

LEGAL AND OTHER REQUIREMENTS (revised 10/2/10)

Main Points -

This section explains:

- that Church Councils have legal and other responsibilities
- where those responsibilities are set out (63-67)

These requirements are based on

- The Methodist Church Act 1976,
- The Model Trusts,
- Standing Orders made by the Conference pursuant to the Act,
- The Charities (Accounts and Reports) Regulations 1995, The Charities Accounts (Scotland) Regulations 2006 and the Charity Statement of Recommended Practice (SORP)
- The Charities Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005

Our hope is that by reading these notes you will be able to meet the following requirements on behalf of the local Church without difficulty.

63 Methodist Church Act 1976

The Model Trusts are incorporated in Schedule 2 of the Methodist Church Act 1976 and replaced the 1932 Model Deed of the Methodist Church. Like the Model Deed and the Deed of Union they are subordinate to the main body of the 1976 Act and can for the most part be amended by the Conference.

In their application to the Channel Islands , the Isle of Man and to Scotland they are modified in certain respects by the Orders extending the Act to those Islands.

The term 'model trust amenity' includes places of worship, burial grounds, houses, school rooms, playgrounds, offices, colleges and other buildings and amenities. Almost all Methodist chapels and manses are model trust property. If there is doubt ask the legal section of TMCP.

A 'model trust operation' means "the laying out, building, furnishing, equipping, maintaining, repairing, altering, enlarging, demolishing etc of any model trust amenityfor .. any .. charitable purposes comprised in the model trusts .." (*Schedule 2 Part I Interpretation of The Model Trusts.*)

64 Model Trusts - with particular reference to accounts

A particular example is **Model Trust 19(1)(f)** which states that the Conference shall by Standing Orders declare, prescribe or regulate 'subject to any statutory requirement or regulation, what **accounts** shall be kept by the managing trustees and what arrangements shall be made by the managing trustees for the **audit** of such accounts'.

65 Standing Orders - with particular reference to accounts

Standing Order 012 says that Methodist money must not be held in private accounts but in official bank accounts requiring the signatures of, or electronic authorisation by, two persons for withdrawal.

Accounts must be kept of all money held at all levels of the Church and such records will be summarised

each year by way of an annual statement of incoming resources and expenditure and a balance sheet, or, if permitted by law, a Receipts and Payments account and a statement of assets and liabilities.

All such accounts must be scrutinised annually by an auditor or an independent examiner, as appropriate, who should report to the body responsible for the fund. This report must be in writing and, in particular, should state that the cash in the hands of the treasurers and at the bank and all investments, deposits and loans outstanding have been verified and that receipts and payments have been properly accounted for.

Standing Order 012A sets out the duties and responsibilities of treasurers looking after Methodist funds.

(Full information is set out in section 11 onwards.)

Standing Order 941 specifies particular responsibilities of the **local Church**, and says 'It shall be the responsibility of the Church Council to ensure that either the Council itself or officers or committees appointed for that purpose prepare and consider the **annual property schedules, both of accounts and investments** and of the state of the **property**, and take any action required in consequence'.*

The responsibilities of the **Circuit Meeting** for property matters are outlined in **Standing Order 954** and these include maintaining for each Circuit property a **log book** for retention of the annual **schedules** of property, **quinquennial** inspection reports, **manse visitation reports** and other relevant material.

Standing Order 966 sets out similar responsibilities for the **District trustees**.

The Conference has also given authority to the **Connexional team** to collect general information and to obtain statistical **returns** and other information from Circuits and Districts (**Standing Order 358**).

The Model Trusts and Standing Orders are set out in full in **The Constitutional Practice and Discipline of the Methodist Church (CPD)**, a copy of which is held by each minister, and which is updated each year. A copy of Part 1 and Part 2 of CPD is also available on the Methodist website.

***All schedules are now available electronically**

66 The Charities Acts

As excepted charities Methodist churches and other trust bodies are bound by the accounting requirements of the Charities Acts to keep proper books of account, and to prepare annual reports and accounts in a manner appropriate to their level of income and expenditure. The Charities Acts also requires charities to make their accounts available to members of the public on request (though a reasonable charge may be made).

67 The Charities (Accounts and Reports) Regulations 1995

This provides detailed minimum requirements for the preparation and scrutiny of annual accounts and trustees' annual reports. The Charity Statement of Recommended Practice (SORP) provides recommended accounting practice for all accounts prepared on an accruals basis and goes beyond the minimum requirements of the Regulations.

In Scotland the Charities Accounts (Scotland) Regulations 2006 apply.

(Accounting requirements are set out in detail in sections 14 – 17).

Laws may change and Standing Orders may be amended. Whilst we will endeavour to notify changes from time to time, the ultimate authority rests with the Act itself or with the current Standing Order.

However, our aim is to enable managing trustees to meet their obligations under the law and in Standing Orders with regard to financial and related matters, and for the most part there should be no need to refer to the regulations directly.