

REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2020
FOR
THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN

Whitehead & Howarth
327 Clifton Drive South
Lytham St Annes
Lancashire
FY8 1HN

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31ST AUGUST 2020**

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 6
Independent Examiner's Report	7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	10 to 20
Detailed Statement of Financial Activities	21 to 22

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

REFERENCE AND ADMINISTRATIVE DETAILS
for the Year Ended 31ST AUGUST 2020

TRUSTEES	Mr D Leach Miss M Dugdale Rev S Heath (appointed 1/9/2020) Rev R Borg Mr R Hoyle (appointed 1/9/2019) Deacon S Phillips Rev J Wild (appointed 1/9/2020) Mr A Woodhouse Mr C Fairclough (appointed 1/9/2020) Mr G Kay Rev P Gough Mr R Hailwood Mr J E Ferris Rev P H Davis - Chairman Rev R Ormrod (appointed 1/9/2019) Mrs C Hothersall Dr P Lumsden Mr A J Whitley FCMA Rev W Robinson Mr P Gorst (appointed 1/9/2020) Rev J Pybon Mr D Hulse Mr A Bennett Rev K Bland Mrs K Bamber
PRINCIPAL ADDRESS	523 Blackpool Road Ashton On Ribble Preston Lancashire PR2 1EQ
REGISTERED CHARITY NUMBER	1134584
INDEPENDENT EXAMINER	Whitehead & Howarth 327 Clifton Drive South Lytham St Annes Lancashire FY8 1HN
BANKERS	Natwest Bank PLC 24 St Annes Road West Lytham St Annes Lancashire FY8 1HR
INVESTMENT MANAGERS	Trustees for Methodist Church Purposes

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

REPORT OF THE TRUSTEES

for the Year Ended 31ST AUGUST 2020

The trustees present their report with the financial statements of the charity for the year ended 31st August 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The purposes of the Methodist Church are and shall be deemed to have been since the Date of Union the advancement of:

- (a) The Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church;
- (b) Any charitable purpose for the time being of any Connexional, District, Circuit, local or other organisation of the Methodist Church;
- (c) Any charitable purpose for the time being of any society or institution subsidiary or ancillary to The Methodist Church;
- (d) Any purpose for the time being of any charity being a charity subsidiary or ancillary to The Methodist Church.

The District meets in Synod twice a year and in other groupings more regularly. It supports the training of ministers, both presbyteral and diaconal and provides the means for continuing training.

The District encourages all in the circuits and churches to have a vision that is greater than the local area.

The District employs people to work on its behalf in areas such as chaplaincy, evangelism and youth work.

Public benefit

We confirm the trustees have had regard to the Charity Commission's guidance on public benefit.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In the autumn and winter the District held meetings to discuss the God in Love unites us report although because of the pandemic the Spring Synod was not held. It has responded well to the pandemic in the first lockdown by encouraging the use of technology where possible. Every Sunday a zoom service has been held for the district with over 50 devices present each week and an average congregation of 80. The District has encouraged Circuits, Churches and members to review their priorities. From the beginning of lockdown the district has encouraged churches and circuits to look to the 'new future' . North West Region. The District has continued in discussions with other Districts to see how we can work together in a region.

The District has monitored the changing of ministerial appointments in the District and those involved with training.

The District has increased it's team of lay-workers in Circuits to support the ministerial staff where it has not been able to appoint a minister in Stationing.

FINANCIAL REVIEW

Financial position

During 2019/20, the Lancashire District received total income of £362,352 (£348,079 in 2018/19) and expended £341,152 (£333,055 in 2018/19). The resulting surplus was reduced by an unrealized net loss on investments of £11,448 (2018/19 £867), producing a net surplus of £9,752 across all Funds.

The Trustees of the District are confident that the District is a going concern, principally because Circuits continue to meet their Assessments and the District has adequate reserves to cover any shortfall in anticipated income that may arise.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

REPORT OF THE TRUSTEES

for the Year Ended 31ST AUGUST 2020

FINANCIAL REVIEW

Investment policy and objectives

To comply with Methodist Standing Orders, monies for long term investments are lodged with The Trustees for Methodist Church Purposes, (TMCP). TMCP acts as custodian trustee for all real estate held by Districts and for all large (over £20k) bequests and for the proceeds of sale of any property formerly owned by the District. These sums are invested in unitised investments or held on deposit. The investment returns are close to tracking the movements in the FTSE 100 index. The deposit income mirrors the deposit rates available elsewhere. The Lancashire District Trustees' investment policy is aligned with that of the CFB and TMCP because these organisations take into consideration the social, environmental and ethical considerations, both negatively and positively, that make investments suitable for the methodist Church.

Short term deposits are lodged directly with the Central Finance Board, (CFB), and attract good rates of interest.

There are no bench marks for the expected returns or appreciation on investments at TMCP and CFB. It is the District's policy to manage the cash and investment resources of the District so that a rate of return on investment - both by way of dividend and capital appreciation - is obtained at least as good as market rate considering the District's low appetite for risk. The total return achieved in 2019-2020 on Lancashire District's TMCP invested funds was 1.17% for the year.

Reserves policy

All monies are invested with the CFB or TMCP with a certain amount kept in the Current Accounts for week by week expenses. The trustees have agreed a reserves policy for each fund, the key policies relating to the Methodist Church Fund and the General Expenses Fund, as follows:-

The reserves policy for the Methodist Church Fund is to hold a reserve equal to 25% of one quarter's Assessment payments received from the circuits, thereby allowing for late quarterly payments by one or more circuits. The quarterly payments for 2020-2021 are £132,035 so the actual reserve of £30,236 at 31st August 2020 is £2,773 less than the minimum reserve of £33,009. This shortfall in the reserve was a temporary situation due to a larger transfer of funds being made to the General Expenses fund and was back to an adequate level following the first quarterly assessment receipts of 2020/2021 year.

The Reserves Policy for the General Expenses Fund is to hold sufficient in reserve to cover six months' expenditure, ie £92,000 based on the 2020/21 Forecast. The year-end balance of £145,751 results in an excess of £53,751. This sum is held to fund additional work on the Chairman's manse, including work arising from the quinquennial reviews, and also to minimise the increase in District Assessments for 2021/22 and beyond.

The Reserves Policy for the District Advance Fund is to ensure that the amount in reserve is always at least equal to the sum of all approved and anticipated grants for the current and future years. At 31st August 2020, the Fund held a balance of £582,953, of which the sum of £332,870 was committed to future grants, leaving £250,083 uncommitted. The District Youth Fund is used to grant fund projects which encourage and develop work with young people across the District and has a similar policy in that the reserve must always be at least equal to the sum of all approved and anticipated grants for the current and future years.

Going concern

The trustees have assessed the charity's ability to continue as a going concern and concluded the assumption is valid.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

REPORT OF THE TRUSTEES
for the Year Ended 31ST AUGUST 2020

FINANCIAL REVIEW

Collaborative arrangements with connected charities

The District's main source of funding was the assessments obtained from each Circuit within the District based on the staffing levels of the Circuit and this was used to fund most of the cost of administering the District. This sum amounted to £43,846 (£51,667 in 2018/19).

The District also obtained from each Circuit with a reserve, known as a Circuit Model Trust Fund (CMTF), a levy based on the value of each Circuit's CMTF at the start of the Connexional year (01 September). In 2019/20 this sum was £75,594 and this was credited to the District Advance Fund (£58,206 in 2018/19).

The District holds no funds as custodian trustee. It does, however, quarterly receive from Circuits within the District the Circuits' contributions to the Connexion's Methodist Church Fund (MCF). These sums are collected as agent for the MCF and are passed to the MCF later in the same month as collected. Funds received by the District as agent are not recognised as an asset in the financial statements because the funds are not within its control. No fee is earned in respect of this agency arrangement and the District incurs no cost through this arrangement. A sum of £468,493 (£117,123 per quarter) passed through the District's Methodist Church Fund in 2019/20.

FUTURE PLANS

The District plans to continue with Transforming Lives and Communities and to develop the work of the Godly Play Bus which has been restricted because of the pandemic.

There will be continuing work in the North West Region.

There will be continuing work with ministerial appointments.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust and constitutes an unincorporated charity.

The Lancashire District of the Methodist Church is an unincorporated association and was established by a Deed of Union (1932) and is governed by The Methodist Church Act (1976). It is registered as a charity with the Charity Commission.

Charity constitution and governance

The District operates within a statutory framework of regulation and seeks to ensure that it follows Methodist Standing Orders. It relies on the Connexional Office at 25 Marylebone Road, London NW1 5JR to provide guidance on changes that could affect the District.

The members of the District Policy Committee (DPC) are the Trustees of the Lancashire Methodist District.

The members of the DPC are appointed annually by a vote of the Synod for a continuous term not normally exceeding six years. The Chair of District is ex officio chair of the DPC. When a position becomes vacant on the DPC, nominations are invited from ministers and lay members of Circuits within the District. The Chair of the District then shares with nominees what the roles involve. If they wish to be considered for a role, their names and reasoned statements are taken to the DPC and the District Synod for appointment. Members may be either ministers or lay people attending Churches in the area covered by the District.

The DPC normally meets four times per year and deals with routine and exceptional matters. It oversees the work of the Grants Committee, the Nomination Committee for District Chair, the University Chaplain Management Group, the Child Friendly Church Group, the Reconciliation Group, the Complaints Support Group, the Lay Workers Support Group, the Ministers' Development Review Group, the Property Consent Panel, the Property Management Group, the Review Group, the Safeguarding Group, the World Church Links and the Methodist Schools Visitors.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**REPORT OF THE TRUSTEES
for the Year Ended 31ST AUGUST 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Circuits are the coordinating charities for local groups of Churches; Circuits pay the stipends of the ministers and employ lay staff to serve the Churches in the Circuit; most decisions are made at or ratified by the four-/six-monthly Circuit Meetings. A District is the coordinating charity for a group of contiguous Circuits and makes its decisions at the half yearly Synods. The Methodist Conference meets once each year as the supreme denominational body for all Methodist Churches.

1. Overall regulatory authority rests with the Methodist Conference.
2. The Connexional Office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) in individual Circuits within the District.
3. Connexional decisions are passed to the Chair of the District and the appropriate officers of the District for implementation.
4. The District passes control down to Circuit level for local implementation by the Superintendent Minister, ministerial staff and Circuit Stewards, and authority is delegated to the Circuit Meeting for certain matters.
5. The Circuit Meeting passes regulatory control down to Church Councils for local implementation by the presbyter, the Church Stewards, and other officers, and this regulatory authority is then exercised by Church Councils as Managing Trustees of their charity.

Wider network

The District is an expression, over a wider geographical area than any Circuit, of the Connexional character of the Church.

The purposes of the Methodist Church are and shall be deemed to have been since the date of the union the advancement of:

- a. the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church, and
- b. any charitable purpose for the time being of any connexional, District, Circuit, local or other organisation of the Methodist Church, and
- c. any charitable purpose for the time being of any society or institution subsidiary or ancillary to the Methodist Church, and
- d. any purpose for the time being of any charity being a charity subsidiary or ancillary of the Methodist Church.

The primary purpose of this District is to advance the mission of the Methodist Church in Lancashire

1. by providing opportunities for Circuits to work together and support each other
2. by offering to Circuits resources of finance, personnel and expertise.

The District serves the Local Churches and Circuits and the Conference in the support, deployment and oversight of the various ministries of the Church, and in programmes of training.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The District is largely risk averse, but especially in making grants to entities embarking on new and imaginative initiatives, the District is prepared to underwrite considered risks. The District manages risks by being aware of them, quantifying their impact not only in cost terms but in possible reputational or structural damage, laying them off through an insurer and minimising them by not taking them or by setting up control systems which timeously report any significant change in the risk.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

REPORT OF THE TRUSTEES
for the Year Ended 31ST AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT
Responsibility of the District Policy Committee

- (i) to formulate and promote policies which will advance the mission of the Church in the Circuits and Local Churches and, in particular, to supervise the use of resources of personnel, property and finance and to assist Local Churches and Circuits having exceptional problems;
- (ii) to encourage inter-Circuit and ecumenical co-operation;
- (iii) to act in an executive capacity in matters remitted to the Committee by the Synod;
- (iv) to keep within its purview all District concerns not dealt with elsewhere;
- (v) to contribute and respond to the development of Connexional policies as reflected in the work of the Conference and the Methodist Council, and to carry out its other responsibilities with any such development in mind;
- (vi) to be aware that the stipend of the Chair of the District is set – currently by reference to the change over a year in the Consumer Price Index and to the annual change in the Average Weekly Earnings Index – using a formula that was agreed by the Methodist Conference for all ministers within the Connexion;
- (vii) constantly to be aware of and to take account of the public benefit guidance issued by the Charity Commission.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

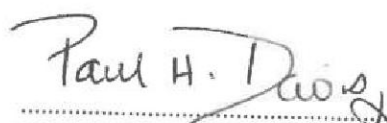
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition to the above, the Trustees are responsible for Health & Safety. Training in the responsibilities of Trustees is offered to all new trustees soon after their appointment.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 2 July 2021 and signed on its behalf by:


.....
Rev P H Davis - Chairman - Trustee

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

Independent examiner's report to the trustees of The Lancashire District of the Methodist Church in Great Britain

I report to the charity trustees on my examination of the accounts of The Lancashire District of the Methodist Church in Great Britain (the Trust) for the year ended 31st August 2020.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of FCA DChA which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



G R Maddock
FCA DChA
Whitehead & Howarth
327 Clifton Drive South
Lytham St Annes
Lancashire
FY8 1HN

Date: 5th July 2021

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31ST AUGUST 2020**

	Notes	Unrestricted funds £	Restricted funds £	31/8/20 Total funds £	31/8/19 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	36,881	-	36,881	40,525
Charitable activities	4				
Church activities		259,069	-	259,069	257,952
Investment income	3	9,748	224	9,972	10,745
Other income		49,011	7,419	56,430	38,857
Total		354,709	7,643	362,352	348,079
EXPENDITURE ON					
Charitable activities	5				
Ministry		138,633	-	138,633	126,516
Mission		138,586	182	138,768	143,387
Administration		29,384	-	29,384	20,641
Other		17,096	8,773	25,869	35,005
Manse		8,498	-	8,498	7,506
Total		332,197	8,955	341,152	333,055
Net gains/(losses) on investments		(11,448)	-	(11,448)	(867)
NET INCOME/(EXPENDITURE)		11,064	(1,312)	9,752	14,157
RECONCILIATION OF FUNDS					
Total funds brought forward		1,386,046	38,902	1,424,948	1,410,791
TOTAL FUNDS CARRIED FORWARD		1,397,110	37,590	1,434,700	1,424,948

The notes form part of these financial statements

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

BALANCE SHEET
31ST AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds £	31/8/20 Total funds £	31/8/19 Total funds £
FIXED ASSETS					
Tangible assets	12	447,773	-	447,773	447,773
CURRENT ASSETS					
Debtors	13	15,451	25	15,476	2,523
Investments	14	735,524	-	735,524	729,070
Cash at bank		204,217	37,565	241,782	250,292
		955,192	37,590	992,782	981,885
CREDITORS					
Amounts falling due within one year	15	(5,855)	-	(5,855)	(4,710)
NET CURRENT ASSETS		949,337	37,590	986,927	977,175
TOTAL ASSETS LESS CURRENT LIABILITIES		1,397,110	37,590	1,434,700	1,424,948
NET ASSETS		1,397,110	37,590	1,434,700	1,424,948
FUNDS	16				
Unrestricted funds				1,397,110	1,386,046
Restricted funds				37,590	38,902
TOTAL FUNDS				1,434,700	1,424,948

The financial statements were approved by the Board of Trustees and authorised for issue on 1st July 2021 and were signed on its behalf by:


.....
Mr A J Whitley FCMA - Trustee

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31ST AUGUST 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

Going concern

Based on the monetary assets and human resources available at 31 August 2020, the Trustees believe that the District is a going concern.

Content

The financial information presented is relevant, reliable, comparable and complete. Where estimates are used these are based on experience, research and judgement. The accounts are expressed in £Sterling, rounded to the nearest pound.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Revenue grants are recognised on a systematic basis over the periods in which the charity recognises the related costs for which the grant is intended to compensate.

A grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the company with no future related costs, is recognised in income in the period in which it becomes receivable.

Individual amounts categorised as Other income in the SOFA will be shown separately if they are considered material.

The District acts as agent in three matters:

1. the collection of quarterly assessments from circuits which are paid to the Methodist Church Fund
2. the payment of expenses of representatives from the District to the Methodist Conference
3. the collection taken at the spring synod on behalf of the Methodist Ministers' Children's Relief Fund

In all these matters the transactions are not reflected in the SOFA because there is no obligation on the District to make up any shortfall in assessments from Circuits. Sums received as Circuit assessments cannot be recognised as income in the District as they are the income of the MCF.

Volunteers

Every entity (Connexion, District, Circuit, Church) within the Methodist Church in Great Britain is heavily reliant on volunteers who contribute their skills, time and money in the furtherance of the work of the Church. Principally this contribution is by serving on committees of the District that deal with mission, manses, finance, policy, grants, training, development. We are grateful to all of them for their help and commitment. In accordance with the Charities SORP(FRSSE), the time of volunteers is not recognised and so no attempt has been made by this District to value these non-monetary contributions to the District in monetary terms

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

1. ACCOUNTING POLICIES - continued

Expenditure

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Most ordained presbyters and deacons are members of the Methodist Ministers' Pension Scheme (MMPS). This is a defined benefit scheme. The Supreme Court held in 2014 that Methodist ministers (which term includes presbyters and deacons) are not employees of the Church. For simplicity, however, when dealing with National Insurance Contributions and pension contributions, the terms 'employer' and 'employee' are used as they would be in an employing body.

On the other hand, lay employees are contractually employees and have the option of joining the Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC), The Pensions Trust or some other arrangement. PASLEMC is a defined benefit scheme and the employing Churches and Circuits contribute as employers to this scheme.

The Connexion accounts for both the MMPS and PASLEMC pension schemes and shows the figures in the annual Methodist Church in Great Britain accounts. The MMPS is in deficit but a plan for removal of the deficit has been proposed and is being implemented. Details of the deficits on these schemes can be found in the Annual Report and Accounts of The Methodist Church at www.methodist.org.uk

Tangible fixed assets

These are capitalised if they can be used for more than one year, and individually cost at least £1,000. The freehold property is shown in the accounts at 2015 deemed values, of which the land component is deemed to be £111,943. No depreciation is provided on the building because the trustees consider the current residual fair value of the manse buildings to be not less than their current value. Any depreciation would not be material. The property has been reviewed for impairment.

Investments

The investments of the Lancashire District are held by the Trustees for Methodist Church Purposes (TMCP) as custodian trustees. The valuations, at market value, are those provided by TMCP. The unrealised gains arising on investments at the end of the year are shown in the SOFA.

Debtors and creditors; bank and cash

Debtors are stated at the amounts owed to the District or prepaid. Creditors are initially recognised at settlement amount after any trade discounts, where normal credit terms apply, or amount advanced to the District. Subsequently creditors that are current liabilities are measured at the cash or other consideration expected to be paid. The liquid funds of bank balances and deposit account balances are shown at the realisable values.

Methodist Church Fund

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

The District acts as agent for the Methodist Church Fund (MCF) by collecting its assessments on Circuits and does not, therefore, include the assessments in the SOFA. If a Circuit is late in paying its MCF assessment to the District but such sum is received before the quarterly transfer to the MCF, the amount paid late will be shown as a debtor in the District's accounts. The sums received and paid during the year are shown in the Connected organisations and related parties note..

Ministers' manse costs

The District is required to provide accommodation for each Minister and his / her family. The District bears the cost of repairs, maintenance, building insurance, Council Tax and water charges. These costs are not shown separately as benefits-in-kind for Ministers as HMRC does not seek to tax these receipts in the hands of the Ministers.

2. DONATIONS AND LEGACIES

	31/8/20	31/8/19
	£	£
Donations	53	525
Grants	36,828	40,000
	<u>36,881</u>	<u>40,525</u>

Grants received, included in the above, are as follows:

	31/8/20	31/8/19
	£	£
HMRC Covid Grants	6,828	-
Connexion Grant re Godley Playbus	20,000	20,000
PDC Speculative Funding	10,000	-
Connexion Grant re NW Training	-	20,000
	<u>36,828</u>	<u>40,000</u>

3. INVESTMENT INCOME

	31/8/20	31/8/19
	£	£
Income from investments	<u>9,972</u>	<u>10,745</u>

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020**

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31/8/20 £	31/8/19 £
Assessments on circuits	Church activities	43,846	51,667
Connexional model trust funds	Church activities	75,594	58,206
Connexional priority fund	Church activities	98,509	108,523
Contribution to the cost of the chair	Church activities	41,120	39,556
		<u>259,069</u>	<u>257,952</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 6) £	Support costs (see note 7) £	Totals £
Ministry	67,708	70,925	-	138,633
Mission	76,183	62,585	-	138,768
Administration	26,384	-	3,000	29,384
Other	25,869	-	-	25,869
Manse	8,498	-	-	8,498
	<u>204,642</u>	<u>133,510</u>	<u>3,000</u>	<u>341,152</u>

6. GRANTS PAYABLE

Grants and donations totalling £179,010 were made during the year (2018/19 £181,868) as shown in the table below.

	<u>2019/20</u> £	<u>2018/19</u> £
<u>Unrestricted:</u>		
From General Fund	13,317	3,317
From District Advance Fund (DAF)		
to Circuits / Churches - Mission / Ministry	63,800	60,500
to Circuits / Churches - Property	45,925	45,500
to Circuits / Churches - General	5,000	5,000
to District Services - Mission / Ministry	42,500	30,000
to District Services - General	3,000	7,500
From Designated Funds (Unrestricted)	5,286	3,546
Sub total	178,828	155,363
<u>Restricted:</u>		
From N. W. Training Forum to Circuits / Churches	-	26,505
From Schools Support Fund	182	-
Sub total	182	26,505
Total	<u>179,010</u>	<u>181,868</u>

It should be noted that in the SOFA, grants from the DAF to District Services are treated as 'Transfers between Funds'.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

6. GRANTS PAYABLE - continued

The District Advance Fund receives formulaically determined contributions from the Circuit Model Trust Funds held by Circuits within the District and redistributes the monies to grantees in the District through relevant grants as assessed by the District Grants Committee. The Grants Committee is aware that grant applications must demonstrate public benefit.

7. SUPPORT COSTS

	Governance costs
Administration	£ 3,000
	<u> </u>

8. TRUSTEES' REMUNERATION AND BENEFITS

The only Trustees who are employees of the District are the District Safeguarding Officer and the Chair's PA/Administrator.

Trustees' expenses

It is District policy to offer to reimburse members of the District Policy Committee and others involved in the administration of District affairs for expenditure properly incurred in carrying out their duties.

The Chair of the District undertakes the primary executive role within the District. Apart from the Chair of District, the District Safeguarding Officer, and the Chair's PA, no member of the District Policy Committee was in receipt of any payment for work undertaken on behalf of the District, although certain travelling and administration costs were reimbursed whenever this was requested.

9. STAFF COSTS

	31/8/20	31/8/19
	£	£
Wages and salaries	99,996	71,025
Social security costs	3,217	2,596
Other pension costs	3,343	3,529
	<u>106,556</u>	<u>77,150</u>

It should be noted that wages includes travel, telephone and other expenses paid to staff.

There is no accrual for holiday pay as it is immaterial; the holiday year ends on 31 August. All staff are paid at or above the living wage.

The average monthly number of employees during the year was as follows:

	31/8/20	31/8/19
Admin, Layworker and Safeguarding	8	5
	<u> </u>	<u> </u>

No employees received emoluments in excess of £60,000.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	20,525	20,000	40,525
Charitable activities			
Church activities	257,952	-	257,952
Investment income	10,417	328	10,745
Other income	22,641	16,216	38,857
Total	311,535	36,544	348,079
EXPENDITURE ON			
Charitable activities			
Ministry	126,516	-	126,516
Mission	116,882	26,505	143,387
Administration	20,641	-	20,641
Other	20,321	14,684	35,005
Manse	7,506	-	7,506
Total	291,866	41,189	333,055
Net gains/(losses) on investments	(867)	-	(867)
NET INCOME/(EXPENDITURE)	18,802	(4,645)	14,157
Transfers between funds	(10,000)	10,000	-
Net movement in funds	8,802	5,355	14,157
RECONCILIATION OF FUNDS			
Total funds brought forward	1,377,244	33,547	1,410,791
TOTAL FUNDS CARRIED FORWARD	1,386,046	38,902	1,424,948

11. COST OF CHAIR

The Chair of District chairs meetings of the District Policy Committee (DPC). The members of the DPC are the trustees of the District. The stipend, employer's NIC and employer's pension contributions of the Chair of District are paid by the Methodist Connexion. The Chair's other costs are met by the District.

	2020 £	2019 £
Stipend to Chair	31,300	30,116
Employer's National Insurance Contribution	3,120	2,994
Employer's pension contribution to the defined benefit scheme	6,700	6,336
Cash cost paid by the Connexion	41,120	39,556
Chair's expenses	4,075	4,588
Total Cost	45,195	44,144

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

11. COST OF CHAIR - continued

Since the stipend-related costs above (i.e. £41,120) are borne by the Connexion, they appear both in the Income of the District and the Expenditure of the District. It should be noted that the chair is required to occupy the District manse. The manse is provided by the Lancashire District and the District maintains the property. The Chair of District is the sole paid key management person and is supported by members of the DPC.

No accrual is made for the Chair's entitlement to a sabbatical as his functions are undertaken by a Deputy Chair at minimal extra cost to the District.

12. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1st September 2019 and 31st August 2020	447,773
NET BOOK VALUE	
At 31st August 2020	447,773
At 31st August 2019	447,773

Included in cost or valuation of land and buildings is freehold land of £111,943 (2019 - £111,943) which is not depreciated.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/20	31/8/19
	£	£
Trade debtors	5,524	-
Prepayments and accrued income	9,952	2,523
	<u>15,476</u>	<u>2,523</u>

14. CURRENT ASSET INVESTMENTS

	31/8/20	31/8/19
	£	£
Unlisted investments	<u>735,524</u>	<u>729,070</u>

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/20	31/8/19
	£	£
Trade creditors	1,259	-
Other creditors	4,596	4,710
	<u>5,855</u>	<u>4,710</u>

16. MOVEMENT IN FUNDS

	At 1.9.19	Net movement in funds	Transfers between funds	At 31.8.20
	£	£	£	£
Unrestricted funds				
General fund	568,588	(80,050)	104,986	593,524
District Advance Fund	565,186	63,267	(45,500)	582,953
District Benevolent Fund	140,893	(9,676)	(2,971)	128,246
Chaplaincy Fund	18,101	232	(116)	18,217
Methodist Church Fund	45,546	41,089	(56,399)	30,236
District Youth Fund	47,732	(3,798)	-	43,934
	<u>1,386,046</u>	<u>11,064</u>	<u>-</u>	<u>1,397,110</u>
Restricted funds				
NW Training Forum	20,501	146	-	20,647
Schools Support Fund	10,406	(108)	-	10,298
World Church Fund	7,995	(1,350)	-	6,645
	<u>38,902</u>	<u>(1,312)</u>	<u>-</u>	<u>37,590</u>
TOTAL FUNDS	<u>1,424,948</u>	<u>9,752</u>	<u>-</u>	<u>1,434,700</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	127,721	(207,771)	-	(80,050)
District Advance Fund	179,122	(115,855)	-	63,267
District Benevolent Fund	3,302	(1,415)	(11,563)	(9,676)
Chaplaincy Fund	152	(35)	115	232
Methodist Church Fund	44,089	(3,000)	-	41,089
District Youth Fund	323	(4,121)	-	(3,798)
	<u>354,709</u>	<u>(332,197)</u>	<u>(11,448)</u>	<u>11,064</u>
Restricted funds				
NW Training Forum	147	(1)	-	146
Schools Support Fund	74	(182)	-	(108)
World Church Fund	7,422	(8,772)	-	(1,350)
	<u>7,643</u>	<u>(8,955)</u>	<u>-</u>	<u>(1,312)</u>
TOTAL FUNDS	<u>362,352</u>	<u>(341,152)</u>	<u>(11,448)</u>	<u>9,752</u>

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
General fund	572,913	(86,989)	82,663	568,587
District Advance Fund	542,873	59,812	(37,500)	565,185
District Benevolent Fund	143,969	308	(3,383)	140,894
Chaplaincy Fund	17,427	838	(163)	18,102
Methodist Church Fund	49,121	48,042	(51,617)	45,546
District Youth Fund	50,941	(3,209)	-	47,732
	<u>1,377,244</u>	<u>18,802</u>	<u>(10,000)</u>	<u>1,386,046</u>
Restricted funds				
NW Training Forum	26,733	(6,232)	-	20,501
Schools Support Fund	351	55	10,000	10,406
World Church Fund	6,463	1,532	-	7,995
	<u>33,547</u>	<u>(4,645)</u>	<u>10,000</u>	<u>38,902</u>
TOTAL FUNDS	<u>1,410,791</u>	<u>14,157</u>	<u>-</u>	<u>1,424,948</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	83,399	(170,388)	-	(86,989)
District Advance Fund	171,898	(112,086)	-	59,812
District Benevolent Fund	3,714	(1,864)	(1,542)	308
Chaplaincy Fund	198	(35)	675	838
Methodist Church Fund	51,989	(3,947)	-	48,042
District Youth Fund	337	(3,546)	-	(3,209)
	<u>311,535</u>	<u>(291,866)</u>	<u>(867)</u>	<u>18,802</u>
Restricted funds				
NW Training Forum	20,273	(26,505)	-	(6,232)
Schools Support Fund	55	-	-	55
World Church Fund	16,216	(14,684)	-	1,532
	<u>36,544</u>	<u>(41,189)</u>	<u>-</u>	<u>(4,645)</u>
TOTAL FUNDS	<u>348,079</u>	<u>(333,055)</u>	<u>(867)</u>	<u>14,157</u>

General Fund:

As the District's MCF and General Expenses Fund work together to collect Assessments from Circuits and fund the District's main activities, they combine to be classified as the District's General Fund. The purpose of the General Fund is to use at the discretion of the Trustees in the furtherance of the general objectives of the District.

Other Designated Funds:

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

16. MOVEMENT IN FUNDS - continued

The funds are to serve specific purposes but are not restricted by any document or deed to that purpose alone. These funds comprise:

District Youth Fund - This is used to fund projects which encourage and develop work with young people across the District, including a contribution to young people's events.

Chaplaincy Fund - Will be used in the near future to help fund the Lancaster University Chaplain post following the cessation of grant funding.

Benevolence Fund - The Fund is available for use across a range of cases of hardship, including ministers, lay-staff, lay-people and anyone in the community suffering hardship. It can also be used to support the consequences of national or global disasters. The sum in reserve is well in excess of the sums normally required and the District Team is looking at the Fund and how it could be used. In particular, there is a need to work with TMCP to find a way to release the constraints on the use of this Fund.

Restricted Funds:

The restricted funds are the School's Support Fund, the NW Training Forum which is being used to fund the Children and Youth Worker Enablers' training project across the North West region and a 'Connected Organisation' which is the 'Lancashire District World Church Fund'. This Fund is managed by a Committee reporting to the District Policy Committee, but its accounts are separately maintained and audited, before being brought into the District accounts.

Transfers between funds

During the year £45,500 (2018/19: £37,500) was awarded in grants to district services as follows:

to support the funding of the Lancaster University Chaplain	£ 10,000
to support the funding of the District Safeguarding Officer	3,000
to support the Godley Play Bus project	22,500
to support the funding of churches to tackle local poverty	10,000
In addition a sum of £3,087 (2018/19: £3,546) from interest on investments was transferred from unrestricted designated funds to the unrestricted General fund and to supplement funding for the day-to-day activities of the District. Also cash transfers totalling £60,000 was transferred from the unrestricted Methodist Church fund to the unrestricted General fund.	

17. CONTINGENT LIABILITIES

Grants are recognised annually only as and when any performance conditions attaching to the award are met, even when the award is for a recurrent grant over more than one year. All grants awarded for payment in future financial years are conditional on the Grants Committee being satisfied, on the basis of progress reports from the grantee, that the grant's achievements to date justify the payment of further instalments of that grant. Such commitments are noted as contingent liabilities and included within the District Advance Fund in these accounts, as follows:

Planned to be paid 2020/21	£ 159,299
Planned to be paid 2021/22	108,355
Planned to be paid 2022/23	65,216
Total commitment	<hr/> 332,870 <hr/>

This sum is comfortably within the balance of £582,953 held in the DAF at 31st August 2020 and further sums are expected to be credited to the DAF from CMTF Levies and CPF distribution in each of these years.

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31ST AUGUST 2020

18. CONNECTED ORGANISATIONS AND RELATED PARTY DISCLOSURES

All of the District trustees are members of one or another Church and Circuit within the District and may be trustees in their Churches and/or Circuits.

Connected organisations include the Methodist Connexion, Circuits and Churches within the District, other Methodist Districts in Great Britain, the CFB and TMCP. All of these entities have their own trustees or directors and autonomous administration such that Lancashire District has no significant influence over any of them, nor they over the Lancashire Methodist District. They are, therefore, not considered related parties.

Name of Connected Organisation	Receipts £	Payments £
Donee: Methodist Church Fund		
Donee: Churches within the Lancashire District (grants)		468,493
Donor / Donee: Circuits within the Lancashire District (levies / grants)	75,594	62,925
Donor / Donee: Connexional Priority Fund (Levy on sale)	98,509	46,800
Donor: Circuits within the Lancashire District (Assessments from Circuits)	512,339	
Total	<u>686,442</u>	<u>578,218</u>

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31ST AUGUST 2020**

	31/8/20 £	31/8/19 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	53	525
Grants	36,828	40,000
	<hr/> 36,881	<hr/> 40,525
Investment income		
Income from investments	9,972	10,745
Charitable activities		
Assessments on circuits	43,846	51,667
Connexional model trust funds	75,594	58,206
Connexional priority fund	98,509	108,523
Contribution to the cost of the chair	41,120	39,556
	<hr/> 259,069	<hr/> 257,952
Other income		
Other income	49,011	22,641
Connected organisations	7,419	16,216
	<hr/> 56,430	<hr/> 38,857
Total incoming resources	<hr/> 362,352	<hr/> 348,079
EXPENDITURE		
Charitable activities		
Wages	99,996	71,025
Social security	3,217	2,596
Pensions	3,343	3,529
Postage and stationery	1,693	2,276
Sundries	1,224	1,959
Cost of the chair	41,120	39,556
Property maintenance	2,700	1,618
Telephone and internet	1,497	1,401
IT and computer costs	1,677	1,111
Payroll administration	576	480
Other office expenses	259	278
Synods, committees and conference	1,841	2,849
Ministerial and lay training	9,737	6,777
TMCP admin charges	1,523	1,415
Godly play bus	13,169	30,205
School visits	-	410
Connected organisations	8,772	14,684
Insurance and ground rent	1,167	1,139
Carried forward	193,511	183,308

This page does not form part of the statutory financial statements

**THE LANCASHIRE DISTRICT OF THE METHODIST
CHURCH IN GREAT BRITAIN**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31ST AUGUST 2020**

	31/8/20 £	31/8/19 £
Charitable activities		
Brought forward	193,511	183,308
Council tax and water	4,530	4,749
Service charges	101	-
Finance administration	6,500	-
Grants to institutions	133,510	144,368
	<hr/> 338,152	<hr/> 332,425
Support costs		
Governance costs		
Independent examiners fee	3,000	630
	<hr/> 341,152	<hr/> 333,055
Total resources expended		
	<hr/> 21,200	<hr/> 15,024
Net income before gains and losses		
	<hr/> 21,200	<hr/> 15,024
Realised recognised gains and losses		
Realised gains/(losses) on fixed asset investments	(11,448)	(867)
	<hr/> (11,448)	<hr/> (867)
Net income	<hr/> 9,752	<hr/> 14,157