

2026

The Treasurer's Handbook

A guide
for those
undertaking
the role of
treasurer
within a
church, circuit
or district



Foreword

Friends in Christ,

I am delighted to introduce this handbook for treasurers which aims to bring together material to support and guide you in your role as treasurer. The role of a treasurer is essential in enabling the Church to fulfil its calling as a growing, inclusive, evangelistic and justice-seeking Church.

The range of responsibilities that you are asked to undertake will give practical support to the Church's work. Paying the bills, balancing the budget, keeping careful accounts and the myriad other tasks that treasurers perform are vital, if sometimes unheralded, actions that facilitate the Church in mission.

But more than that – the ministry of a treasurer is the Church in mission. The ways in which we steward and supplement our resources, the care that we take with what is given to us and the choices that we make in expending what we have witness to the creative, redeeming and sanctifying love of God in and for the world. To advise the Church and to execute the Church's decisions in these areas is to proclaim the gospel.

The gifts and skills you will bring to this role, therefore, are vital if we are to fulfil Our Calling. Thank you for answering the call to serve in this role. I pray that you may know the guidance of the Holy Spirit in all that you do.



The Revd Dr Jonathan R Hustler
Secretary of the Methodist Conference

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Latest Standing Orders

This handbook is to be read in conjunction with the current edition of *The Constitutional Practice & Discipline of the Methodist Church (CPD)*. If there is any conflict, ambiguity or discrepancy between the two documents, *CPD* must be followed. *CPD* is updated every year after the Conference and the most recent edition can be viewed or downloaded at methodist.org.uk/cpd

The Treasurer's Handbook is a working document and the online version will be updated at the start of each calendar year in line with any revisions to Standing Orders, Laws or best practice.

Please note that in this handbook, the word 'must' indicates an obligation under *CPD*, the law or both, whereas the word 'should' indicates good practice. This resource is not exhaustive. It must be read alongside and is not a substitute for *CPD*. If you notice any errors or have any comments about the content of this handbook, please contact finance@methodistchurch.org.uk

Web Links

Most web links in *The Treasurer's Handbook* are short-cut addresses to the web pages which contain the relevant information, documents or templates to avoid broken links.

Our Calling

The calling of the Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. It is called to be a growing, inclusive, evangelistic and justice-seeking Church. More information can be found at methodist.org.uk/OurCalling

Methodist Structure

Every Methodist church is in a circuit. Each circuit consists of a group of local churches served by local preachers and ministers, including the superintendent.

Every circuit is in a district, led by a District Chair. As at September 2025, there are 23 districts in the Methodist Church. A list of districts and their websites can be found at methodist.org.uk/OtherWebsites

Together, the local churches, circuits and districts of the Methodist Church in Britain form the Connexion. But the Connexion is far more than a structure. It is an expression of belonging that expresses and witnesses to "a mutuality and interdependence which derive from the participation of all Christians through Christ in the very life of God" ('Called to Love and Praise' (Methodist Conference, 1999), para 4.6.1).

Connexionalism is therefore a way of being Christian, in that all Christians are linked to one another, and no church, circuit or district is or can be an autonomous unit (see 'The Gift of Connexionalism in the 21st Century' (Methodist Conference, 2017)). This can best be seen in the Methodist Conference, which meets each summer. Members are elected from each Methodist district. There are also representatives of connexional, ecumenical and other bodies, the Methodist Children and Youth Assembly (3Generate) and the World Church. The Conference is a place of Christian conferring, and is the supreme decision-making body of the Church.

As a treasurer, although the focus of your work may be at local church level, it is always within the context of the circuit, the district and the whole of the Connexion.

New to Finance?

There is always a danger when talking about money matters that the emphasis will be placed firmly on the material aspect. However, as Christians, it is important to think carefully and prayerfully about its use and purpose. We need to be good stewards of the money placed in our care, and to be mindful of the needs of others in the local community and the wider world.

We have set out below the key aspects for the role and where to look for further guidance and information. The guidance focuses specifically on church finances, and although written for church treasurers, is intended to be as equally relevant and helpful to those looking after circuit or district finances. When there are references to local church requirements in preparing accounts, the same principle applies to managing trustees in circuits and districts. Please refer to Appendix 1 for specific information regarding circuit treasurers (circuit stewards) or district treasurers. Please note that this guidance does not remove the responsibility of the users to ensure that any legislation, accounting standards, good practice and technical data referred to herein is current.

We have designed this document to be accessible and concise; therefore we have not reproduced large portions of *The Constitutional Practice and Discipline of the Methodist Church (CPD)*. Where a particular standing order is referenced you should refer to the latest edition of *CPD* which can be found at methodist.org.uk/cpd

Responsibilities

Managing trustees

The Methodist Church is not one charity but many: each local church, circuit and district is a separate charity in its own right. Currently, Methodist churches, circuits and districts in England and Wales whose gross annual income is below £100,000 have 'excepted' status and do not need to register with the Charity Commission. **However, just because they are not registered, does not mean that they are not a charity**, or are not subject to charity law and regulation. Further information about this can be found here, including the registration position for Methodist churches in other jurisdictions: methodist.org.uk/CharityRegistration

Excepted status

Methodist charities in England and Wales with a gross annual income below £100,000 are 'excepted' from registration under the Charities (Exception from Registration) Regulations 1996. This means they are not required to register with the Charity Commission (but are still subject to its regulation) and do not have a charity registration number, although a charity tax reference might be obtainable from HMRC to prove evidence of charitable status if required. If this is not sufficient, or no tax reference is available, trustees may contact lcp@methodistchurch.org.uk for a letter confirming the charity's excepted status.

Generally speaking, charities with excepted status have lesser reporting obligations than a registered charity, but they are still required to produce accounts in accordance with charity law requirements. The trustees have the same legal responsibilities as those of registered charities.

Further information about charity status and registrations can be found at ncvo.org.uk/help-and-guidance/setting-up/understanding-charity-status-and-registration

Charity registration across the Connexion

In England and Wales, Methodist charities with a gross annual income over £100,000 must register with the Charity Commission.

Methodist charities in Scotland and Shetland are all registered with the Office of the Scottish Charity Regulator (OSCR).

In Jersey, Methodist charities should register with the Jersey Charity Commissioner in order to claim entitlement to certain charitable tax reliefs.

In Guernsey, Methodist charities come under the umbrella of one single registered charity, The Methodist Church – Bailiwick of Guernsey Circuit.

In the Isle of Man, Methodist charities are exempt from registration under the Religious Charities Regulations 2023.

The Methodist Church in Great Britain is itself a registered charity, with the registration number 1132208. Local churches must not use this as their charity registration number.

Registered charities should always quote their charity registration number when asked.

All Methodist charities are charities, whether or not they are registered, and subject to the charity law applicable in the jurisdiction in which they operate.

The charity trustees are the Church Council (in the local church), the Circuit Meeting (in the circuit) or the district Policy Committee (appointed by Synod under SO 402(1)). Generally speaking, the charity trustees are also the managing trustees of the church's buildings, money and other assets. The role of treasurer requires you to be a member of the Church Council, Circuit Meeting or District Policy Committee (as the case may be) and therefore you are a charity trustee and a managing trustee, who has legal and other responsibilities when conducting the affairs of the church.

Charity trustees and managing trustees have obligations under charity law and are responsible for the finances and assets of the charity. In particular, they are personally responsible for their actions as a trustee and must ensure that they manage the trustees' affairs prudently, taking proper professional advice where they feel that they are not competent. Further information about being a trustee can be found at methodist.org.uk/ManagingTrustees

When a treasurer is appointed, their details should be updated on the Online Suite. More information can be found at online.methodist.org.uk/login

Church treasurer

The church treasurer is appointed by the Church Council and they must be a member of the Methodist Church. The specific duties for the role are listed in **SO 012A** but in summary, each church treasurer is responsible for:

1. keeping the books and maintaining financial accounts
2. completing the Standard Form of Accounts
3. presenting the accounts in accordance with Charity Commission guidelines
4. preparing the budget covering a 12-month period, including a reserves policy
5. providing their Church Council with sufficient information to enable them to make informed decisions
6. ensuring that the systems and procedures that support the financial administration of the church keep the possibility of fraud to a minimum
7. ensuring that any relevant trusts are fulfilled
8. ensuring that all lawful directions of the Conference are implemented.

The key point to remember is that even though a church treasurer looks after a local church's finances throughout the year, they do not have sole responsibility for the finances and other assets of the local church. That responsibility rests firmly with the Church Council as managing trustees. The Church Council will also oversee general and benevolent funds, investments and any money that may have been received from a bequest for a particular purpose.

Top tip

The treasurer should be involved with church and circuit committees on finance and property as much as is practical. In some instances where major projects such as building schemes are undertaken another treasurer may be appointed to manage those.

Top 10 Essentials of Being a Treasurer

1. Keeping the Books

It is good practice to adopt the policy that each transaction should be evidenced by a paper or electronic record detailing the transaction. Some churches use accounting software to assist with managing finances. The number and value of cash payments should be kept to a minimum as dealing in cash is more likely to lead to mistakes and gives more opportunity for fraud. If these guidelines are followed, there will be a clear audit trail for the independent examiner to follow when the end of the financial year comes around.

Top tip

It is recommended that treasurers familiarise themselves with the Standard Form of Accounts so that the record-keeping aligns with the reporting of the year-end accounts. More information can be found at methodist.org.uk/Accounts

Managing the bank accounts

In accordance with SO 012(1), ensure that Methodist money is held in properly established and official bank accounts, not in personal accounts. The Church Council (or managing trustees) should annually confirm the names on the bank mandate. Copies of the bank statement should be sent to the treasurer and a senior steward (unless this person has a close or personal relationship with the treasurer) for checking – this can be done online by granting read-only access to the account. Further information about banking for charities can be found on the Charity Commission website [Charity banking – GOV.UK](https://www.gov.uk/guidance/charity-banking) and also on the NCVO website [Banking for charities and voluntary organisations | NCVO](https://www.ncvo.org.uk/information/banking-for-charities-and-voluntary-organisations)

Online banking is becoming more common as the number of local bank branches are closing. HSBC have created a [Modern Banking Guide](#) with useful information for charities and faith groups and the Just Money Movement offers information and suggestions for more ethical banking options. Further information about online banking, including recommendations of bank accounts for charities, can be found at methodist.org.uk/ManagingBankAccounts

Payments (resources expended)

Payments for goods and services can include the circuit assessment, repairs and maintenance, utilities and donations to the Methodist funds or other external organisations. All payments for goods and services provided to the church must be:

1. accompanied by an invoice, receipt, meeting minute or some other form of evidence

2. agreed by at least two trustees
3. made in good time (including the contribution to the circuit).

Two signatories are required for cheques and online banking. It is recommended to have a minimum panel of four signatories, who are available to sign cheques or give other payment instructions. Online banking transactions should also have two different approvers. **Cheques should NEVER be signed if the amount has been left blank, nor should the payee also be the signatory. No cheque should be signed or countersigned without having adequate supporting evidence of the authenticity of the payment** (eg invoice for goods or services supplied to the church).

Expenses

It is recommended that expense-reimbursement claims should be paid by cheque or bank transfer. Where cash payments are unavoidable, an expense form should be completed. However, if the expense claim is small (£20 or less), then a cash payment can be made from petty cash, but the transaction should be recorded in the petty cash account.

If a reimbursement of expenses is required for the treasurer, then another signatory should agree the payment or sign the cheque with another signatory. This follows best practice guidelines for not approving your own expense claim form. Some districts have expense form templates to use but otherwise, a template expenses claim form can be found at methodist.org.uk/FinanceForms

Top tip

Where there are a number of individual transactions, a small petty cash book can be used to record the details. This is particularly helpful for the auditor or independent examiner at the year end.

Income (receipts or incoming resources)

Income includes offerings, tax reclaims, property lettings, interest and investment income or donations received from Methodist or external organisations, including grants from external bodies.

Offerings come by way of cash, cheques, contactless payments, Gift Aid, online bank transfers and the envelope system and generally, they form the main income of the church. Right from the point of when an offering is received, it becomes charitable funds. Loose cash from collections should always be counted by two people who are not related to each other and both should sign the book or offerings record sheet to confirm the check. **Uncounted collections should not be taken away from the church to be counted elsewhere under sole control.** Details of any offerings received during a service should be recorded in the offerings journal. The journal should be prepared, signed and handed to the treasurer giving details of amounts collected at each service.

A template offering journal can be found at methodist.org.uk/FinanceForms and record books can be purchased at methodistpublishing.org.uk/books/PB19122/envelope-system-and-collection-record-book

The amount given by way of the weekly envelopes and the individual envelope numbers should be recorded for identification purposes. Some churches choose to purchase collection envelopes or an envelope system and collection record book, both of which can be ordered from methodistpublishing.org.uk/features/collection-envelopes. This system supports the Gift Aid process as individual donations can be linked to individual donors who have made a Gift Aid declaration. Further information about Gift Aid can be found in Section 5.

Offerings can also be made online or via contactless payment. Churches may wish to obtain a card reader so that donations and congregational giving can be made easy in the digital age. There are associated costs and Church Councils should investigate to confirm that this is a suitable service in their context. More information and details for the recommended supplier (including a discount) can be found at methodist.org.uk/DonaDonations

If a church has income other than that described above, a cash receipts form can be used to detail the transaction and issue a receipt; this ensures that income is not overlooked and is recorded correctly. A template can be found at methodist.org.uk/FinanceForms

Top tip Teach those who handle cash on behalf of the treasurer to prepare, sign and date the forms themselves.

Direct Debits and bank standing orders

Direct contributions via bank and standing orders to the church bank account will be evidenced on the bank statement. Donations can also be received online or through contactless payment. For more information, see methodist.org.uk/DonaDonations. Some churches provide tokens for regular online givers to put in the collection plate as a symbol of their giving.

Keeping records

The Church Council must ensure there is supporting documentation for all transactions, including any spoilt cheques, and that this is made available to the auditor/independent examiner (IE). These may be computerised and, if so, then a secure back-up system is advisable. **The Archivist's Handbook** contains detailed guidance on keeping records. The Retention Schedule gives a detailed list of what to keep and for how long, but as a rule of thumb, records should be kept for six years. They should include but are not limited to:

- offerings journal
- offerings record for the treasurer
- cash receipts records
- invoices and receipts
- bank statements
- expenses claim forms
- cash analysis book

- Gift Aid declarations
- insurance documents (40 years).

All financial transactions must be recorded gross which includes all money received and paid out. For example, if a coffee evening is held and raises £200, but expenses are £50, record £200 under receipts and £50 under payments.

Investment income from a bank or the Central Finance Board (CFB) account will normally have its own statement to support the transaction.

Practical tips

1. Keep it simple and neatly file all the paperwork.
 - Book-keeping can be simple. An accountancy qualification is not necessary to keep a simple set of accounts.
2. Use similar headings to those of the **Standard Form of Accounts** for ease of working.
3. Record, document and reference **every** transaction, including cash payments and income – giving formal receipts when needed. It is recommended to use a system of reference numbers to identify transactions.
4. Be methodical and write up the books regularly – don't leave it to the year end.
 - Regular balancing of the accounts is essential. Just how regular will depend on how many transactions the treasurer handles, but monthly or upon receipt of the bank statement would be an ideal time. *Please note that if you are using a finance software programme, the details still need to be completed and accurate and reconciled to the bank account.*
 - It is recommended to check monies that are held in trusts by TMCP regularly rather than waiting until year end in order to avoid delays due to a surge in requests.
5. And remember:
 - Starting balances + money received – money paid out = closing balances
 - If you are not sure about anything – ask a treasurer colleague first then if necessary seek wider assistance.
 - The accounting year for **all** Methodist Church accounts runs from 1 September to 31 August.

Top tip

The Association of Church Treasurers (ACAT) offers a wealth of information and guidance on accounting and other financial issues. The Methodist Church has a block membership agreement in place so that all treasurers can access ACAT's resources. To learn more, please visit methodist.org.uk/FinanceSupport

VAT

Any church that runs a business, such as a café, shop or bookshop may need to be VAT-registered in order to be compliant with HMRC. If you are not sure if a church should be VAT-registered, then you can check at [gov.uk/register-for-vat](https://www.gov.uk/register-for-vat)

It is also worth checking that the primary purpose of the café, shop or bookshop is to advance the church's religious purposes. The rules around trading income for charities are complicated and there are limits on what and how much trading a charity can undertake. A separate trading company may need to be established to both protect the managing trustees and ensure the trading is tax efficient. Also, if the church is undertaking a large building project, it may be worth getting tax advice regarding VAT. For further information please see:

- **Charities and trading – GOV.UK**
- HMRC [gov.uk/register-for-vat](https://www.gov.uk/register-for-vat)
- Churches' Legislation Advisory Service (CLAS)
[churcheslegislation.org.uk](https://www.churcheslegislation.org.uk)
- The Charity Tax Group [charitytaxgroup.org.uk](https://www.charitytaxgroup.org.uk)

2. Preparing Annual Accounts

Every church, circuit and district is a charity and must produce annual accounts. The table below outlines the reporting obligations based on the annual income of the charity. Every charity must produce annual accounts and present them to the managing trustees in order to be compliant with Charity Statement of Recommended Practice (SORP) and their relevant regulatory body.

- Any charity in **England and Wales** with an annual gross income over £100,000 must be registered as a charity and must file and submit their annual accounts with the Charity Commission **by 30 June**. Further guidance about filing the annual return and accounts can be found at methodist.org.uk/AnnualFinancialReporting
- In **Scotland**, all charities must register with the Office of Scottish Charity Register (OSCR) and must submit an annual return and file their accounts every year by **31 May**. Please refer to [OSCR | Annual reporting](#) for more information.
- In the **Isle of Man**, all charities must prepare its account and a report for filing with the Attorney General within **six months of the end of the accounting year**. Please refer to the [guidance from the Isle of Man Government](#) for more information.
- In **Jersey**, all registered charities must file an annual return with the Jersey Charity Commissioner within **two months of the registration anniversary date**. Please refer to [Managing Your Charity | Charity Commissioner](#) for more information.
- In **Guernsey**, all registered charities must file an annual validation **between 1 January and the last day of February each year**. Please refer to [Filing a Charity/NPO Annual Validation – Guernsey Registry](#) for more information.

Under the Exempting Regulations, charities in England and Wales below the income thresholds listed in Table 1 are not required to be registered and therefore do not need to file formal accounts with the Charity Commission. Further guidance about registration can be found here:

methodist.org.uk/CharityRegistration

For charities in England and Wales with annual gross income of less than £250,000, the annual accounts can be prepared using the Receipts and Payments method. Charities with a gross income exceeding the £250,000 threshold must prepare full accruals accounts that comply with Charities (Accounts and Reports) Regulations 1995 in England and Wales, The Charities Accounts (Scotland) Regulations 2006 in Scotland and follow the Charities SORP. In the Channel Islands and in the Isle of Man, the Standard Form of Accounts must also be used, to comply with Standing Order requirements.

Table 1

Reporting obligations ¹	If the gross annual income ² is		
	Under £100,000 (Excepted Status)	£100,000 – £250,000	Over £250,000
Prepare and submit Standard Form of Accounts by 31 March ³ to overseeing body	✓	✓	✓
Present to managing trustees	✓	✓	✓
Submit annual account to the Charity Commission (England and Wales) ⁴		✓	✓
Receipts and Payments	✓	✓	
Accrual-Based Accounts			✓

A new SORP is being introduced which changes the thresholds for these reporting obligations for the accounting year 2026/27 that starts in September 2026. Further information will be provided on the website.

Standard Form of Accounts

The Standard Form of Accounts is designed to assist churches, circuits and districts in preparing their annual accounts. There are two standard forms of accounts that can be used for churches, circuits and districts – Receipts and Payments and Accrual-Based Accounts. The templates and guidance can be found at methodist.org.uk/Accounts

Churches must submit their accounts to the 'meeting of the church trustees' for approval. They are then submitted to the Circuit Meeting. Circuit accounts are approved at the Circuit Meeting and then submitted to the district. District accounts are approved by the district trustees and then submitted to the Connexion. The deadline for these meetings is determined locally. However, where the church, circuit or district is a registered charity, the accounts along with the Annual Report must be submitted to the deadlines set by the regulatory body (see above).

¹ Annual Returns, Statistics for Mission and the Data Protection Checklist are additional reporting obligations for managing trustees. More information can be found at methodist.org.uk/OnlineSuite and tmcp.org.uk/about/resources/checklists/annual-data-protection-checklist

² For information on calculating gross income, visit methodist.org.uk/AnnualFinancialReporting

³ Churches submit to the circuit, circuits submit to the district, districts submit to the designated connexional office.

⁴ In Scotland and Isle of Man, all charities must submit a return to their regulatory body. In Jersey and Guernsey, all registered charities must submit a return to their regulatory body.

Key Tasks

1. **Prepare** – In September, obtain any year-end statements from the bank, CFB or TMCP and then prepare the end of year financial accounts for all funds under the control of the church council, circuit or district.
2. **External Scrutiny** – The accounts are to either be independently examined or have a full audit depending on the gross annual income (see Section 3 for further information). Any actions from either report are to be addressed.
3. **Submit** – Prepare and present the **Standard Form of Accounts** for approval by the managing trustees, the overseeing body³ and to the relevant regulatory body depending on jurisdiction, such as the Charity Commission or OSCR (see above) if you are a registered charity.
4. **Retain** – File the accounting information, books, invoices, cheques and paying in stubs away for retention for six years, preferably on church premises or circuit/district office in a fire-proof cabinet.

Top tips for preparing the annual accounts

Be consistent – present the same items in the same way in the accounts year by year. If any changes have to be made in presentation, ensure the reader's attention is drawn to them in the notes. Restate any comparative figures if necessary to restore comparability.

Detailed information about the figures should be given in subsequent notes leaving the front page uncluttered as regards detail. However, notes form an integral part of the accounts and are there to provide more detailed information. Current practice involves showing relatively few headings on the front page, with additional detail contained in the notes. Local requirements will decide the method to be adopted but the treasurer will wish to present to the Church Council meeting a clear and concise picture of the financial situation of the church. **It is a requirement to quote the previous year's figures alongside the current year for comparison purposes.**

The trustees of the Church Council are responsible for ensuring that all funds under its control are reported in the annual accounts of the church. Accounts of other internal organisations, such as the junior church, can be included in the main church accounts, or filed separately according to the wishes of the local church. The Reporting Form can be found at methodist.org.uk/FinanceForms

If they prepare their own accounts, the Standard Form of Accounts report form should be completed by individual treasurers and returned to the church treasurer. Further guidance on Internal Organisations can be found at methodist.org.uk/FinanceForms

The independent examiner's or auditor's report should normally confirm that the accounting records have been kept in such a way as to enable a proper understanding of the accounts to be reached, and will bring any matters for report to the attention of the Church Council. In the event that such confirmation cannot be given, the managing trustees must take immediate and appropriate action to rectify any shortcomings.

Further guidance on **accounting for property** and **other fixed assets** for both receipts and payments accounting and accruals accounting can be found at methodist.org.uk/Accounts

3. External Scrutiny

Every charity, including churches, circuits and districts, must prepare an annual account which must be independently examined or audited depending on the Charity Commission guidelines. However, independent examiners of accounts need to be truly independent. This means that they may **not** be any of the following:

1. a member of the Church Council or any of its sub committees
2. an employee or person who receives benefit or support from the Church Council
3. a close relative, business partner or employee of any of the above
4. a major donor to the church.

The table below lists out the guidelines but further information can be found at [gov.uk/government/publications/independent-examination-of-charity-accounts-trustees-cc31/independent-examination-of-charity-accounts-trustees](https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-trustees-cc31/independent-examination-of-charity-accounts-trustees)

For churches in Scotland, OSCR guidelines can be found at oscr.org.uk/managing-a-charity/charity-accounting/external-scrutiny

A template letter of engagement for independent examiners can be found at methodist.org.uk/ExternalFinancialScrutiny

When an audit is required, then a registered auditor must be appointed (not all qualified accountants are eligible). It is recommended that before an auditor is appointed, the managing trustees should confirm that they are eligible to act in such a capacity. The register of statutory auditors can be found at auditregister.org.uk

Table 2

Independent Examiner and Audit Guidelines (England, Wales, Scotland, Isle of Man & Channel Islands)	If the gross annual income ⁵ is			
	Under £10,000	£10,000–£25,000	Over £25,000	Over £1 million (£500,000 for Scotland) and/or gross assets over £3.26 million with income over £250K (income not applicable to Scotland)
Report income and spending	✓	✓	✓	✓
Answer questions about the charity ⁶		✓	✓	✓
Declare serious incidents			✓	✓
Trustee Annual Report ⁷			✓	✓
Accounts independently examined			✓	✓
Full audit				✓

⁵ For information see the guidance on calculating gross income at methodist.org.uk/Accounts

⁶ gov.uk/guidance/prepare-a-charity-annual-return

⁷ Guidance can be found at gov.uk/guidance/prepare-a-charity-trustees-annual-report and examples can be found at nao.org.uk/insights/good-practice-in-annual-reports. For Scotland, refer to oscr.org.uk/managing-a-charity/charity-accounting/trustees-annual-reports

4. Budgets

It is expected that churches will prepare an annual budget covering at least a 12-month period indicating how costs, such as the assessment, insurance, upkeep of property and so on, will be met. Church treasurers will present the budget to the Church Council and then must ensure payment for the agreed obligations.

The assessment is described in SO 515 but in summary, it is the contribution that the church makes to the circuit in order to help distribute the circuit's agreed budget, which includes the stipends for ministers and probationers, between its churches. The calculation varies from circuit to circuit but will normally consider factors such as attendance, assets and surplus or deficit.

Any projects that require long-term financial planning should be factored in. It is good practice to have a financial strategy that sits alongside the annual budget as this will help with financial planning for larger items of work as listed on the Quinquennial Inspection or larger building projects. ACAT offers resources and guidance on financial planning and budgets that can be found at [acad.uk.com/topic/budgeting-planning](https://www.acat.org.uk/topic/budgeting-planning)

A template budget can be found at [methodist.org.uk/FinanceForms](https://www.methodist.org.uk/FinanceForms) but in general, an average church budget would be expected to include the following expenses:

- assessment costs
- costs of lay employees, including pension and National Insurance costs (if applicable)
- budget for church activities
- budget for donations and grants to be distributed (if applicable)
- office expenses
- Eco-church or Action for Hope activities
- budget for annual running costs for the building
 - general repair and cleaning
 - utility bills (council tax, gas, electricity)
 - insurance
 - inspections⁸ (portable electrical appliance testing (PAT), gas safety, electrical, fire protection, first aid)
 - works arising from the annual inspection
 - net zero improvements

⁸ Further guidance on inspections can be found at [methodist.org.uk/RegularInspections](https://www.methodist.org.uk/RegularInspections)

- works listed on the Quinquennial Inspection⁹ to be carried out within 12 months
- money set aside for works listed on the Quinquennial Inspection that need to be completed within the next four years.

Insurance

To fulfil their legal responsibilities, managing trustees should ensure that adequate insurance cover 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 cover. 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. Insurance may also be required for trustee indemnity, protection against terrorism events or protection against a cyberattack.

A failure to set sums insured adequately may lead to a position of under-insurance. Should this happen, claims which are made may 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 a claim is 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. Further information can be found at methodistinsurance.co.uk/church-insurance/surveys

Reserves

An important part of financial planning is setting an effective reserves policy for the church, in order to ensure effective stewardship of its financial resources. A template reserve policy can be found at methodist.org.uk/FinanceForms

Reserves should not be allowed to accumulate or sit unused for years. There should be a clear plan for the level required and how to deploy excess reserves or how to build up sufficient levels. If you have a surplus, you could contact TMCP or CFB about investment options. Another option would be to consider giving a donation to another Methodist church in the spirit of being connexional. Further guidance on reserves can be found at:

- for England and Wales, the Charity Commission website gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves
- in Scotland, the OSCR website for churches in Scotland – oscr.org.uk/managing-a-charity/charity-accounting/charity-reserves-guidance

⁹ SO 952 states that Quinquennial Inspections are a circuit responsibility. Further information about Quinquennial Inspections can be found at methodist.org.uk/TechnicalPropertyGuidance

- for Isle of Man, charities are referred to the SORP policies – [gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves](https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves)
- for Jersey, please refer to the guidance from The Association of Charities Reserves Guidance available at jerseycharities.org/site/userfiles/Reserves%20Guidance%2017.03.20.pdf
- for Guernsey, please refer to Guernsey Chamber of Commerce guidance, available at guernseychamber.com/wp-content/uploads/2020/11/Draft-reserves-policy.pdf

5. Gift Aid

Methodist Churches are charitable bodies that are able to benefit from Gift Aid on donations. Gift Aid is a government initiative which allows charities to reclaim basic rate tax from the government on donations made by UK taxpayers. If a donor pays tax in the UK, then Gift Aid is a simple way to increase the value of their gift to charity. For further clarification on the charitable status of the Methodist Church, please refer to methodist.org.uk/CharityRegistration

The connexional finance team provide a Gift Aid bureau service to make claims to HMRC on behalf of Methodist entities. For a fee, local churches and other church bodies can send the paperwork and claims to the central Gift Aid Bureau, who will make the necessary claims with HMRC. For local churches which do not have their own individual HMRC registration and Gift Aid numbers, they can benefit from the Gift Aid scheme by submitting their claims via the bureau. Further guidance and FAQs about Gift Aid can be found at methodist.org.uk/GiftAid

Any Gift Aid claims must have a valid declaration from a taxpayer and these declarations need to be recorded and retained. It may be beneficial to use Gift Aid envelopes and Collection Books, available at methodistpublishing.org.uk/features/collection-envelopes. The amount given, the envelope numbers and/or the details of payment made by standing order must be recorded. HMRC carry out spot checks on the paperwork and if the proper records are not kept, then the tax will need to be repaid and fines can be imposed.

Some churches have Gift Aid secretaries, who are responsible for managing the Gift Aid scheme to claim tax refunds on donations. They work in close cooperation with the church treasurer to ensure that all Gift Aid declarations are collected and processed correctly with the relevant authorities.

6. Funds and Funding

Funds and accounts

Managing trustees are responsible for the good stewardship of the local church funds. The SORP sets out recommendations for the way in which a charity should report annually on the resources entrusted to it and the activities it undertakes. The material resources of a church comprise all its assets. Some of those assets will be cash, bank balances and deposits and investments held either with The Central Finance Board (CFB) direct or via Trustees for Methodist Church Purposes (TMCP). Other assets include land, buildings and contents (eg organ, furniture, etc). The financial records for the church must distinguish between the funds held and the assets which represent those funds.

The difference between Funds and Accounts is as follows:

- a fund is a pool of unspent resources (with or without a particular purpose)
- an account is where the funds are kept, such as the CFB Deposit Fund, or via TMCP. The word 'Accounts' is also used to mean the whole of the financial statements and records.

Different types of fund

There are four types of funds: unrestricted, designated, restricted and endowment funds. The difference between the types of funds should be fully understood in to comply with charity law. It is important to ensure that all funds are clearly noted according to their type.

Unrestricted funds

Monies which can be used for any Methodist purpose. Examples include weekly giving, including most offerings at services and meetings, which goes into the General Fund. Some of this money is used to support the ministry, including paying the minister's stipend, to cover the running costs of repair and maintenance on the buildings, and for other general expenditure. Unrestricted funds can also be left to a local church, circuit or district via an unconditional bequest left in a persons will and are known as Model Trust bequests (see section below).

Designated funds

Monies that are set aside from the unrestricted General Fund for a special purpose or a specific item of expenditure. When managing trustees decide to set aside some monies for a specific purpose, such as property repairs, these become designated funds. Designated funds may be transferred back to the General Fund if managing trustees so decide.

Restricted funds

Monies which have been given, collected or donated for a specific purpose. It is a requirement of charity law that when funds are given or raised for a particular purpose, they must be used for that purpose, such as monies raised for a property project. Monies raised in this way are restricted funds and it is not possible to transfer monies out of a restricted fund for general purposes.

Top tip

When holding an appeal for a specific purpose it is good practice to advertise what happens to any funds that cannot be spent for the intended purpose. This avoids the need to return unspent monies to the donors.

Endowment funds

If monies are received by the church, circuit or district by way of gift or bequest, the donor may have stipulated that the capital (ie the original gift) cannot be spent. This is known as a permanent endowment. Only the income generated from investing the capital can be spent. The income generated from endowment funds may be restricted or unrestricted according to the original terms of the gift/bequest.

There are limited circumstances where the managing trustees may pass a resolution to release the capital from an endowment. The TMCP legal team can provide the necessary guidance and further information can be found at [gov.uk/guidance/permanent-endowment-rules-for-charities](https://www.gov.uk/guidance/permanent-endowment-rules-for-charities)

Bequests

The work of the Methodist Church has been supported by bequests large and small over the years. All bequests should be reported to TMCP regardless of size. This is because a Model Trust Direction is required for all Model Trust bequests, regardless of the amount received and where the monies are invested. You can contact TMCP for more information at tmcp.org.uk/contact

However, bequests under £20k and that are unrestricted can be retained at a local level. Individuals who wish to support the Methodist Church in this way by making provision in their will, and their legal advisers, should refer to TMCP's guidance which can be found at tmcp.org.uk/money/model-trusts/bequests

SO 915(2)(v) states that any such monies over the sum of £20,000 must be invested with TMCP as they are considered to be capital monies. Any sums, up to and including £20,000 may, should the managing trustees choose, be retained locally as these are considered to be income.

Sometimes the original purpose of a charitable bequest becomes impossible to fulfil. In these instances, a request can be made to the Charity Commission to widen the purposes, though keeping as close to the original purpose as possible.

All applications to the Charity Commission are made by TMCP on behalf of the managing trustees. Other bequests may be unconditional and can therefore be used for a variety of purposes.

Connexional Funds

Churches, circuits and districts play a vital role in supporting work across the Connexion by donating to one or more of the Connexional Funds. The donations, gifts and all other income to the main funds can only be used for the particular work of the fund including the work of relevant sections of the Connexional Team. The main funds are:

- The Methodist Church Fund (MCF)
- The Mission in Britain Fund (MiB)
- The World Mission Fund (WMF)
- The Fund for the Support of Presbyters and Deacons (FSPD)
- The Methodist Medical Benevolent Fund (MMBF)
- The Fund for Training
- The Fund for Property.

More information about the funds can be found at methodist.org.uk/Funds

Model Trust monies

Most Methodist property and money is held on what are called the Model Trusts and are mainly governed by SO 915–917. When a Model Trust property is sold, the proceeds are held in a model trust fund. More information about Model Trust funds can be found at tmcp.org.uk/money/model-trusts

When a Model Trust property is sold, a levy is taken from the proceeds, 30% of which goes to the district and 70% is used to fund Connexional Priorities. Where a property is being sold and there is a 'replacement project' (SO 973), an application can be made for the levy to be reclaimed. Replacement projects can include constructing a replacement building or purchasing a similar building, but they can also include missional work, including property projects helping churches towards net zero. Further information about replacement projects can be found at methodist.org.uk/PropertyA-Z

All Model Trust monies are available to managing trustees, as and when they are required, via an Application, which can be downloaded from the TMCP website at tmcp.org.uk/money/money-out. If the monies are required for a project which requires the consent of the district, an application can be made via the Online Suite at online.methodist.org.uk/login/login

Grants

There are some connexional grants available for specific projects or needs. Grants may also be available from circuits and districts for specific projects such as property refurbishment. Methodist Insurance offer fundraising support at methodistinsurance.co.uk/church-fundraising. The following are a list of current Connexional fund grants:

- funding is available for New Places for New People. More information can be found at methodist.org.uk/CircuitNPNPFunding
- funding is available for Action for Hope (the Church's net zero carbon emissions aspiration). More information can be found here: methodist.org.uk/fundraising-for-net-zero-projects
- feasibility matched funding grants are available to support with scoping property projects. More information can be found here: methodist.org.uk/FeasibilityFunding
- benevolent grants are available to support ministers and their families in a range of circumstances. In addition, circuits can apply for grants where modifications are required to manses to accommodate the particular health needs of the minister:
methodist.org.uk/Finance/Ministerial-Grants

In addition, external grant funding may be secured. A list of external grant providers for property projects and repairs can be found at methodist.org.uk/Property/Grants

7. Investments and Loans

Managing trustees have a general responsibility for the good stewardship of the assets of the church. Any cash resources not immediately required for church purposes should be prudently invested. Many local churches maintain an account with the Central Finance Board of the Methodist Church (CFB), using the Deposit Fund for surplus funds which may be required in the foreseeable future. Where the local church has surplus monies or reserves (built up over a period), managing trustees must decide how to invest them. The CFB is able to provide more information to managing trustees as to the investment options available.

All Model Trust monies must be invested through Trustees for Methodist Church Purposes including:

- Model Trust Bequests
- Building Funds
- Development Funds
- Proceeds of Sale.

In the end the Church Council has sole responsibility for making investment decisions and for obtaining the best terms and rates available appropriate for the Church's requirements. Managing trustees will want to give consideration to the wide choice of investments available through the CFB. Treasurers should consider contacting the CFB before making arrangements to invest the funds.

The managing trustees may decide to invest the funds elsewhere, eg by way of investments with other bodies or on the stock market. That kind of decision must always be taken with appropriate professional advice and in accordance with the powers afforded to managing trustees under Model Trust 17. The instruction to make an investment either with the CFB or elsewhere should be passed to the Finance Manager for TMCP who will then place the funds in the chosen CFB fund or give appropriate instructions through a broker if the investment is to be held elsewhere.

Trustees for Methodist Church Purposes

Trustees for Methodist Church Purposes is a charitable body incorporated by the Methodist Church Act 1939. TMCP is custodian trustee of, and holds the legal title to, most Methodist property, including Methodist chapels in England, Wales, Scotland and Shetland. The managing trustees of each chapel are usually the Church Council.

Any monies subject to the Model Trusts requiring investment must be invested through, and in the name of, the custodian trustee (TMCP). This includes all proceeds of sale of Methodist property and other capital monies, including Model Trust bequests. Further information can be found at tmcp.org.uk/money

Trustees Interest Fund (TIF): cash deposits are held in this fund and deposited with CFB. Interest is received and paid monthly to the Trust. Managing trustees can elect to have the interest transferred to their local bank or CFB account when required.

TIF are cash deposits that come from bequests, the sale of properties and other surplus cash funds (ie non-Model Trust money) that the managing trustees wish to hold with TMCP and that they have decided to keep in cash rather than in investing in shares. If managing trustees have a project coming up, they might choose to set up a TIF so that there is quicker access to cash as well as the added benefit of additional security processes to mitigate potential fraud.

In the cases of each of the island districts there is a separate custodian trustee each with the same essential functions as TMCP:

- Jersey – Trustees for Jersey Methodist Church Purposes
- Guernsey – Trustees for Bailiwick of Guernsey Methodist Church Purposes
- Isle of Man – Trustees for Manx Methodist Church Purposes

Central Finance Board

The Central Finance Board of the Methodist Church (CFB) was established by the Methodist Church Funds Act 1960. The CFB aims to provide a high-quality investment service to the Methodist Church, seeking to obtain above average investment returns for its investors, while at the same time constructing investment portfolios which are consistent with the moral stance and teachings of the Christian faith.

The CFB provides investment services through a range of managed investment funds as well as the CFB Deposit Fund. Epworth Investment Management, a wholly owned subsidiary of the CFB, is authorised to provide a fully advised investment management service for those managing trustees who would benefit from guidance as to how best to structure any investments. This enables trustees to share in the CFB and Epworth's wealth of professional investment experience. The CFB will always be pleased to talk with Methodist trustees to provide more information on the services it has to offer. Further information can be found at methodist.org.uk/about/ethical-investment or at cfbmethodistchurch.org.uk and epworthim.com

Methodist Chapel Aid

When Methodist Churches have proceeds of sale, bequests or monies raised for building schemes they may instruct TMCP to invest the money in a Chapel Aid Association account. Methodist Chapel Aid (MCA) also offers loans for improving property facilities. Further details can be found at mcafundingforchurches.co.uk

8. Fraud and Cybercrime

Trustees have a legal duty to take adequate steps to protect against and detect bribery, fraud, financial abuse and other irregularities. It is important to implement and monitor sound financial controls and procedures. Minimise the potential for fraud by taking the following steps:

Year-end procedure

- The superintendent minister (or other nominated minister) or senior steward should examine the year-end statements from the bank, Central Finance Board (CFB) and the Trustees for Methodist Church Purposes (TMCP).
- If there has been a long delay in the presentation of the year-end financial statements, the Church Council, Circuit Meeting or Synod should carry out an investigation quickly.
- A senior steward or minister should accompany the treasurer at the sign-off meeting with the auditor/independent examiner (IE).

Division of responsibility

- Wherever possible avoid a concentration of financial responsibility into one or two people. Ideally, have different people as treasurer, Gift Aid secretary, counters of the offertories and controllers of the envelope scheme.

What to do if you suspect fraud has taken place

Where money has been lost or stolen due to fraud or cybercrime (eg an email hacking incident), this should be reported to Action Fraud here:

actionfraud.police.uk/reporting-fraud-and-cyber-crime

If the church or circuit affected is a registered charity, a serious incident report should be made to the Charity Commission, stating the allegations or concerns that have been raised. The report can be filed online via the Charity Commission website: gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity

The trustees should also notify their bank, the Circuit Superintendent, District Chair/Treasurer, TMCP and Methodist Insurance.

Please contact the Connexional Team for guidance on other action which may need to be taken: lcp@methodistchurch.org.uk

The Charity Commission offers further guidance on how to protect against fraud that can be found at gov.uk/government/publications/internal-financial-controls-for-charities-cc8/protect-your-charity-from-fraud

Cybercrime is becoming increasingly common and churches would be prudent to review their online security and remain vigilant. The Charity Commission has put together guidance at gov.uk/guidance/protect-your-charity-from-cyber-crime

The National Cyber Security Centre also has useful information and action plans that can be freely accessed at

ncsc.gov.uk/section/advice-guidance/small-medium-sized-organisations

9. Finances in Shared Situations

Ecumenical

Where church buildings are to be shared with another denomination, a Sharing Agreement is required which is subject to the consent of the Conference Office and TMCP in order to ensure that agreement complies with Standing Orders. 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. The use of Methodist money for a capital project, such as a building project, will require the consent of the Connexional Ecumenical Officer. There should always be a Methodist Church Council who will be managing trustees of Methodist money, even when there is no other Methodist property. Further details can be found at methodist.org.uk/EcumenicalResources

Local Ecumenical Partnership (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.

Top tip

Having the end of year audit and the financial arrangements clearly laid out in the Sharing Agreement before creating a LEP will reduce confusion and ambiguity when it is time to complete the annual accounts.

Church mergers

When churches merge, there are a number of legal, financial and practical aspects that need to be addressed. Further guidance can be found at methodist.org.uk/ChurchMergers

Managing trustees should contact TMCP Legal as soon as they know that a church merger is to occur to obtain guidance of what steps should be taken in respect of their funds and TMCP Trusts before the merger. This applies equally to merging local churches, circuits and districts.

In addition, when a church building closes, there are a number of financial and legal responsibilities for the church. Further guidance and checklists can be found in the Closed Church Buildings Guidance found at methodist.org.uk/property/a-z

10. Retention of Documents

Both from a legal and historical point of view, there is a need to pay attention to the proper retention of documents. The fundamental legal requirement is that most legally binding documents and financial records should be retained (in a manner in which they can be retrieved) for a minimum of six years. It is worth noting that insurance documents are required to be kept for 40 years. The Retention Schedule lists the type of documents that must be kept and for how long and is available via this page: methodist.org.uk/Archivists

Other Useful Information

ACAT

The Methodist Church holds a block membership with the Association of Church Accountants and Treasurers (ACAT, [acat.uk.com](https://www.acat.uk.com)) for all districts, circuits and churches. Details can be found at methodist.org.uk/FinanceSupport

Finance newsletter

We have produced considerable guidance on finance matters that can be found at methodist.org.uk/FinanceNews

Property Matters

To receive the monthly newsletter that includes property information on a wide range of topics, guidance and resources, sign up at methodist.org.uk/property/propertymatters

Responding to the Climate Crisis

The Methodist Church has set an aspirational target of becoming a net zero carbon emissions church by 2030. Faith-consistent use of assets means making sure that all of the resources we have work in line with our missional goal of net zero by 2030. For further information, see methodist.org.uk/NetZeroAssets

Contact List for Further Support

Methodist Church House

25 Tavistock Place, London WC1H 9SF

Tel: 020 7486 5502

Email: enquiries@methodistchurch.org.uk

Finance

25 Tavistock Place, London WC1H 9SF

Tel: 020 7467 5271

Email: finance@methodistchurch.org.uk

Accounts Payable: accountspayable@methodistchurch.org.uk

Gift Aid: giftaid@methodistchurch.org.uk

Donation queries: circuit.income@methodistchurch.org.uk

Stipends: stipends@methodistchurch.org.uk

Lay payroll: payrollbureau@methodistchurch.org.uk

Procurement: procurement@methodistchurch.org.uk

Online Suite Support Team (Annual Returns and Statistics for Mission)

25 Tavistock Place, London WC1H 9SF

Tel: 020 7486 5502

Email: onlinesuitesupport@methodistchurch.org.uk

Trustees for Methodist Church Purposes

Central Buildings, Oldham Street, Manchester M1 1JQ

Tel: 0161 235 6770

Email: legal@tmcp.org.uk or finance@tmcp.org.uk

Web: tmcp.org.uk

Methodist Insurance

11 York Street, Manchester M2 2AW Tel: 0345 606 1331

Email: enquiries@micmail.com

Web: methodistinsurance.co.uk

Central Finance Board (CFB)

Methodist Church House, 25 Tavistock Place, London WC1H 9SF

Tel: 020 3832 3970

Email: admin@cfbmethodistchurch.org.uk

Web: cfbmethodistchurch.org.uk

Epworth Investment Management Ltd

Methodist Church House, 25 Tavistock Place, London WC1H 9SF

Tel: 020 7496 3636

Email: admin@epworthim.com

Web: epworthim.com

Keeping in Touch

There are several ways to stay in touch with what is happening across the Methodist Church. Sign up for a range of free newsletters at methodist.org.uk/SignUp. These include:

- **The Methodist News** – weekly news and information digest
- TMCP Newshub: **Subscribe – Trustees for Methodist Church Purposes**

Follow the Methodist Church on:

- **Instagram @methodistchurchGB**
- **Facebook @MethodistGB**
- **TikTok @methodistGB**
- **YouTube @MethodistGB**
- **LinkedIn @the-methodist-church-ct**

A good deal of information is available at methodist.org.uk/Finance

Appendix 1

Circuit treasurers (circuit stewards)

Information for Circuit Stewards and District Treasurers

Circuit stewards are appointed by the Circuit Meeting. **SO 532** set out the guidelines for circuit funds and circuit stewards, who are the treasurers of the circuit fund. **The Circuit Steward's Handbook** contains more information about the role but responsibilities include:

1. keeping the books and maintaining financial accounts
2. completing the Standard Form of Accounts
3. presenting the accounts to the Circuit Meeting in accordance with Charity Commission guidelines
4. preparing the budget covering a 12-month period
5. providing the Circuit Meeting with sufficient information to enable them to make informed decisions
6. ensuring that stipends and agreed allowances to meet circuit expenses are paid to ministers and other staff, including any lay employees
7. being diligent in collecting church accounts by the due date
8. reviewing the local church's accounts, looking for any glaring errors or consider whether the independent examiner is truly independent of the treasurer
9. annually reviewing the reserves policy and check on those of the churches in the circuit
10. ensuring that the systems and procedures that support the financial administration of the circuit keep the possibility of fraud to a minimum
11. ensuring that any relevant trusts are fulfilled
12. ensuring that all lawful directions of the Conference are implemented.

Top tip

Circuit treasurers are often involved in finance meetings at district level. This has a beneficial effect in promoting awareness of financial responsibilities throughout the church. However, it is recommended that the circuit stewards should **not** also be either the district treasurer or a church treasurer in the circuit.

District treasurers

District treasurers are appointed by Synod. **SO 432** sets out the guidelines for District Funds with specific responsibility for:

1. maintaining financial accounts and paying expenses from the District Expenses Fund
2. completing the Standard Form of Accounts
3. presenting the accounts to Synod in accordance with Charity Commission guidelines
4. preparing the budget covering a 12-month period, including a reserves policy
5. providing Synod with sufficient information to enable them to make informed decisions
6. administering the District Advance Funds and presenting a report annually to Synod
7. administering the funds received from grants and from the Methodist Mission in Britain Fund and reporting annually to Synod
8. sending the monies for the Methodist Church Fund received by circuits to the Connexional Team by the 15th day of each quarter (SO 432:3)
9. ensuring that the systems and procedures that support the financial administration of the circuit keep the possibility of fraud to a minimum
10. ensuring that any relevant trusts are fulfilled
11. ensuring that all lawful directions of the Conference are implemented.

Keeping the books

The circuit stewards and district treasurers must ensure that each month the required level of funds is available in the appropriate bank or CFB account to meet the full payroll costs, including National Insurance and pension contributions as well as assessment contributions.

All ministers are paid through the Central Stipends Scheme that is administered by the Connexional Team. Lay employees' salaries can be paid locally, but this requires experience of PAYE, so many circuits or districts now opt to use the payroll services of the Connexional Team for their lay employees. In accordance with Conference resolutions, hourly rate paid to all lay employees should be at least the current Living Wage rates. Further information about stipends and payroll rates, including the Living Wage rates, can be found at methodist.org.uk/BudgetsAndReserves. Notes regarding benefits and tax liabilities for ministers can also be found on this page.

Whether a church uses the connexional payroll bureau or not, all Methodist churches are regarded as connected employers from the viewpoint of HMRC. This means that a local church cannot benefit from being a 'small employer'

when it comes to issues of National Insurance, and the Apprenticeship Levy is payable on each employee. More details can be found here:

[HMRC Employer Registration and Payroll Arrangements – The Methodist Church](#)

District Advance Fund

All circuits contribute to their respective District Advance Fund via an automatic payment. 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 District Advance Fund is Model Trust money and the purposes are set in SO 963. It is the responsibility of the district to set up the process and criteria for grants from the fund (SO 439).

Circuits contribute to the Advance fund on any Model Trust monies they hold in their circuit Model Trust fund at the end of the year. SO 955 sets out the exceptions but overall, the following is expected:

- Up to £100,000 – 2.5%
- Between £100,000–£250,000 – 5%
- Over £250,000 – 7.5%

Setting a budget

As part of the annual budget setting process, circuit stewards (treasurers) present to the Circuit Meeting and district treasurers present to Synod. The annual budget should also include circuit or district projects that will require long-term financial planning. When assessing contributions from churches or circuits, prior discussion with the local treasurers is essential. Treasurers must then maintain the payment of financial obligations as set out in the annual budget, including payment to district, circuit or Methodist funds and the upkeep of circuit or district properties, including manses and auxiliary buildings.

Church closures

If a church closes and is given back to the circuit, the circuit becomes the managing trustee for the church and takes on the trustee responsibilities, including the financial obligations for the building. Depending on the circumstances, the following guidance may be of relevance:

- methodist.org.uk/ChurchMergers
- Closed Church Buildings Guidance that can be found at methodist.org.uk/PropertyA-Z

Annual accounts

Guidance and templates on completing the Standard Form of Accounts for both Receipts and Payments and for Accruals can be found at methodist.org.uk/Accounts

Reporting structure

If there is fraud or cyber security breach or another issue that would need to be escalated, the following reporting structure should be followed: churches report to the Circuit Superintendent, circuits report to the District Chair and districts report to the connexional finance team. Methodist Insurance should also be informed of any fraud or other incidences. Please refer to Section 8 on Fraud and Cybercrime for more information.

Appendix 2

The Methodist Financial Year

The Methodist financial year runs from 1 September to 31 August. Each financial year also requires work to be done before the start and some work after the end of the connexional year. Below lists out the regular cycle of actions to be completed within each connexional year:

- **September**
 1. Start of the new connexional year.
 2. Pay the district assessment (normally due on the 7th day).
 3. Present and agree the statement of accounts for the previous connexional year to the managing trustees at the September meeting.
- **October** – Arrange for external scrutiny for the accounts that were agreed at the September meeting (refer to Section 3).
- **November** – Present and sign off the completed the Standard Form of Accounts, including the agreed Reserves policy, for the previous connexional year. Once signed off, they should be submitted.
- **February/March** – Set a budget and the assessment for upcoming connexional year based on stipends, pensions, travel expenses and any advice received regarding tax.
- **May** – Complete the P11D provided by the connexional payroll team and distribute to employees.
- **August**
 1. Pay the church assessment for the connexional year (officially due in September)
 2. If using Accruals accounting, pay all amounts due before the end of the connexional year (31 August)

Appendix 3

Preventing fraud

Local Methodist churches, circuits and districts are sadly not immune to fraud. Fraud is dishonesty involving:

- false representation, for example identity fraud
- failure to disclose information
- abuse of position to make a gain or cause loss to another.

Responsibility for local church finances

Each church treasurer is responsible for keeping the books, presenting the accounts, and providing their Church Council with sufficient information to enable them to make informed decisions. The church treasurer has a duty to ensure that the systems and procedures that support the financial administration of the church keep the possibility of fraud to a minimum. It is the responsibility of the whole Church Council to understand the finances, to question the treasurer and to have sufficient oversight of the finances to ensure the treasurer is not left alone 'to get on with it'.

The key point to remember is that, while a church treasurer looks after a local church's finances throughout the year, they do not have sole responsibility for the finances of the local church. That responsibility rests firmly with the Church Council as the local Managing Trustee of the church's property. This property is not just about the building; it includes all property, funds, investments and contents held on the Model Trust. The Church Council will also oversee general funds and benevolence funds, as well as money that may have been received from a legacy for a particular purpose. Fraud not only results in financial loss and police action, but reputational damage to the Methodist Church, a loss of morale in the local church and circuit, potential regulatory action by the Charity Commission and an impact on future funding such as lottery grants.

Steps to minimise fraud

Trustees have a legal duty to take adequate steps to protect against and detect bribery, fraud, financial abuse and other irregularities. It is important to implement and monitor sound financial controls and procedures.

Minimise the potential for fraud by taking the following steps.

Managing the bank accounts

- In accordance with SO 012(1), ensure that Methodist money is held in properly established and official bank accounts; not in personal accounts.

- All payments must be agreed by at least two trustees.
- A minimum panel of four signatories should normally be available to sign cheques or other payment instructions. Blank cheques must never be signed nor should the payees ever sign the same cheque for which they are receiving payment.
- Each cheque or payment instruction requires two signatures in accordance with SO 012(1).
- No cheque should be signed or countersigned without the signatories having adequate supporting evidence of the authenticity of the payment.
- Retain all spoilt cheques and make them available to the auditor/ independent examiner (IE).
- Online banking payments should only be made using software which provides the facility for dual authorisation by personnel approved by the Church Council. In some circumstances a supplementary list of payments made should be subsequently countersigned by a trustee.
- Investments in deposits or other financial products must be approved by the Church Council.
- Similarly, any transfers of investments should also be authorised by the Church Council.

Keeping records

- The Church Council must ensure there is supporting documentation for all transactions. These should include among others: offerings journal, offerings record for the treasurer, cash receipts records, invoices and receipts, bank statements, expenses claim forms and cash analysis book.
- Planned-giving receipts should be recorded on a control sheet, which can then be reconciled with a register of donors committed to supporting the church financially on a regular basis.

Bank statements

- Copies of the bank statement should be sent monthly to the treasurer and a senior steward (unless this person has a close or personal relationship with the treasurer) for checking.
- Bank statements can be viewed online by granting read-only access to the account.

Bank mandate

- The Church Council or Circuit Meeting should annually confirm the names on the bank mandate and ensure that there is occasional change.

Cash

- All financial transactions must be recorded gross, which includes all money received and paid out.
- Loose cash from collections should always be counted by two people who are not related to each other.
- A Collection Record Sheet should be completed and signed by those counting cash.
- Cash should be banked promptly and intact without any deductions for expense payments.
- Expense-reimbursement claims should be paid by cheque or bank transfer.
- If small expenses are paid in cash, then a separate small expenses account should be kept and all payments recorded and supporting vouchers/receipts filed. These payments should then be signed off by a trustee each time the cash float is topped up.

Year-end procedure

- The superintendent minister (or other nominated minister) or senior steward should examine the year-end statements from the bank, Central Finance Board (CFB) and the Trustees for Methodist Church Purposes (TMCP).
- If there has been a long delay in the presentation of the year-end financial statements, the Church Council or Circuit Meeting should carry out an investigation quickly.
- A senior steward or minister should accompany the treasurer at the sign-off meeting with the auditor/independent examiner (IE).

Appointment of auditor or independent examiner

- Find information on compliance with SO 012 and the requirements of the Charity Commission in respect of audit or IE, depending on the level of income, at:
[gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32](https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32)
- Independent examiners should not be related to, or a close friend of, the treasurer.
- The appointment should be by the Church Council or Circuit Meeting and confirmed by the secretary of the meeting sending a letter of appointment directly to the auditor/IE each year.

Division of responsibilities

- Wherever possible avoid a concentration of financial responsibility into one or two people. Ideally, have different people as treasurer,

Gift Aid secretary, counters of the offertories and controllers of the envelope scheme.

Circuit stewards' treasury responsibilities

- Circuit stewards should be diligent in collecting church accounts by the due date.
- The circuit stewards may wish to review a local church's accounts and point out glaring errors or consider whether the IE is truly independent of the treasurer.
- Annually review the reserves policy and check on those of the churches in the circuit.
- It is recommended that the circuit stewards should not also be either the district treasurer or a treasurer of a church in the circuit.

What to do if you suspect fraud has taken place

Where money has been lost or stolen due to fraud or cybercrime (eg an email hacking incident), this should be reported to Action Fraud here:

actionfraud.police.uk/reporting-fraud-and-cyber-crime

If the church or circuit affected is a registered charity, a serious incident report should be made to the Charity Commission, stating the allegations or concerns that have been raised. The report can be filed online via the Charity Commission pages of the gov.uk website:

gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity.

The trustees should also notify their bank, the Circuit Superintendent, District Chair/Treasurer, TMCP and Methodist Insurance.

Please contact the Connexional Team for guidance on other action which may need to be taken: lcp@methodistchurch.org.uk

The Charity Commission offers further guidance on how to protect against fraud at gov.uk/government/publications/internal-financial-controls-for-charities-cc8/protect-your-charity-from-fraud

Cybercrime is becoming increasingly common and churches would be prudent to review their online security and remain vigilant. The Charity Commission has put together guidance that can be found at gov.uk/guidance/protect-your-charity-from-cyber-crime

The National Cyber Security Centre also has useful information and action plans that can be freely accessed at

ncsc.gov.uk/section/advice-guidance/small-medium-sized-organisations

Appendix 4

Procurement

Best practice

When making purchases for the Methodist Church, we are not spending our own money nor are we protected by consumer laws. It is recommended that you follow the best practice principles that are listed below in order to:

- secure maximum value for money
- comply with all relevant legislation
- avoid risk.

In order to do this, the Methodist Church requires that procedures and processes are in place to ensure that:

- competitive bidding and tender processes are performed
- suppliers are appropriately selected and authorised for use
- suppliers are monitored for financial and non-financial performance
- goods and services are purchased only with proper authorisation
- goods and services received are correctly recorded
- payments are only made for goods and services authorised and received.

Spend thresholds

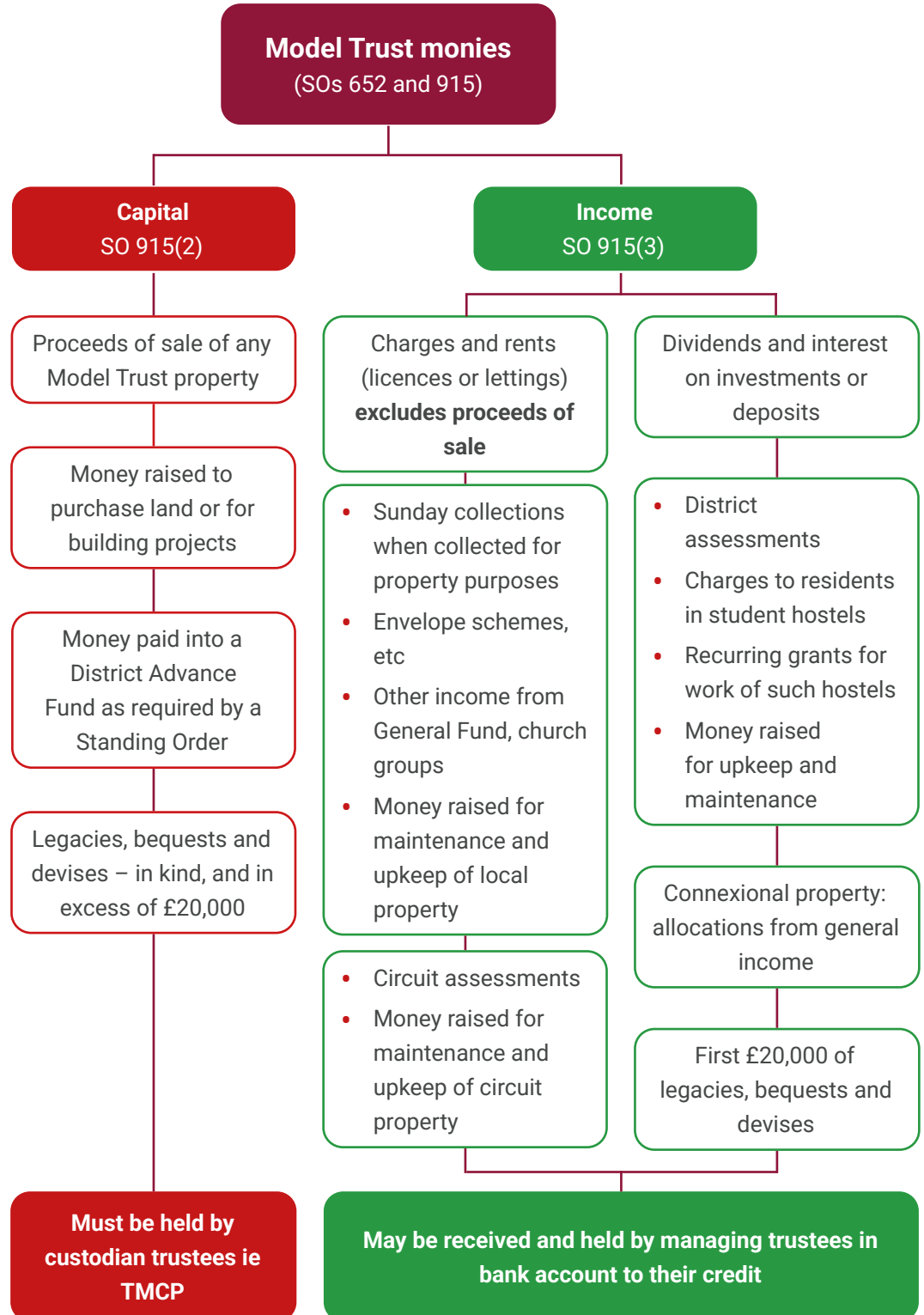
- Below £5,000 – ideally, seek three quotations but no competitive process required for selection.
- £5,000 to £25,000 – three formal written quotations (as long as suitable suppliers are available).
- £25,000 to £50,000 – a minimum of three competitive tenders (as long as suitable suppliers are available).
- Over £50,000 – a minimum of four written competitive tenders (as long as suitable suppliers are available).

General principles

Circuits should use district-negotiated contract agreements (where they exist) in order to maximise purchasing power for the whole Church and to obtain optimum value for money. When there are no district-negotiated contracts in place, circuits are encouraged to adopt the above best practice principles. All this should be agreed by the circuit meeting or circuit leadership team as appropriate. The Connexional Team has a Procurement Manager who can be contacted in exceptional cases for further guidance. However, they cannot conduct a procurement process outside the Connexional Team. Guidance and further information on the Connexional Procurement Policy can be sought from procurement@methodistchurch.org.uk

Appendix 5

Model Trust Chart



Appendix 6

Trustees and their Responsibilities

Please refer to the Charity Commission website for further guidance, including handy five-minute guides, on [gov.uk/guidance/charity-commission-guidance](https://www.gov.uk/guidance/charity-commission-guidance)

Trustees have full responsibility for the charity and must:	Trustees will be put at risk of personal liability ONLY if they:	Trustees are responsible for all the operation of the charity especially in:
always act in the charity's best interests and avoid conflicts of interest (CC29)	cause loss to the charity by acting: unlawfully, imprudently or outside the terms of the charity's governing document(s)	managing land or buildings (CC28/33) and ensuring that all the charity's property is under the control of the trustees (CC8)
act together and not delegate control of the charity to others	commit the charity to debts which amount to more than its assets	managing the charity's finances (CC8/12/16/19)
act strictly in accordance with the charity's governing document	Trustees may in some circumstances insure against such liability (CC49)	applying the charity's income for charitable purposes only (eg CC11 Remuneration of trustees)
manage the charity's affairs prudently and take a long-term as well as a short-term view		investing funds (CC14) and appealing for funds (CC20)
not derive any personal benefit or gain from the charity of which they are trustees		employing people
take proper professional advice on matters in which they are not themselves competent		collecting all money owed or due to the charity, including tax and rating reliefs
make decisions collectively and stand behind those decisions (CC27)		managing and mitigating risk (CC26)

Appendix 7

Glossary of Terms

Accounts	a summary of transactions prepared periodically but mainly annually by the treasurer of an organisation to report to the parties interested in the financial progress of the organisation. The annual accounts are subject normally to either independent examination or audit
Accruals accounting	a sophisticated form of accounting required by the Charities Act 2011 to be used by charitable organisations with a turnover in excess of £250,000 per annum
Annual report	a report outlining the activities of any charity (including churches) for each financial year
Assessment	the amount levied by the connexion, districts and circuits on the next level below in the Methodist structure
Assets	<p>fixed – items of a permanent nature by which the life of a church is carried on (eg the church building; plant, chairs etc)</p> <p>current – items of less permanent nature which nevertheless are not consumed immediately (eg books for resale, hymn books, bank accounts etc)</p> <p>investments – cash which is deposited with third parties on a semi-permanent basis (eg Advance funds and long term deposits with the Central Finance Board)</p>
Auditor	a person or firm appointed by a Church Council under SO 636 to audit the church's accounts, who besides holding a professional accountancy qualification is also registered with their professional body for the conduct of audits under the Companies Act 2006.
Bank reconciliation	a statement prepared by an account holder to reconcile their cash book with the statement issued by the bank or building society
Benevolent Fund	a fund maintained at church, circuit or district level for the relief of poverty and distress
Bequests	gifts created by Will or Codicil – may take the form of specific legacies, such as a sum of money or be the gift of the whole or part of the residue of an estate. They may also be for a restricted or unrestricted purpose.

Budget	a statement prepared by the treasurer forecasting the income and expenditure/receipts and payments for approval of the treasurer's governing body as a framework for managing financial transactions of that body for the coming year
Capital	money held or acquired by a church, circuit or district which must be administered in accordance with SOs 915, 916 and 917
Cash book	record prepared by the treasurer of an organisation of financial transactions in and out. It can be maintained in a bound book or on a computer
Central Finance Board of the Methodist Church (CFB)	a board set up by the Methodist Church Funds Act 1960 to hold investments in a variety of funds and provide an investment service to the Methodist Church
Connexional Priority Fund (CPF)	a fund set up by the Conference to support both building and ministry projects throughout the connexion by way of grants, the scope of which is set out in SO 970
<i>Constitutional Practice and Discipline of The Methodist Church</i>	Known as <i>CPD</i> , it contains the Methodist Church's Constitution, comprising the Methodist Church Act 1976, the Deed of Union 1932, the Model Trusts and Standing Orders
Custodian trustee	The holders of the legal title to all Model Trust property England and Wales – Trustees for Methodist Church Purposes Scotland – Trustees for Methodist Church Purposes Isle of Man – Trustees for Manx Methodist Church Purposes Jersey – The Trustees for Jersey Methodist Church Purposes Guernsey – The Trustees for the Bailiwick of Guernsey Methodist Church Purposes
District Advance Fund (DAF)	funds maintained by districts under the direction of Standing Order 963
Endowment fund	funds donated or bequeathed to an organisation where only the income may be spent
Envelope system	a method of giving used by most churches whereby individuals donate their weekly collection in pre-dated envelopes. Because records are kept this is an advantage for tax-efficient giving under Gift Aid

Excepting Regulations	a statutory instrument (the Charities (Exception from Registration) Regulations 1996), giving Methodist churches and circuits whose gross annual income falls below £100,000 exception from registration under the Charities Acts
Forecast	a realistic assessment of a future set of likely happenings to be used in the preparation of a budget
Funds – Unrestricted	money which can be used for any Methodist Church purpose
Funds – Designated	money that is set aside from the unrestricted General Fund to meet a specific item of expenditure
Funds – Restricted	money which has been given for a specific purpose
Independent examiner	a person appointed by the Church Council under SO 636 to examine and report on its annual accounts
Income	all money and resources received by the church which must be used for its purposes within a reasonable period (see SOs 915 and 917)
Liabilities	financial obligations of the local church, circuit etc
Managing trustees	Church Councils, Circuit Meetings, District Trustees etc responsible for the management of Model Trust property
OSCR	The Office of the Scottish Charity Regulator
Receipts and Payments account	a summary of monies received and spent during the accounting year
Reserves	money not immediately required by the charity (church) in meeting its planned expenditure
SORP	Statement of Recommended Practice. Issued by the Charity Commission, setting out accounting practice for charities
Standard Form of Accounts (SOF)	the financial reporting form for the annual accounts of a local church, circuit or district
Statement of Financial Activities (SOFA)	the incoming resources and total expenditure of a charity
TMCP	Trustees for Methodist Church Purposes

Appendix 8

A Methodist Way of Life

A Methodist Way of Life encourages us to grow together. Make time to discuss these questions regularly with others.

Worship

- What is the pattern of your prayer life?
- How easy or hard do you find it to pray?
- What has spoken to you recently in worship or in the Bible?
- When, lately, have you felt close to God or distant from God?

Learning and caring

- How have you practiced generosity lately?
- How have you shown hospitality to others recently?
- How are you caring for yourself?
- How and what are you learning now?

Service

- How are you seeking to serve others in your communities and beyond?
- What has helped or hindered you in your service of others?
- How are you caring for God's creation?
- How are you using God's gifts (including your financial resources)?
- What issues of injustice are you currently concerned about?
- What are you doing in response?

Evangelism

- When was the last time you were able to talk about God?
- What opportunities to share your faith have there been recently?
- How have you responded to opportunities to share your faith?
- Is there anyone you might invite to consider Christian faith?
- How can we support each other in our Methodist Way of Life commitments?

Find out more at methodist.org.uk/MWOL

Amendments and corrections are welcomed – please email finance@methodistchurch.org.uk

This handbook will be updated annually.

If you would like to request this resource in an alternative format,
please contact us to discuss your needs at publishing@methodistchurch.org.uk

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