SFA compliant with FRS 102 SORP 2015

Pointers to District Treasurers on the templates

Before preparing your 2015-16 accounts, please ensure that you refer to the latest edition

of these Pointers on the MCH website

1. Following the SORP is mandatory for requirements expressed as ‘must’, best practice for those expressed as ‘should’ and optional where the SORP uses ‘may’. Treasurers may wish to consider the abbreviation ‘SORP’ to stand for Statement of *Required* Practice instead of Statement of Recommended Practice.
2. Currently the Methodist Church has no requirements regarding the annual accounts of Districts beyond the requirements of SORP 2015. The Church does, however, retain the right to require Districts to provide information in excess of that demanded by the SORP. Districts, Circuits and Churches may demand additional disclosure.
3. This template applies to all Districts whose income (excluding contributions to MCF and including the notional cost of the Chair) is below £500k for the year. The SORP requires more information of Districts with gross income over £500k although, for 2015-16, this threshold is £1m if the District is accounting under FRSSE SORP2015 for that year.
4. Where a District now prepares its accounts on an accruals basis it is recommended that the accruals basis is continued rather than adopting the Receipts and Payments basis where this is permitted. This is because any change of basis can cause confusion to the user of the accounts.
5. **[Text both in bold and in square brackets should be removed before printing.]**
6. This template complies with the SORP(FRS102) effective for 2016-17 and has been technically reviewed.
7. No attempt has been made to test this model against the OSCR rules applying in Scotland.
8. For a District with income above £500k, risks listed on pages 3 and 4 of this document are those which could affect the continuity of the BEH District.
9. Please be careful to include all the information shown in the template and exemplar. Some of it may appear unnecessary but it is recommended to meet best practice and to bolster transparency.
10. Specifically, inclusion of the following paragraphs in the TAR is not mandatory under the SORP for smaller charities but is encouraged as best practice:
    1. Para 3.1 Investment Policy and Performance
    2. Para 3.3 Collaborative arrangements with connected charities
11. You may add to this information, if you wish.
12. The columnar form of the SOFA and Balance Sheet will be familiar to many treasurers. The Notes to the Accounts are now cross-referenced to the SOFA and Balance Sheet in a new column immediately before the numbers. The SOFA should show, at a minimum, unrestricted funds, restricted funds, endowment funds and a total (4 columns). If treasurers believe that the SOFA is too small to read with the additional columns of designated and DAF, these two can be combined with the remaining unrestricted (*eg* General Fund) for the SOFA but they must be separated in the Notes. Omit the endowment funds column if there is nothing to put in it. If there are immaterial figures for endowment funds, you can include them in the Restricted Funds income column as long as the fact is disclosed by way of Note.
13. The SOFA and Balance Sheet also contain Guidance Notes (GNs) for treasurers and these GNs appear as the last column. This column should be deleted once the boxes in the SOFA and Balance Sheet have been populated and before any printing of these pages.
14. The previous Notes to the Accounts (under SORP 2005) have been substantially changed to comply with SORP 2015.
15. The Notes to the Accounts have been prepared in Microsoft Word using Office 2011 version 14.6.0. The tables have been produced in Word and do not automatically produce a total either vertically or horizontally as they would in Excel. To achieve automatic casting it may be necessary for each table to be produced on a separate Excel sheet, populated, cast and imported to the Word document (possibly as a picture) where the column sizes can be adjusted to fit the page and the need. Treasurers are welcome to take this route, if they so wish. Note that it appears impossible to have, on one Excel spreadsheet, columns of different width across sets of rows or rows of different height across columns.
16. In general, if a number is material and appears in the SOFA or balance sheet, there should be an accounting policy to show how it has been computed. Accounting policies for immaterial items are not required.
17. It is expected that, for the first set of FRS102 SORP2015 compliant accounts (2016-17), all Districts will be able to provide the numbers required for the comparative year.
18. It should be assumed that, if a number is to be disclosed under the new SORP, the comparative will also be required. Where comparatives are not required, this is stated.
19. All Districts are expected to adopt the Accruals-based version and no Receipts and Payments version is available as a Standard Form of Accounts for Districts.
20. This template is not in PDF format which means that you are free to alter the content of the TAR, SOFA, Balance Sheet and the Notes. Be aware, however, that these documents have been subject to technical review and are believed to comply with the FRS 102 SORP 2015. Any deletion or omission could render your format not SORP compliant.
21. Because of the additional information required under SORP 2015, this template is based on Word software rather than Excel. It will be essential for treasurers to read every word and be sure that it applies to their districts. Where it does not apply, adjustments can be made.
22. If you apportion any costs across more than one category of expenditure appearing in the SOFA, you must state this fact and indicate the bases used.
23. It is for the District trustees, not the IE, to decide whether (as preferred) or not the IE is required to obtain independent verification of the balances. In the case of TMCP this can be achieved by giving the IE access to the appropriate read-only TMCP site.
24. Some District, Circuit and Church treasurers have quietly expressed concern about the competency and experience of independent examiners (and even auditors). All treasurers must, with their fellow trustees, consider whether their IEs are up to the job now being asked of them. A trustee may wish to accompany the treasurer at his/her *post* audit meeting with the IE or auditor.
25. It is recommended that documents are presented in the following order:
    1. Cover
    2. Trustees’ Annual Report
    3. SOFA
    4. Balance Sheet
    5. Notes to the Accounts
    6. Declarations and Scrutiny by Treasurer, Chair, and IE or Auditor
26. It is necessary for a District to state in its accounting policies whether it believes itself to be a going concern. Where it believes it might not be a going concern the District must include the nature of the uncertainties.
27. The Trustees’ Annual Report is mandatory for all charities with an income over £5k even if not registered with the Charity Commission. The content is reduced for those with income not exceeding £500k. The wording in this example has been considered carefully and District treasurers are encouraged to follow the exemplar but they may use their own language where this is preferred. Additional headings and paragraphs may be inserted. Most Districts will need to copy the majority of the headings and paragraphs in the exemplar.
28. Most of the material in the TAR is prescribed by FRS102 SORP2015. The Exemplar draws on live numbers from the BEH District for the year 2013-14 and is presented as if that year had been compliant with the SORP 2015.
29. Whilst the authors of this exemplar have been diligent in preparing the exemplar, neither the authors nor the Church accept any responsibility for inaccuracy or misleading information. District treasurers are invited to comment on this exemplar by email to Peter Matovu ([matovup@methodistchurch.org.uk](mailto:matovup@methodistchurch.org.uk)).

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The following two additional paragraphs would have been required in the TAR had the District’s income been in excess of £500k:

**A Principal risks**

The major risks to which the District is exposed have been identified by the trustees and are listed below. A major risk is defined as one that, if realised, could fundamentally affect the way in which the District exists or achieves its outcomes in the next one to three years. These risks will have a detrimental effect on the achievement of the District’s key objectives. The risk realisation will lead to material failure, loss or lost opportunity.

1. Inability to obtain assessments from Circuits. Although this District would not be liable for any shortfall in the assessment paid by any Circuit within the District to the Methodist Church Fund (the Connexion), the District may, nonetheless, feel the need to make up any shortfall. This risk is deemed low.
2. Inability to attract trustees with adequate skills. The District is heavily dependant on the skills of volunteers, especially those who are trustees (members of the District Policy Committee). At present, this risk is deemed low. A list of names of future possible trustees is maintained by the Chair of District.
3. Inability to attract a Chair with the range of skills required to follow the current Chair when she retires in 2017. An appointments panel has been formed and a profile of the District will be prepared under the guidance of Methodist Church House. The risk is deemed low.
4. Inability to fill all the stations with presbyters and deacons, or lay workers where appropriate. There is a Connexional shortage of presbyters and the District may find that it cannot fill every vacancy. The risk is considered moderate.

Where appropriate, risks have been transferred by paying insurers to take the risk.

**B Aims and Strategies**

**The trustees have the following aims:**

**[State these detailing the issues addressed and the changes or differences sought through the activities of the District**

**Show how the achievement of these aims will further the District’s legal purpose**

**State the criteria or measures to be used to assess success in the year**

**State any significant activities undertaken and show their relationship to the stated aims and objectives]**

The District is pursuing the following strategies:

1. assistance to Circuits and Churches as they seek to minister to their communities
2. influence the provision of facilities for Christian worship in new communities, especially garden cities and major new build
3. investigation of safeguarding issues and minimising the prospect of new issues arising
4. development of lay preachers through training and examination
5. care of those who have retired from full time service of the Church
6. provide opportunities for superintendent ministers, probationer ministers and ministers of larger congregations separately to meet together to contribute and learn
7. tighter financial control
8. improved efficiency in collecting and disseminating data

**[The treasurers of Districts with income in excess of £500k should refer to FRS102 SORP2015 paras 1.34 through 1.53.]**