

# PROPERTY POINTS

## 2009 Part 1

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**Greetings to all of you who deal with property and finance on behalf of Methodist bodies. We are grateful for all that you do.**

**By following 'New Ways of Working' we are focusing attention on the consents process and charity reforms while there are new accounting thresholds to note.**

**This year the Conference will be debating concerns about climate change and delegates to the Resourcing Mission Forum will also be looking at these issues.**

**The financial climate is also a cause for concern and we are doing what we can to offer guidance to trustees.**

Alan Pimlott  
Connexional Property Secretary

The **Methodist Church**



## PROPERTY POINTS ELECTRONIC VERSION

We publish *Property Points* twice a year and currently distribute the publication by way of paper copies which are sent to all ministers, church, circuit and district treasurers and to circuit and district property secretaries.

This means that around 17,000 copies are sent out twice a year.

In recent years all property scheme schedules, property maintenance schedules and financial schedules have been produced electronically and we receive very few requests for hard copies.

We are concerned to be good stewards of the earth's resources and at the same time provide appropriate and accessible guidance to trustees.

We do feel that we ought now to be providing *Property Points* electronically, while finding an appropriate way to offer a paper version to those who need it.

We would like your help in deciding how best to do this.



Continued overleaf...

# PROPERTY POINTS ELECTRONIC VERSION

...continued

We would simply put each edition on the website to be accessed as required locally. Those seeking a paper copy could ask others to print one off or write to the Resourcing Mission Office with a request for a direct mailing.

Is there a better way to do this? If you can come up with suggestions do send them to us.

One additional advantage of the electronic version would be the ability to make it a rolling update on property matters, so that current and topical issues could be publicised immediately rather than wait for the bi-annual edition to go out.

## Financial Audit and the Link to Property Valuations

Connexional guidance for valuing property for accounting purposes is included in the guidance notes on the Standard Form of Accounts.

This is, basically, to use the insured figure as a basis for valuation and adjust the figure if necessary, for example, if there is additional land with a value.

A professional valuation is not required by charity trustees. If historic cost is available that can be used.

A complicating factor since last year has been the new link between the audit threshold and what is termed the 'aggregate value of assets' or 'gross assets'. At present an audit is required in England and Wales, for example, where gross income exceeds £500,000, or where gross income is over £100,000 and gross assets exceed £2.8m. (These figures seem likely to change following a recent Charity Commission consultation – see Financial Accounting Thresholds 2008/09 – page 3.)

The Accountancy Support Group recently reviewed the position with the Charity Commission and our present guidance remains unchanged.

## Standard Form of Accounts

The Methodist Connexion crosses several borders, both geographically and legally, and the accounting thresholds now vary between the different jurisdictions.

There is also a further complication this year where, in England and Wales, the Charity Commission has been reviewing its thresholds and although we already know the recommended new thresholds, these are not yet applicable as they await formal approval.

We therefore intend to publish the Standard Form of Accounts for 2008/9 without referring to the threshold amounts on the forms themselves. In this way they can be used in any part of the Connexion. (See Financial Accounting Thresholds - Scotland - page 3.)

However, there is a further change this year, which is relevant only to Scotland, where the new accounting regulations require receipts and payments accounts to be prepared according to a required format. We will publish details on this soon on the website.

In Scotland, all Methodist charities are already registered with OSCR and, as such, must submit their accounts annually to the regulator.

## Archival Material

If you are selling your building and think you are holding historic or otherwise significant artifacts, please note that trustees should not put these up for sale but should consult either Connexional Archives Liaison Officer, Philip Thornborow: [phthorn@btinternet.com](mailto:phthorn@btinternet.com) or John Lenton, the Convenor of the Archives and History Committee: [jlenton@fish.co.uk](mailto:jlenton@fish.co.uk).

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in accordance with Standing Order 936.

# Financial Accounting Thresholds 2008/9

## England and Wales

This year's changes:

The Charity Commission consultation resulted in the following recommended changes (as they affect Methodist trustees).

- 1 The accruals threshold would increase from £100,000 to £250,000.
- 2 The audit threshold – gross assets – would increase from £2.8m to £3.26m.
- 3 The income threshold, which triggers the gross asset consideration, would increase from £100,000 to £250,000.

We will publish the final outcome on the website later this connexional year.

Standard Form of Accounts to be completed (except where a professional auditor produces SORP accounts).

## Scotland

Thresholds remain the same as last year.

However, it seems likely that the Scottish Charity Accounts regulations and format for receipts and payments accounts will be brought into use for all Methodist charities in Scotland required to prepare receipts and payments accounts. We are currently engaged in discussions with OSCR to determine whether the standard forms can still be used or whether the Scottish Charity Accounts format must be used.

We will publish the final outcome on the website in the near future.

## Isle of Man

All Methodist charities, where gross income is more than £100,000, must have a professional audit. An independent examination is required below that figure.

Receipts and payments method of accounting is required for charities with gross income up to and including £100,000. Above that figure, accruals accounting is required.

Standard Form of Accounts to be completed.

## Channel Islands

Thresholds as for England and Wales.

Standard Form of Accounts to be completed.

## Charity Registrations – How do we show we are a charity?

### If you are a registered charity

You should now show the number on your paperwork.

We have quoted below from the FAQ section of the Charity Commission website:

[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

*The documents on which the statement must appear include notices, advertisements, material placed on web sites, and other documents issued by or on behalf of a charity intended to persuade the reader to give money or property to the charity. This includes the solicitation of membership subscriptions. Any of the following terms would be acceptable:*

- A Registered Charity
- Registered Charity number (followed by the charity's number)

- Registered as a Charity
- Registered with the Charity Commissioners.

*The statement must be made in English and in legible characters. We recommend that charities consider the needs of people with less than perfect vision by using a font and point setting that is easy to read.*

If you are still expected to prove your charitable status when queried by funders or utility providers please quote your Her Majesty's Revenue and Customs (HMRC) number.

To claim Gift Aid using the Methodist Church recovery scheme, use this number X65308. For churches that have their own arrangements with HMRC for tax recovery quote your HMRC number.

## Charity Registration

### Timetable

The programme for local churches is now well under way and a significant number are now registered charities. The seven-month programme for registrations (October 2008 - April 2009) continues to apply for all local churches above the £100,000 income threshold.

However, applications for circuits and districts are currently on hold by agreement with the Charity Commission. We are hopeful of resolving outstanding issues in the near future and will notify all trustee bodies accordingly.

### The Issue

The way we work within the Methodist Church means that we have developed very large trustee bodies, in some cases, for example, some circuits have up to 200 members. A discussion is continuing about whether to allow a smaller trustee body for the purposes of registration.

It was not possible to resolve this prior to the registration programme, simply because the necessary level of detail was, at that stage, unpublished.

### Local Ecumenical Projects (LEPs)

Discussions with ecumenical partners continue about LEP constitutions and later in the year a one-off seminar will be arranged to assist with the registration process for some 40 - 50 LEPs required to register.

### Other Trustee Bodies

There are a small number of Methodist entities which fall outside of the church/circuit/district model and we are in the process of identifying those that will need to register.

### Special Projects

Some churches oversee or receive reports from a special project on their premises. We are looking at each on a case by case basis to determine whether the project should register separately or with the local church. Please let us know if your project has not been assessed in this way.

### Trustee Responsibilities

We are planning a further series of consultations in June 2009 to help trustees to explore and understand their role and responsibilities. We will publicise details shortly.

## Credit Crunch Biting...

The present economic circumstances are, inevitably, affecting Methodist trustees.

In particular, sales of manses are proving difficult with a number of properties remaining unsold for more than a year.

Managing trustees should assess their financial circumstances carefully, before seeking a bridging loan for the purchase of a replacement manse, as it may mean being locked into a loan for a considerable period of time. The additional interest costs must be taken into account.

Property schemes, generally, are tending to lose some momentum, which is only to be expected, though many projects are going forward as planned.

Where a loan is required, for any type of scheme, it would be wise to balance the relative merits of borrowing a large amount to enable your scheme to go ahead against the inherent financial burden which a loan may become. Bridging loans tend to pose a greater burden given the slump in the housing market. At least loans for church schemes can be reduced gradually by carefully planned fundraising.

Whatever your plans, if a loan may be required, it would be wise to make early contact with Methodist Chapel Aid Limited.

Given the number of our listed chapels it is also inevitable that some of these heritage buildings are being sold. If your building is listed, and you are facing the prospect of selling the property, please make contact at an early stage with our Conservation Officer, Ian Serjeant, email: [serjeanti@property.methodist.org.uk](mailto:serjeanti@property.methodist.org.uk).

## Thank You to All Pilots

We would like to thank all who took part. It enabled the Charity Commission to iron out any problems in their systems.

Launceston Methodist Church and Cullercoats Methodist Church became the first and second churches respectively to be registered and we now use their listings as a model of good practice. If you type 'Methodist Church' into the search engine of the Charity Commission website - [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk) a list of registered churches will appear. Our feedback to date suggests the system is very user-friendly. If you have any questions please contact Jean Haynes, email: [haynesj@property.methodist.org.uk](mailto:haynesj@property.methodist.org.uk).

## Climate Change

Most scientists involved with climate change consider it to be a serious problem. Recent studies indicate that the situation is worsening and we could face a catastrophic increase in temperatures this century (the government's former chief scientific advisor for climate change believes there is a 20% chance of a rise exceeding 3.7°C). Unless action is taken we could soon reach the 'tipping point' after which climate change becomes irreversible.

We are currently looking at how best to encourage all those involved in property matters to look at this issue with a view to reducing their carbon footprint. The Methodist Church has had an environmental policy for many years, and we have been working on an 'environmental audit' which should soon be published on our website. Our information leaflet on renewable energy is available at: [www.methodist.org.uk/renewableenergy](http://www.methodist.org.uk/renewableenergy) (see also *Property Points* 2007 part 2 page 6). We hope soon to be able to offer more specific suggestions on issues such as reducing energy usage and improving insulation in manses and churches.

The government is proposing a reduction in carbon emissions of at least 26% by 2020, and 80% by 2050, in the Climate Change Bill. These targets will require many changes to our current lifestyles. An ecumenical report is expected to go to the Conference in 2009, emphasising the scriptural background to climate change and encouraging us all to reduce our carbon emissions.

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## Fire Extinguisher Service Contract

The Fire Extinguisher Service Contract for churches operated by Chubb Fire Corporate Accounts has been extended for a further three years from 1 April 2009 – 31 March 2012.

A slight price increase has been negotiated. The unit price is now £6.25, and there has been an introduction of an attendance fee of £1.50 per service visit. This is the first price increase since 1994 and still represents excellent value for money.

Churches should ensure that when dealing with Chubb they are on the Corporate Account Contract as agreements with Chubb local offices can be more expensive.

Further information can be obtained from our Fire Precaution Advisor, Colin Domville on 01704 875 597, email: [cbdomville@blueyonder.co.uk](mailto:cbdomville@blueyonder.co.uk).

## Property Consents Update

### What progress has been made since our last report?

- Members of the Connexional Team and Trustees for Methodist Church Purposes (TMCP) have been working hard to ensure the process enables them to fulfil their responsibilities whilst also reducing the overall bureaucracy and devolving responsibility for giving consent to the districts.
- We are grateful to everyone in Nottingham and Derby District for being our first pilot district. Their constructive feedback, along with our own observations, has been collated and refined and is currently being built into a significantly enhanced Version 2 of the Property Consents website by our developers. The results will be tested during the next few weeks.
- We are working with an external writer to develop the Help and Guidance website to run alongside the main consents site. There will be clickable links between these and other useful sites.

A great deal of work is going on in the background to pull the wealth of information we have together. The Conference has charged us with a huge change to deliver across the Connexion. Please remember that, at the same time, members of staff in the Connexional Team and TMCP are dealing with 'business as usual' for most districts.

### What are the next steps?

- We are working with London District to prepare them to be our second district to go live on 6 April. Such a large district will really test whether the system is robust under pressure, before we include the whole Connexion.
- Assuming the pilots in London, Nottingham and Derby prove successful, we would expect to start a phased rollout to all districts from September 2009. More information nearer the time.

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## Circuit Mergers

If your circuit is contemplating merging with another please contact Trustees for Methodist Church Purposes Legal Office, Central Buildings, Oldham Street, Manchester, M1 1JQ or email: [legal@tmcp.methodist.org.uk](mailto:legal@tmcp.methodist.org.uk).

## Listed Buildings

Despite numerous reminders, the myth still persists in some circles that only parts of a building may be listed. "Only the outside is listed," is the confident cry of some. This is completely wrong. Buildings are listed in their entirety.

The term 'listed' is only a shorthand. It does not purport to identify the only elements that are listed. It follows that if all of the building

is listed, consent is needed to alter any part of it. Managing trustees who allow unauthorised alterations to a listed building may be held personally liable for the cost of any necessary reinstatement.

If you are in any doubt, please contact the conservation officer at the Resourcing Mission Office see contact information below (in Further Information).

## Registering Church Property – save legal fees!

The Trustees for Methodist Church Purposes (TMCP) have an arrangement with Peterborough District Land Registry to register all Methodist Model Trust property in England and Wales. We would encourage circuits and districts to contact TMCP's legal office to discuss the process. TMCP have already lodged a generic application and paid a block registration fee on behalf of the Connexion at a greatly reduced cost, so there is no need for your solicitors to do this for you. There are many benefits to registering title, not least that it clarifies the boundaries to a property and makes land much easier to sell. If your local solicitors recommend voluntary registration of your church's property, please contact TMCP's legal office first to ensure the correct procedure is followed and avoid your solicitors undertaking unnecessary and expensive legal work.

Although there may be some title issues for which you need a solicitor's assistance (eg where a statutory declaration is required confirming long-established use of a right-of-way), in many cases you should not need to involve solicitors. Peterborough Land Registry will generally accept deeds direct from the circuit or district and

complete the voluntary registrations in line with the agreed scheme, provided TMCP have sent a letter of authority for that particular circuit or district in advance.

So far, the East Anglia, Northampton and Lincoln and Grimsby Districts have all been substantially completed, with Plymouth and Exeter currently in progress and hopefully Sheffield to follow. The Land Registry has capacity to accept more properties from us and is able to complete the registrations for an entire district within four to six weeks. TMCP wish to work with those districts who are currently ready to take advantage of this opportunity. The Land Registry has been actively promoting the benefits of voluntary registration over the last few years, and has increased the total amount of land registered in England and Wales to over 66% from less than 45% in March 2004, with the aim of registering all land in England and Wales eventually.

For more information, please contact TMCP's legal office. Tel: 0161 235 6770  
email: [legal@tmcp.methodist.org.uk](mailto:legal@tmcp.methodist.org.uk).

### This document is aimed at

- Local property officers
- Church treasurers
- Superintendents
- Ministers
- Circuit stewards
- Circuit property officers
- Circuit treasurers
- District property secretaries
- District treasurers
- District chairs

### Further information

Please contact The Methodist Property Office – Support Services Cluster, Resourcing Mission, Central Buildings, Oldham Street, Manchester M1 1JQ.  
Tel: 0161 236 5194

This newsletter is available on the Methodist website:  
[www.methodist.org.uk/propertypoints](http://www.methodist.org.uk/propertypoints)