**ANNOTATED GUIDANCE NOTES**

**The following GNs are annotated to the**

**SOFA, Balance Sheet and Notes to the Accounts**

A All material items should be shown separately either in the SOFA or by elaboration in the Notes to the Accounts. Materiality affects what you show and what you decide not to show; it is based on the size\* of an item in relation to the whole (of that class or overall), its nature (especially its unusualness) and the impact of either its omission or not revealing its extent. Where there is any material uncertainty this should be explained in the Notes to the Accounts.

\*Note that all Related Party transactions with a Related Party (which includes trustees and their close family/business connections, any subsidiary undertakings and any land donors, *etc*) are now regarded as material regardless of their size.

B If the bases used (*eg*  the aggregation of costs) change between two consecutive years, restate the earlier year to be on the same basis as the later year. See Note 3.1. Show at Note 3.2 the SOFA as it appeared in the previous year’s accounts.

C Confirm that all assessments have been paid. If they have not, explain the circumstances although you may wish not to name the Circuit(s).

D This can be net of any refunds of CMTF levies that the District has made across Circuits where grants made have not justified the retention of the full levies.

E See the calculations in Note 5 to the Accounts. There is no need for approximate annual rental values for the District or Circuit manses.

F Always show the total receipts from any insurance claims separately in the SOFA.

G The total income (£318,228 in the exemplar) determines the need for the District to have an audit or an independent examination.

H See Note 8 to the Accounts. Show the information included there. State the actual average number of employees, not the full time equivalent. Accrue for holiday pay and cost of sabbatical(s) if they are material individually or in aggregate. Confirm that no person has received more than £60k in stipend/salary and benefits.

I The cost of the Chair in Notes 5 and 8 should be the same as in line 6 of the SOFA.

J Show the basis used to calculate the depreciation; see Note 15.

K Provide an analysis where appropriate.

L Provide an analysis where appropriate. Omit the sum that MCH refunds to delegates to Conference even though this is passed through the District. Include here any additional costs incurred by delegates, not refunded by MCH, *eg* the cost of attending a pre Conference meeting within the District.

M Analyse where appropriate.

N The *Other outgoings* should not be a significant sum in comparison with others in this column.

P If the District has both unrealised gains and unrealised losses, consider including a note with a breakdown into gross losses and gross gains but do not split the figure on the SOFA.

Q Ensure that the transfers sum to nil.

R For the District manse state in the Notes whether it is held freehold or leasehold. See separate advice on valuation. For tangible fixed assets carried not at historical cost to date but at current fair value, show the date of last valuation, whether or not an independent valuer was involved, the methods and significant assumptions applied in estimating any significant asset’s fair value, and the aggregate carrying amount that would have been recognised had the assets been carried at historical cost.

For any investment property disclose the method and significant assumptions applied in determining fair value.

Some entities annually revalue their properties according to advice that they receive from their insurers about the rebuild cost. The 2016-17 accruals-based accounts will include a reconciliation of the published figures for 2015-16 FRSSE accounts with the comparatives column in the 2016-17 FRS102 accounts. The values of functional/operational properties will have been frozen at 31 August 2015 and will be established as the deemed historical cost. If the 2015-16 values were uplifted at 31 August 2016, this uplift will need to be removed from the comparatives column when preparing the FRS102 accounts for 2016-17. This will affect the asset values and the funds by a like amount. No similar adjustment should be necessary in future years.

S For Debtors, show the information disclosed in Note 16. For any provision show an analysis reconciling the opening and closing carrying amounts of each class of provision.

T Treasurers are recommended to show the CFB balances separate from the sums held at TMCP and consider whether most or all of the TMCP balances should be shown under Fixed Assets. Explain in the Notes the basis on which any investment assets are held as current assets and how the entity has defined any short term or highly liquid investments as current assets.

U For Creditors show the information in Note 19.

V Most District Treasurers would prefer to show future grant commitments on the Balance Sheet either as designated funds or in the DAF column, as included in the exemplar. This is now the recommended method of disclosure, in preference to a Note in the accounts referring to the need for the grantee to submit information on the outcome of the earlier instalment before the payment of a subsequent instalment is triggered.

W It is recommended that the balance shown for the DAF in net assets is positive.

X Disclose information as shown in Note 20.

Y The contents of Notes 23 through 27 should be replicated by each District.

Z It is necessary to show the accounting policies adopted by the District (see Note 1 to the Accounts). Further, it is judged helpful if all Districts adopt the same policy for the following four matters, as shown in the District exemplar:

1. the income should be shown exclusive of sums collected from Circuits and paid over to the MCF as the District is simply acting as agent for the MCF
2. accounting for probable future instalments of grant
3. omit payments for health checks and the reimbursement received from Circuits, but not if the costs are part of the District annual costs
4. omit the Conference expenses reimbursed by MCF

Trustees are required under SORP(FRSSE) for 2015-16, and under SORP(FRS102) from 2016-17 onwards, to use appropriate accounting policies, and to disclose those that are significant, *ie* that relate to the material activities of the District and to material events/circumstances. These policies must be such as to make the financial statements understandable to users and relevant to their needs, as well as reliable, prudent in face of any uncertainty, comparable and complete and, of course, timely. The true nature of a transaction must not be obscured by its legal form, but on the other hand where the cost of providing an item of information is considered to outweigh the benefit to the accounts user, it will suffice to say so (FRS102 s.2). Were there to be any change in accounting policies between one year and the next, this should be brought to the attention of the reader and the comparative numbers adjusted appropriately.

AA Please ensure that the figures at the bottom of the SOFA agree with those at the bottom of the balance sheet.

AB For contingent assets and contingent liabilities provide the information demanded (description, estimate of value, uncertainties on timing or amount, and whether there could be a reimbursement).

AC Disclose details and an estimate of the financial effect of any event between the year end and approval of the accounts *ie* the date of signing.

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