

APPENDIX 1

EXCEPTING REGULATIONS (updated March 2010)

See section 2 Registered and Excepted Charities

APPENDIX 2 - ASSESSMENT/CIRCUIT CONTRIBUTION

Circuit stewards are responsible for seeking the approval of the Circuit Meeting for an annual budget which includes providing the necessary sums for the payment of stipends and allowances in accordance with Conference resolutions, the Circuit contribution to District expenses and to the Methodist Church Fund together with any other approved items of expenditure.

The total of the contribution to the Methodist Church Fund is determined each year by Conference along with a suggested allocation by formula between Districts, which Districts are free to re-negotiate between themselves. Districts then agree with their constituent Circuits how the District amount is to be allocated between the Circuits.

The Circuits include their contribution in the Circuit budget, the largest element of which is usually that related to stipends and allowances. Whilst the total sum raised for the Methodist Church Fund by this means is very considerable the amount contributed by any one Circuit is a very small percentage of the total assessment/contribution paid by Churches to the Circuit.

There is no prescribed means by which the contribution from each Church is calculated. Circuits can make provision for the payment of stipends by way of the assessment or a Circuit share or pledge scheme.

Factors such as membership and the number of ministers and deacons are taken into account. These can have certain disadvantages and it is common for criteria such as ability to pay, attendance figures, numbers of services and major building schemes to be taken into account. Some Circuits use up to three different rates per member based on the size of the church. The largest Churches pay at the top rate on the basis that they generally find it easier to raise money.

A number of Circuits operate a "share" system whereby the agreed budget is divided into shares of, say, £100. Each Church is annually invited to decide on the number of shares they might contribute in the light of their own circumstances and the needs of the Circuit. The advocates of the share system feel that it more faithfully reflects the concept of Christian giving developed by St Paul in 2 Corinthians 8 - thankfully, in proportion to the resources held and as part of our belonging to God's people.

APPENDIX 3 - ADVANCE FUNDS

(See Standing Orders)

Circuit Model Trust Fund (SO955) (formerly Circuit Advance Fund)

Proceeds of sale from Model Trust Property including **local Church and Circuit property** are classed as **capital monies**, and are paid to the custodian trustees who invest it as required by Standing Orders, and almost invariably it is held in the Circuit Model Trust Fund. (*Please see the Standing Order for the complete provisions*).

There are some exceptions: for example, where a local Church sells an **investment property** (property never used for Methodist purposes) the monies are held for the **local Church** as managing trustees.

The custodian trustees are The Trustees for Methodist Church Purposes. There are separate custodian trustees for the Isle of Man, Jersey, and for Guernsey.

The Circuit Meeting are the managing trustees of the Circuit Model Trust Fund and may make grants out of the fund to local Churches for **building projects, ministry grants or other purposes**.

District Advance Fund (SO963)

The use of the Advance Fund is in the hands of the District Synod. Grants may be made for property projects in the District and priority is to be given to such grants. Grants may also be made for the support of personnel serving in the District or any of its Circuits.

All Circuits are required to make an annual contribution to the District Advance Fund: the purpose behind such a fund is that money held by the more wealthy Circuits can help to meet the need for financial assistance elsewhere in the District. Such gestures provide an example of the Connexional nature of Methodism and demonstrate our Christian principles in action.

The Fund is Model Trust money.

Connexional Priority Fund (CPF) (Section 97, CPD)

When any model trust property (that is most Methodist properties, mainly chapels and manses) is sold, a **levy** is taken out of the net proceeds of sale and paid into the Connexional Priority Fund (CPF). The amount of levy required is specified in Standing Orders.

The **CPF** was set up by Conference to support both **building and ministry projects** throughout the connexion by way of **grants**. Up to one million pounds is given to support new work throughout Methodism each year.

The aim and purpose of this fund is to provide grant aid to local Churches, Circuits and Districts, for work in certain categories, where the cost is beyond the normal resources of the Circuit and District.

Those categories include **new work** to be undertaken which will constitute an advance (**i.e. growth or development work**), and be of **Connexional significance**. **Priority appointments** for ministry, and **urgent and essential** property schemes, are also supported by this fund.

APPENDIX 4 - FINANCES IN ECUMENICAL SITUATIONS

(updated March 2010)

Where Church buildings are to be shared with another denomination a **Sharing Agreement** is required which is subject to the consent of the Methodist Property Office.

Model trust and other Methodist monies may be contributed towards the cost of a building project, if required, on terms to be provided for in the Sharing Agreement.

In cases where there is a **shared-use** type Sharing Agreement, the managing trustees of the property remain as before the agreement is entered into, while, additionally, there will be a **Joint Council** created by the Sharing Agreement representing both sets of managing trustees, and being in effect an ecumenical/property use committee. **There should always be a Methodist Church Council who will be managing trustees of Methodist money, even when there is no other Methodist property.**

If the **building** is "**owned**" by one Church e.g. the Anglicans, and the Methodists are guests, then both sets of managing trustees report in accordance with their own denomination's requirements.

In respect of properties owned by a church, other than a Methodist church, where that Church has accounts that conform with the Charities Act, a copy of those accounts may be forwarded in place of The Standard Form of Accounts.

Where there is **joint ownership** and a **Joint Council** the matter is more complicated. Where there are joint managing trustees the property may be vested in a denominational custodian trustee, for example

The Trustees for Methodist Church Purposes, or a limited company.

The Standard Form of Accounts should be completed and returned in the usual way for Methodist properties that are shared. The aim is to account for any Methodist money, though in some cases the finances may be such that it is not possible to separate the Methodist element of monies involved.

If there is insufficient detail or information about the **Methodist finances** in a joint situation then at present it is recommended that managing trustees forward a copy of the annual accounts instead of The Standard Form of Accounts.

Local Ecumenical Partnerships (LEPs) take various forms including Sharing Agreements. Where there is a formal LEP Constitution it should provide for an Ecumenical Church Council to be responsible for the LEP, and may make provision for joint finance. The Ecumenical Church Council may be recognised as a Methodist Church Council and therefore as managing trustees of Methodist property/money.

LEP accounts should be presented to Circuit Meeting and Synod by the managing trustees completing The Standard Form of Accounts, or in some instances using the accounts report form of one of the participating Churches, provided that that Church has an accounts report form approved by the Charity Commission. A copy of the accounts themselves may otherwise suffice.

The key to good accounting and management for all ecumenical projects is to have a sharing agreement that covers spiritual, property, reporting and management issues well in advance of any accounts having to be produced.

APPENDIX 5 - ANNUAL BUDGET FOR PROPERTY

Annual running costs	Specific items of work to be carried out within the next twelve months	Specific items of work to be carried out within the subsequent four years
to include: items relating to general repair, replacements and running costs	list those works which derive from the quinquennial inspection to be carried out within the next twelve months together with all those items arising from the annual, or preferably, bi-annual inspection of property	this comprises largely other works deriving from the quinquennial inspection to be carried out in the subsequent four year period .

Note that all of these items should include relevant VAT.

Quinquennial Inspections are, by Standing Order, a Circuit responsibility.

You may find the annual budget form of use in calculating the relevant amounts. *(next page)*

Annual Budget for Property

ANNUAL BUDGET FOR ADDRESS PROPERTY

Annual running costs, Inspection and testing	Date Inspected	Budget Amount	Specific items of work to be carried out within the next twelve months:	Date Completed	Budget Amount
Spring Inspection		-----			
First Aid Box Inspection - March* - June*		-----			
Autumn Inspection		-----			
First Aid Box Inspection - September* - December*		-----			
Boiler & Gas/Oil Appliances Inspection/Serviceing					
Fire Protection Equipment Testing					
Portable Electrical Appliance Testing (PAT testing)					
Organ Inspection*			Total for Budget		
Other:			Specific items of work to be carried out within the subsequent four years:		
General Repairs and Replacement	-----				
Cleaning*	-----				
Council Tax**	-----				
Water	-----				
Electricity*	-----				
Gas/Oil*	-----				
Insurance	-----				
* Not applicable to manses Budget** Applicable to manses only	Total for		(Next Quinquennial Inspection due:) Total for Budget		

APPENDIX 6 - MODEL TRUST MONIES (revised March 2010)

Model trust money arises from the sale of model trust property such as chapels and manses and must be held by Trustees for Methodist Church Purposes or other custodian trustees.

Methodist Standing Orders allow Model trust funds to be used to finance capital grants for property projects, for ministry and mission grants or any other Methodist purpose.

APPENDIX 7 INSURANCE (updated March 2010)

To fulfil their responsibilities under CPD, those acting as Managing trustees should ensure that adequate cover by insurance has been arranged. In practice, this would usually mean effecting insurance to cover all property, including contents for which they are responsible. This should include loss of revenue following damage to property, legal liability, loss of money and also, personal accident.

The sums insured for property, whether on buildings, contents or an organ must be sufficient to allow rebuilding or replacement in the manner provided for under the chosen policy, normally reinstatement as existing. A failure to set sums insured adequately may lead to a position of under insurance. Should this happen, claims which are made **may** have to be settled in proportion to the degree to which the item is under insured. For example, should an item be insured for only 50% of its value, when settled, only 50% of the amount claimed **may** be paid.

Methodist Insurance can assist managing trustees in this respect by offering a free five yearly inspection and valuation service to all its policyholders.

Appendix 8 VALUE ADDED TAX (VAT) (updated march 2010)

The most useful general information for guidance for treasurers and managing trustees in respect of VAT is found in the Churches Legislation Advisory Body (CLAS) leaflet **Value Added Tax and the Churches**. www.cmainc.org.uk

When property **project** involving possible VAT reduction are being developed it is vital that trustees obtain up-to-date **professional advice** in writing from a VAT specialist - preferably from **HM Revenue and Customs** themselves.

APPENDIX 9 RETENTION OF DOCUMENTS (revised 10/2/10)

Both from a legal and from an historical point of view there is a need to pay attention to the proper retention of documents. The fundamental legal requirement is that most documents should be retained (*in a manner in which they can be retrieved*) for a minimum of six years. This **includes**:-

- Suppliers invoices/receipts
- All Inland Revenue returns including particularly copies of P45, P58, P48, code number information and Annual Return
- Other Salaries and Wages records
- Expenses claims

Pension Fund records
Employees Personal records
Insurance policies which have lapsed
Minute books

It is particularly important to address this issue at the time of change of appointment so that a continuity of storage is maintained.

It must be remembered that the Her Majesty's Revenue and Customs (HMRC) have the authority to raise back assessments for six years if they become dissatisfied with any information provided to them and have the power to make estimated assessments where records are not available.

It is also not unusual for references to be requested for several years after employment of an individual has ceased.

Storage facilities may be required in the form of a fireproof filing cabinet kept where possible on Church premises rather than in individuals' homes or offices. It might be considered advisable to keep personal records in a safe and identifiable place virtually indefinitely in case of matters arising such as future pension queries.

Cash books and in particular details of capital expenditure may be of historic interest and enquiry should be made of the District Archivist as to the value of preserving them in which case, if the answer is "yes", they should be deposited on permanent loan with the local public authority having repository facilities.

APPENDIX 10 FURTHER INFORMATION

There are a number of very helpful booklets available from the Charity Commission and to order any of the publications below, telephone **0845 300 0218** and leave a message on the answering machine. Alternatively they can also be viewed and printed from the Internet site address: <http://www.charity-commission.gov.uk>

CC3 The Essential Trustee

CC15/15a/15b Charity Reporting and Accounting – The Essentials

CC63a The Independent Examination of charity accounts..

CC16 *Receipts and Payments Accounts Pack*

CC17 *Accruals Accounts pack.*

These notes are primarily directed towards those Churches and Circuits whose income falls within the band £0-£100,000. Where the level of activity falls outside these limits, and also where accounts are voluntarily prepared on the accruals basis, Churches and Circuits should refer to sections 14 and 17 of this book and take independent professional advice.

CPD *The Constitutional Practice and Discipline of the Methodist Church*

Property Points published twice yearly by the Methodist Property Office and distributed via spring and autumn Synods.

Methodist Publishing House for other useful publications