If required, Churches should make their accounts available to the public on request.

In Scotland Churches have registered with the Office of The Scottish Charity Regulator (OSCR) in order to maintain charitable status under the Charities and Trustee Investment (Scotland) Act 2005. The Exempting Order no longer applies.

In the Isle of Man religious charities are exempt from registration. In the Channel Islands new legislation is being considered in Jersey but not in Guernsey. In the absence of specific regulations a Standard Form of Accounts must be completed.

STANDARD FORM OF ACCOUNTS

The Standard Form of Accounts has been designed to meet the requirements of the charity regulators and will suit most circumstances without amendment. All pages should be completed, but where a Church has no internal organisations reporting to the Church Council, Section E on page 3 will be left blank. Section F – Statement of Assets and Liabilities (cash funds held) and Section G - Other Assets and Liabilities, however, should be completed.

Additional notes can be used to explain any of the figures to the Church Council and Treasurers should provide this extra information to suit the Church's needs. It is strongly recommended that Church Councils carry out an annual review of their activities and include these in their Trustees' Annual Report.

The Trustees' Annual Report should be prepared along with the Annual Accounts and include objectives and activities and confirm the trustees have established a reserves policy. The Reserves Policy should be sent to the Circuit Treasurer by 31 March.

The Charities Act 2011 requires registered charities to complete a Trustees' Annual Report. A full report is required where the charity is required to carry out an audit. A briefer report is permissible in the case of other charities. Guidance is available from the Charity Commission website and on the Methodist website. An audit is not required for charities preparing Receipts and Payments Accounts.

Where the charity is registered (rather than required to carry out an audit which applies only to charities exceeding a gross income of £1M), a trustees Annual Report has to be sent to the Charity Commission along with the accounts. This is now done electronically; paper versions are not accepted by the Charity Commission. Advice is given on their website when updating the annual details as to how to put the paperwork into a format acceptable to them.

Independent Examiners' report

When the accounts have been finalised, and the Independent Examiner has completed his/her work, the separate Declaration and Examiner's report should be signed by the appropriate officers on behalf of the Church Council as charity trustees.

The Standard Form of Accounts together with the Declaration and Examiner's report should then be forwarded to the Circuit Treasurer no later than **31 March** following the accounting year end.

The Circuit Treasurer requires only the completed Standard Form of Accounts. The Church should retain these guidance notes, the Annual Report and any Notes to the accounts.

HOW TO COMPLETE THE FORM

Round all amounts to the nearest pound.

There is no need to insert additional lines onto the Standard Form of Accounts. If an explanation of how the totals are made up is necessary, additional Notes should be attached to the accounts. There are no hard and fast rules on the format to be adopted for Notes; treasurers should ensure they provide the Church Council with the information that is needed.

Page 1

Please provide these basic details.

Page 2

SECTION A

a1 RECEIPTS

a2 Offerings and Tax recovered - Include all offerings taken for the benefit of the Church during the year and the tax recovered under Gift Aid. **Do not include collections received for and paid away to External Organisations.** This is not income to the Local Church. See section D below.

a3 Bank and CFB interest and Investment income - Include all bank and Central Finance Board (CFB) interest under this heading, including interest income from deposits with The Trustees for Methodist Church Purposes (TMCP). Where the use of income is restricted, the amount should be entered in the Restricted Funds column.

a4 Lettings - If the Church premises are let (income from leases, licences and occasional lets are included under this heading) to internal and external hirers, enter the total income under this heading.

a5 Other receipts - Include all other receipts (including capital receipts) under this heading. Further details of this total, if necessary, may be given on a separate sheet by way of a Note to the accounts. (Further guidance on capital receipts is available on the Methodist website www.methodist.org.uk)

a6 Total Receipts – Total the columns to arrive at the total receipts for the year.

a7 Note that box (a7) is carried forward to page 3, Section E, line e9.

SECTION B

b1 PAYMENTS

b2 Circuit Assessment or Share - Enter the amount paid to the Circuit (and in the case of Local Ecumenical Partnerships (LEPs), any amount charged to or given by the Church to the LEP partner) under this heading.

b3 Donations - Include all money donated to other causes out of Church funds. **(Do not include money that has been specially collected for payment to External Organisations – see Section D below).**

b4 Repairs and maintenance - Include here all repairs, maintenance and renewals the Church paid for during the year including the purchase of replacement equipment for use in the Church buildings.

b5 Utilities - This heading includes the cost of gas, electricity, water charges, and insurances, and any Council taxes.

b6 - Spare line - use of this line is optional e.g. for significant one-off payments.

b7 Other payments - Include all other payments under this heading. (These may include e.g. payments for a property scheme). Further details of this total, if necessary, may be given on a separate sheet by way of a Note to the accounts.

b8 Total Payments - Total the columns to arrive at the total payments for the year.

b9 Note that box (b9) is carried forward to page 3, Section E, line e9.

SECTION C

c1 Net Receipts/Payments - Deduct line b8 from line a6 to arrive at the net receipts for the year. Where payments exceed receipts, put the resultant amount in brackets.

c2 Total funds brought forward from last year - Bring forward the figure from last year's accounts which shows as a total in box (c6) on line c5. Further details of these totals, if necessary, may be given on a separate sheet by way of a Note to the accounts.

c3 Sub total – If the figures on line c1 are positive, add to line c2; if negative, subtract to arrive at the **Sub total** on line c3.

c4 Transfers and adjustments – Use this line as appropriate but note that if there is a positive or negative total in box (c8), the figure is carried forward to page 3, Section E, line e9.

c5 TOTAL FUNDS AT END OF YEAR - Add together lines c3 and c4 to arrive at the total funds at end of year figure. If either of these is a negative figure, subtract it from the other.

Note that boxes (c6) and (c7) also appear on page 3 - lines e9 and f7.

Ensure the previous year's receipts and payments figures are entered in the right hand column.

SECTION D

EXTERNAL ORGANISATIONS

Offerings/Gifts & Gift Aid for other External Organisations. (These amounts do not count as income to the Church)

d1 Balance brought forward – enter any balance brought forward from the previous year.

d2 Offerings/Gifts - Enter the total received during the year.

d3 Offerings/Gifts - Enter the amount paid away during the year.

d4 Subtract line d3 from (lines d1 and d2) to arrive at any balance still to be paid but treasurers should make

every effort to ensure the total amount raised is paid away within the same financial year. Further details can be given by way of Note to the accounts.

The amounts in this section must not be included in any other part of the Accounts.

Page 3

SECTION E

If the Church has no Internal Organisations reporting to the Church Council, ignore Section E and go to Section F.

Complete Section E where Internal Organisations who maintain their own accounting records, report to the Church Council and where those figures are not already included in the main Church Accounts.

In these cases, a supplementary Internal Organisation Report Form, which is available with the Standard Form of Accounts each year **on the Methodist Church website www.methodist.org.uk**, must be completed by each Internal Organisation. It is the Church Treasurer's responsibility to ensure a form is received from each Organisation to enable TOTAL RECEIPTS AND TOTAL PAYMENTS figures to be calculated accurately (see below).

Internal Organisations – If these figures are not available when the main accounts are presented to the Church Council ensure the figures are included in determining gross income for threshold purposes. However, please ensure that accounts of the internal organisations are reported to the General Church Meeting or the next Church Council.

What to do:

From the Internal Organisation Report Form, transfer Total Receipts, Total Payments, Adjustments Opening Balance and Closing Balance, to Section E of the Standard Form of Accounts using the lines e1 to e7 for each Organisation. If additional lines are needed, use a separate sheet and carry the totals forward at say line e7.

Sub total all the Internal Organisations figures on line e8 and add the sub totals to the main Church accounts figures – line e9 - to arrive at the total figures for the Church – line e10 - thus determining the method of accounting and level of audit required (see below).

Carry forward the total of the opening balances of the Internal Organisations in box (e11) to Section F line f8; likewise carry forward the total of the closing balances in box (e12) to Section F line f8.

SECTION F

Statement of Assets and Liabilities – CASH FUNDS

HELD at 31 August – lines f1 to f9: This section shows where the cash funds are held and should include **only the cash balances** held by the Church and other Internal Organisations which report to the Church Council. Any funds temporarily held and awaiting payment to other **External Organisations** should not be included in this section.

Note that the totals in box (c6) in Sections E and F must agree with each other as must the totals shown in box (c8).

Likewise, totals (x) and (y) at (e10) should equal totals (x) and (y) at (f9)

SECTION G

Other Assets

g1 Investments – the total of any other investments the Church holds should be shown here. (Include the cash element of any TMCP trusts on line f5.

g2 Land and Buildings - state the value of the Church and ancillary buildings. The insured value may be used. Adjust as appropriate if additional land is held. A professional valuation is not required. Further details can be given by way of a Note to the accounts.

g3 Other Assets – if appropriate, the value of any other significant assets may be entered here.

g4 Loans - show here the total of any outstanding balances on loans made by the church.

g5 Other Liabilities - if the Church has any creditors (amounts owing) enter the total here.

Ensure the previous year's figures are entered in the left hand column.

NOTE:

Together, the main Church accounts and the accounts of the Internal Organisations make up the financial position of the Charity. These figures are combined in Sections E and F on page 3.

Any capital receipts (e.g. proceeds from sale of land/buildings) must be included in the accounts **and** in the calculation of gross income in determining the accounting method and the method of accounts scrutiny to be used.

If total receipts exceed the Accruals threshold Accruals Accounting is required not Receipts and Payments.

An Audit is required by a Registered Auditor where gross income exceeds the Audit threshold.

Where the Internal Organisations' figures are combined with the main Church Accounts the figures may include transfers between the different organisations and/or the main Church accounts. These figures should remain included but as they are not true receipts and payments of the charity, they should be deducted when determining if the threshold has been exceeded. Funds raised for and passed to External Organisations should NOT be included in the accounts themselves but noted separately in Section D on page 2 (main accounts) or at the foot of the Internal Organisations Report Form in Section E.

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Declarations

When the accounts have been finalised, and the Independent Examiner has completed his/her work, the separate Declaration and Examiner's report should be signed by all the respective officials.

The Standard Form of Accounts plus the Declaration and Examiner's report should then be forwarded to the Circuit Treasurer no later than **31 March** following the accounting year end.

With a view to reducing unnecessary bureaucracy the Methodist Council has obtained agreement from the Charity Commission to amend financial reporting procedures within the Church. Local church accounts need only to be reported to the Circuit and Circuit accounts to the District. District accounts should be forwarded to the Finance Office, 25 Marylebone Road, London NW1 5JR

All registered Charities will need to report both via the Methodist reporting line and to the Charity Commission in England and Wales or to OSCR in Scotland.

Further details are available on the Methodist website www.methodist.org.uk.