

STANDARD FORM OF ACCOUNTS CIRCUIT

Receipts and Payments Accounts

For the year ended 31 August 2018

The Standard Form of Accounts (Receipts & Payments) should be used where the Circuit'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 Circuit)

Financial Reporting

All Circuits are required by the Methodist Conference to submit their annual accounts to the District 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.

Circuits 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. Circuits with an income below this threshold continue to be Excepted Charities under Statutory Instrument 1734 of 2012. If required, Circuits should make their accounts available to the public on request.

In Scotland Circuits 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.

Circuit Model Trust Fund (CMTF) (formerly circuit Advance Fund (CAF))

Following changes to property legislation the CMTF is now categorized as an unrestricted fund. However, as it has hitherto been dealt with separately it retains its own column for the sake of clarity. If there is an endowment fund – include under restricted funds.

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 Circuit has no internal organisations reporting to the Circuit Meeting, 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 Circuit Meeting and Treasurers should provide this extra information to suit the Circuit needs. It is strongly recommended that Circuits 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 District 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 available 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 £500k), 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.

The requirements of the SORP are endorsed by the Charity Commission.

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 Circuit Meeting as charity trustees.

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

The District Treasurer requires only the completed Standard Form of Accounts. The Circuit 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 Circuit Meeting with the information that is needed.

Page 1

Please provide these basic details.

Page 2

SECTION A

a1 – RECEIPTS:

a2 Assessment/Share - This income will generally be unrestricted. If however, the Circuit has particular projects in hand and has requested funds from the churches specifically towards the expenses of those projects, that part of the income should be regarded as restricted and shown in the 'Restricted funds' column.

a3 Capital receipts - All proceeds of sale of Methodist property are Model Trust monies and must be invested with The Trustees for Methodist Church Purposes (TMCP) but are treated as income. (Further guidance is available on the Methodist website www.methodist.org.uk).

a4 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.

a5 Grants - Money received in the form of grants from all sources should be entered on this line differentiating between general and restricted funds.

a6 Other receipts - Include all other 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.

a7 Total Receipts - Total the columns to arrive at the total receipts for the year.

a8 – Note that box (a8) is carried forward to page 3 **Section E** (line e9).

SECTION B

b1 PAYMENTS:

b2 Stipends, salaries, NIC, pension & travel costs - The total employment costs for the Circuit should be included under this heading including Stipends, the Superintendent's allowance, the costs of the Circuit National Insurance contributions, the Circuit contributions to the Ministers' Retirement Fund and the costs of travel for the Ministers & Deacons. If appropriate, the employment costs of lay workers can also be included here. Details of the individual items making up this total should be explained by way of a Note to the accounts.

b3 Manse costs - All costs incurred in maintaining the manses should be shown here, including Council Tax and water charges, insurances, repairs and renewals. Details of the individual amounts comprising the total should be set out as a Note to the accounts.

b4 Administration etc - These support costs will include expenditure on manse telephones, Ministers' stationery, postage, books, circuit plans etc., administration salaries, with a breakdown of the main items being detailed in a Note to the accounts.

b5 District Assessment - The contributions to District expenses and to the Methodist Church Fund will fall under this heading **and should be deducted from total receipts when calculating gross income for threshold purposes.**

b6 Grants & donations - Where the Circuit makes grants to its churches from either General funds or the Circuit Model Trust Fund, the amount will be included

on this line as will the contributions made to the District Advance Fund. Where appropriate, a Note to the accounts should set out the individual amounts making up the total.

b8 Other payments - Include all other payments under this heading. (These may include e.g. large purchases or 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.

b9 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 a7 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 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 (c7), 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 (c8) also appear on page 3 lines e9 and f7.

SECTION D

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

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 + 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 Circuit has no Internal Organisations reporting to the Circuit Meeting, ignore Section E and go to Section F.

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

In these cases, a supplementary Internal Organisation Report Form, which is distributed with the Standard Form of Accounts each year, must be completed by each Internal Organisation. It is the Circuit 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 Circuit Meeting 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 next Circuit Meeting.

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 Circuit accounts figures - line e9 - to arrive at the total figures for the Circuit - line e10 - thus determining the method of accounting and level of audit required (see Note 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 – f9:

This section shows where the cash funds are held and should include **only the cash balances** held by the Circuit and other Internal Organisations which report to the Circuit Meeting. Any funds temporarily held and awaiting payment to other **External Organisations** should not be included in this section.

Note that the totals in boxes (c6) in Sections E and F must agree with each other as must the totals shown in boxes (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 Circuit holds should be shown here. (Include the cash element of any TMCP trust to line f5)

g2 Land and Buildings - state the value of the Circuit manses and any other property owned by the Circuit. The insured value may be used. Adjust as appropriate if other land is held. A professional valuation is not required. Further details can be given by way of 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 Circuit.

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

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

NOTE:

Together, the main Circuit 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 of sale of land/buildings), not previously included on the circuit balance sheet, 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 Circuit accounts, the figures may include transfers between the different organisations and/or the main Circuit 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 Organisation Report Form in Section E.

As the District Assessment (Section B, line b5) is also regarded as funds being collected by the Circuit for another charity, **the Charity Regulator allows us to deduct this amount from our gross income totals when determining the audit level (but do not omit these figures from the accounts).**

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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 and the separate Declaration and Examiner's report should then be forwarded to the District Officer no later than **31 March** following the accounting year.*

Managing Trustees and Methodist money.

Treasurers are reminded that they should read the 'Managing trustees and Methodist money' document which is available on the Methodist website. This document focuses on the principles and responsibility of trusteeship.

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.