

REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2022
FOR
THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

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For the Year Ended 31st August 2022

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THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
REFERENCE AND ADMINISTRATIVE DETAILS
For the Year Ended 31st August 2022

TRUSTEES

Rev W Hunter
Rev S Smith
Rev A L Makin
Rev B Pettitt
Mr B Riley (Treasurer)
Rev K Hilsden
Rev S Wild
Mr D Leach
Miss M Dugdale
Mr C Fairclough
Mr G Kay
Rev P Gough (Chairman)
Mr R Hailwood
Rev R Ormrod
Mrs C Hothersall
Dr P Lumsden
Mr P Gorst

PRINCIPAL ADDRESS

523 Blackpool Road
Ashton On Ribble
Preston
Lancashire
PR2 1EQ

REGISTERED CHARITY NUMBER

1134584

INDEPENDENT EXAMINER

Arc Accountancy Solutions Limited
51 Laverton Road
Lytham St. Annes
Lancashire
FY8 1EN

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 2022

The trustees present their report with the financial statements of the charity for the year ended 31st August 2022. 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, administration, Safeguarding, Property and pastoral work in a variety of contexts.

Public benefit

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

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The District held Synods in Autumn and Spring, focussing on the 'Walking with Micah Project: becoming a justice-seeking church', and celebrating the ministry of the Chair who 'sat down' (retired) at the end of August 2022. Synod also endorsed the continued conversations with other Districts in the region towards a proposal that we amalgamate to become one new North West England District from September 2024. Further work, discussions and consultations will be necessary in the coming year.

The process of appointing a new Chair of District for an interim period, September 2022 to August 2024 was begun and completed, with a number of applications, and several shortlisted and interviewed, before designating the existing Deputy Chair as the new Chair from 1st September 2022.

FINANCIAL REVIEW

Financial position

During 2021/22, the Lancashire District received total income of £376,948 (2020/21: £356,138) and expended £298,733 (2020/21: £290,166). The resulting surplus was decreased by an unrealized net loss on investments of £17,386 (2020/21: £28,694 net gain), producing a net surplus of £60,829 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.

FINANCIAL

Financial position

To comply with the 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.

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

REPORT OF THE TRUSTEES

For the Year Ended 31st August 2022

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 2021-2022 on Lancashire District's TMCP invested funds was 0.56% 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 2022/23 are £124,722 so the actual reserve of £46,071 at 31st August 2022 is £14,891 more than the minimum reserve required of £31,181. This additional reserve will be used to help to minimise the increase in District Assessments for 2022/23 and beyond.

The Reserves Policy for the General Expenses Fund is to hold sufficient in reserve to cover six months' expenditure, ie £104,795 based on the 2022/23 Forecast. The year-end balance of £117,099 results in an excess of £12,304. 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 2022/23 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 2022, the Fund held a balance of £724,817, of which the sum of £116,155 was committed to future grants, leaving £608,662 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.

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 £47,457 (2020/21: £57,478). 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 2021/22 this sum was £73,040 and this was credited to the District Advance Fund (2020/21: £77,623). 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 £454,583 (£113,646 per quarter) passed through the District's Methodist Church Fund in 2021/22 (2020/21: £470,662).

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 IN GREAT BRITAIN

REPORT OF THE TRUSTEES

For the Year Ended 31st August 2022

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.

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.

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

REPORT OF THE TRUSTEES

For the Year Ended 31st August 2022

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.

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.

Jun 27, 2023

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



Rev P Gough - Chairman - Trustee

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
INDEPENDENT EXAMINER'S REPORT
For the Year Ended 31st August 2022

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 2022 which are set out on pages 7 – 21.

Responsibilities and basis of report

As the Charity's 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 the 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 the Institute of Chartered Accountants in England and Wales (ICAEW) 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 charity 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.



Leanne Nield ACA
Arc Accountancy Solutions Limited
51 Laverton Road
Lytham St. Annes
Lancashire
FY8 1EN

Jun 27, 2023
Date:

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended 31st August 2022

		Unrestricte d funds	Restricted funds	2022 Total funds	Reinstated 2021 Total funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	9,303	-	9,303	22,215
Charitable activities					
Church activities	5	302,939	-	302,939	280,642
Investment income	4	8,073	43	8,116	5,511
Other income	6	56,590	-	56,590	47,770
Total		<u>376,905</u>	<u>43</u>	<u>376,948</u>	<u>356,138</u>
EXPENDITURE ON					
Charitable activities					
	7				
Ministry		121,124	-	121,124	109,013
Mission		38,970	-	38,970	72,530
Administration		120,863	-	120,863	97,531
Other		1,045	-	1,045	2,832
Manses		16,731	-	16,731	8,260
Total		<u>298,733</u>	<u>-</u>	<u>298,733</u>	<u>290,166</u>
Net gains/(losses) on investments		(17,386)	-	(17,386)	28,694
NET INCOME/(EXPENDITURE)		<u>60,786</u>	<u>43</u>	<u>60,829</u>	<u>94,666</u>
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		<u>60,786</u>	<u>43</u>	<u>60,829</u>	<u>94,666</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		1,497,841	31,525	1,529,366	1,434,700
TOTAL FUNDS CARRIED FORWARD		<u>1,558,627</u>	<u>31,568</u>	<u>1,590,195</u>	<u>1,529,366</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

BALANCE SHEET

as at 31st August 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Tangible assets	14	447,773	-	447,773	447,773
CURRENT ASSETS					
Debtors	15	31,981	-	31,981	6,361
Investments	16	888,768	-	888,768	829,075
Cash at bank		197,269	31,568	228,837	259,894
		<u>1,118,018</u>	<u>31,568</u>	<u>1,149,586</u>	<u>1,095,330</u>
CREDITORS					
Amounts falling due within one year	17	(7,164)	-	(7,164)	(13,737)
NET CURRENT ASSETS		<u>1,110,854</u>	<u>31,568</u>	<u>1,142,422</u>	<u>1,081,593</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,558,852</u>	<u>31,568</u>	<u>1,590,420</u>	<u>1,529,366</u>
NET ASSETS		<u>1,558,627</u>	<u>31,568</u>	<u>1,590,195</u>	<u>1,529,366</u>
FUNDS	18				
Unrestricted funds				1,558,627	1,497,841
Restricted funds				31,568	31,525
TOTAL FUNDS				<u>1,590,195</u>	<u>1,529,366</u>

The charity was entitled to exemption from audit under s477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for complying with the requirements of the Companies Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to small companies subject to the small companies regime and in accordance with FRS102 SORP.

Jun 26, 2023

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



Ben Riley - Trustee

The notes form part of these financial statements

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
BALANCE SHEET
as at 31st August 2022

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st August 2022

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), 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 2022, 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 and development. We are grateful to all of them for their help and commitment. In accordance with the Charities SORP(FRS 102), 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 that 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.

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.

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

1. ACCOUNTING POLICIES – continued

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable 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 related.

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 term '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

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.

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

1. ACCOUNTING POLICIES - continued

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. PRIOR YEAR ADJUSTMENT

In the current year the Trustees were made aware that the Cost of the Chair paid by the Connexion in the prior year, totalling £42,151, had been categorised as a 'Ministry' expense. This should have been categorised as 'Administration' expenditure. There is nil impact of this adjustment on brought forward funds. The table below shows the adjustment made to the prior year comparative figures.

	Unrestricted funds	Restricted funds	Total 2020-21 as previously stated	Prior year adjustment	2020-21 as restated
	£	£	£	£	£
EXPENDITURE ON					
Charitable activities					
Ministry	151,164	-	151,164	(42,151)	109,013
Mission	64,876	7,654	72,530		72,530
Administration	55,380	-	55,380	42,151	97,531
Other	2,832	-	2,832		2,832
Manses	8,260	-	8,260		8,260
Total	282,512	7,654	290,166		290,166

3. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Donations	181	-	181	2,215
Grants	9,122	-	9,122	20,000
	<u>9,303</u>	<u>-</u>	<u>9,303</u>	<u>22,215</u>

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

	2022	2021
	£	£
Connexion Grant re Godley Play Bus	-	20,000
Mission in Britain grant re. Methodist Action on Poverty & Justice	9,122	-
	<u>9,122</u>	<u>20,000</u>

4. INVESTMENT INCOME

	2022	2021
	£	£
Income from investments	8,116	5,511
	<u>8,116</u>	<u>5,511</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

5. INCOME FROM CHARITABLE ACTIVITIES

		Unrestricted funds 2022 £	Total 2021 £
Assessments on circuits	Church activities	47,457	57,478
Connexional model trust funds	Church activities	73,040	77,623
Connexional priority fund	Church activities	139,701	103,390
Contribution to the cost of the chair	Church activities	42,741	42,151
		<u>302,939</u>	<u>280,642</u>

6. OTHER INCOME

	Unrestricted funds 2022 £	Total 2021 £
Circuit recharges re. Layworkers	52,213	42,312
District recharges re. Manse	4,377	5,386
Miscellaneous income	-	72
	<u>56,590</u>	<u>47,770</u>

7. CHARITABLE ACTIVITIES COSTS

	District costs 2022 £	Grant funding of activities (see note 8) 2022 £	Support costs (see note 9) 2022 £	Total 2022 £	Restated (see Note 2) 2021 £
Ministry	98,024	23,100	-	121,124	109,013
Mission	-	38,970	-	38,970	72,530
Administration	114,263	5,000	1,600	120,863	97,531
Other	1,045	-	-	1,045	2,832
Manses	16,731	-	-	16,731	8,260
	<u>230,063</u>	<u>67,070</u>	<u>1,600</u>	<u>298,733</u>	<u>290,166</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

8. GRANTS PAYABLE

Grants and donations totalling £141,070 were made to institutions during the year (2020/21 £129,090) as shown in the table below.

	2022	2021
	£	£
<u>Unrestricted</u>		
From General Fund	6,640	3,317
From District Advance Fund (DAF)		
to Circuits / Churches – Mission / Ministry	55,027	78,609
to Circuits / Churches – Property	-	-
to Circuits / Churches – General	5,000	5,000
to District Services – Mission / Ministry	57,500	32,500
to District Services – General	16,500	1,000
From Designated Funds (Unrestricted)	403	950
Subtotal	<u>141,070</u>	<u>121,376</u>
<u>Restricted</u>		
From World Church Fund	-	7,654
Subtotal	<u>-</u>	<u>7,654</u>
Total	<u>141,070</u>	<u>129,030</u>

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

9. CERTAIN TYPES OF EXPENDITURE

The fees for the independent examiner make up the entirety of the support costs within administration expenditure.

	2022	2021
	£	£
Independent examiner fees	1,600	350
Other fees for accountancy services	0	3,050
	<u>1,600</u>	<u>3,400</u>

10. 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.

In the year administration costs have been reimbursed to 0 trustees (2021: 2 trustees), the District Safeguarding Officer and the Chair's PA, totalling £nil (2021: £235).

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

11. STAFF COSTS

In the current year the Trustees were made aware that the District Property Secretary costs for 2020-21 were not included in the total staff costs note, totalling £6,974. They had been correctly included in the SOFA within Administration expenses, and therefore the adjustment required for the comparative figures is in this staff note alone. The table below shows the adjustment made in this staff note to the prior year comparative figures.

	Total 2020-21 as previously stated	Prior year adjustment	2020-21 as restated
	£	£	£
Wages and salaries	87,206	6,008	93,214
Social security costs	3,172	575	3,747
Other pension costs	4,037	361	4,398
Apprenticeship Levy	434	30	464
Total ministerial staff costs	94,849	6,974	101,823

	Ministry	Administration	2022	Restated 2021
	£	£	£	£
Wages and salaries	59,917	46,704	106,621	93,214
Social security costs	3,449	3,482	6,932	3,747
Other pension costs	5,545	2,802	8,347	4,398
Apprenticeship Levy	300	233	533	464
Total ministerial staff costs	69,211	53,222	122,433	101,823
Plus Chair costs (see Note 12)			42,741	42,151
Total ministerial staff costs including Chair			165,174	143,974
Expenses	351	4,993	5,344	2,388

There are £52,213 salary recharges from Circuits received (2021: £42,312) for circuit-based layworkers whose payroll is processed by Lancashire District. These costs therefore appear in the total ministerial staff costs above, along with their salary recharges from the Circuits shown in Note 6 - Other Income.

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 number of staff employed by the District during the financial year amounted to:

	2022	2021
Total	<u>8</u>	<u>7</u>

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

12. 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.

	2022	2021
	£	£
Stipend to Chair	32,451	32,074
Employer's National Insurance Contribution	3,343	3,211
Employer's pension contribution to the defined benefit scheme	<u>6,947</u>	<u>6,866</u>
Cash cost paid by the Connexion	42,741	42,151
Chair's expenses	4,424	2,100
Total cost	<u>47,165</u>	<u>44,251</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

12. COST OF CHAIR - continued

Since the stipend-related costs above (i.e. £42,741) 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 Disitrct 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.

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	2021 Unrestricted funds £	2021 Restricted funds £	Reinstated 2021 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	20,695	1,520	22,215
Charitable activities			
Church activities	280,642	-	280,642
Investment income	5,417	94	5,511
Other income	47,770	-	47,770
Total	354,524	1,614	356,138
EXPENDITURE ON			
Charitable activities			
Ministry	109,013	-	109,013
Mission	64,876	7,654	72,530
Administration	97,531	-	97,531
Other	2,832	-	2,832
Manses	8,260	-	8,260
Total	282,512	7,654	290,166
Net gains/(losses) on investments	28,694	-	28,694
NET INCOME/(EXPENDITURE)	100,706	(6,040)	94,666
Transfer between funds	25	(25)	-
NET MOVEMENT IN FUNDS	100,731	(6,065)	94,666
RECONCILIATION OF FUNDS			
Total funds brought forward	1,397,110	37,590	1,434,700
TOTAL FUNDS CARRIED FORWARD	1,497,841	31,525	1,529,366

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

14. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 st September 2021 and 31 st August 2022	<u>447,773</u>
NET BOOK VALUE	
At 31 st August 2022	<u>447,773</u>
At 31 st August 2021	<u>447,773</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	27,532	2,994
Prepayments and accrued income	<u>4,449</u>	<u>3,367</u>
	<u>31,981</u>	<u>6,361</u>

16. CURRENT ASSET INVESTMENTS

	2022	2021
	£	£
Unlisted investments	888,768	829,075
	<u>888,768</u>	<u>829,075</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	4,814	11,387
Other creditors	<u>2,350</u>	<u>2,350</u>
	<u>7,164</u>	<u>13,737</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st August 2022

18. MOVEMENT IN FUNDS

Income from investments

	At 01.09.2021 £	Net movement in funds £	Transfer between funds £	At 31.08.2022 £
Unrestricted funds				
General fund	580,583	(125,071)	134,177	589,689
District Advance Fund	647,781	168,536	(91,500)	724,817
District Benevolent Fund	156,243	(12,377)	(3,133)	140,733
Chaplaincy Fund	17,981	(1,750)	(74)	16,157
Methodist Church Fund	51,259	31,679	(36,867)	46,071
District Youth Fund	43,994	(231)	(2,603)	41,160
	<u>1,497,841</u>	<u>60,786</u>	<u>-</u>	<u>1,558,627</u>
Restricted funds				
NW Training Forum	20,675	-	-	20,675
Schools Support Fund	10,312	43	-	10,355
World Church Fund	538	-	-	538
	<u>31,525</u>	<u>43</u>	<u>-</u>	<u>31,568</u>
TOTAL FUNDS	<u><u>1,529,366</u></u>	<u><u>60,829</u></u>	<u><u>-</u></u>	<u><u>1,590,195</u></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	115,928	(240,999)	-	(125,071)
District Advance Fund	225,409	(56,873)	-	168,536
District Benevolent Fund	3,587	(407)	(15,557)	(12,377)
Chaplaincy Fund	130	(51)	(1,829)	(1,750)
Methodist Church Fund	31,679	-	-	31,679
District Youth Fund	172	(403)	-	(231)
	<u>376,905</u>	<u>(298,733)</u>	<u>(17,386)</u>	<u>60,786</u>
Restricted funds				
NW Training Forum	-	-	-	-
Schools Support Fund	43	-	-	43
World Church Fund	-	-	-	-
	<u>43</u>	<u>-</u>	<u>-</u>	<u>43</u>
TOTAL FUNDS	<u><u>376,948</u></u>	<u><u>(298,733)</u></u>	<u><u>(17,386)</u></u>	<u><u>60,829</u></u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st August 2022

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

Income from investments

	At 01.09.2020 £	Net movement in funds £	Transfer between funds £	At 31.08.2021 £
Unrestricted funds				
General fund	593,524	(63,662)	50,721	580,583
District Advance Fund	582,953	103,328	(38,500)	647,781
District Benevolent Fund	128,246	30,687	(2,690)	156,243
Chaplaincy Fund	18,217	(171)	(65)	17,981
Methodist Church Fund	30,236	30,464	(9,441)	51,259
District Youth Fund	43,934	60	-	43,994
	<u>1,397,110</u>	<u>100,706</u>	<u>25</u>	<u>1,497,841</u>
Restricted funds				
NW Training Forum	20,647	28	-	20,675
Schools Support Fund	10,298	14	-	10,312
World Church Fund	6,645	(6,082)	(25)	538
	<u>37,590</u>	<u>(6,040)</u>	<u>(25)</u>	<u>31,525</u>
TOTAL FUNDS	<u>1,434,700</u>	<u>94,666</u>	<u>-</u>	<u>1,529,366</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	137,861	(201,523)	-	(63,662)
District Advance Fund	183,103	(79,775)	-	103,328
District Benevolent Fund	2,934	(1,178)	28,931	30,687
Chaplaincy Fund	102	(36)	(237)	(171)
Methodist Church Fund	30,464	-	-	30,464
District Youth Fund	60	-	-	60
	<u>354,524</u>	<u>(282,512)</u>	<u>28,694</u>	<u>100,706</u>
Restricted funds				
NW Training Forum	28	-	-	28
Schools Support Fund	14	-	-	14
World Church Fund	1,572	(7,654)	-	(6,082)
	<u>1,614</u>	<u>(7,654)</u>	<u>-</u>	<u>(6,040)</u>
TOTAL FUNDS	<u>356,138</u>	<u>(290,166)</u>	<u>28,694</u>	<u>94,966</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 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.

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st August 2022

18. MOVEMENT IN FUNDS – continued

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 on 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.

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 the Lancashire District World Church Fund. This Fund is used to support our partner churches in Sierra Leone and Papua New Guinea. It is managed by a committee reporting to the District Policy Committee, and its accounts are separately maintained and audited, before being brought into the District accounts.

Transfers between funds

During the year £91,500 (2021: £38,500) was awarded in grants to district services as follows:

	£
to support the funding of the Lancaster University Chaplain	10,000
to support the closing of churches	25,000
preparation for a new district chair	7,000
to support the funding of the District Property Officer	22,000
to support the Godly Play Bus project	22,500
to support the funding of churches to tackle local poverty	5,000
In addition, a sum of £5,810 (2021: £2,755) from interest on investments was transferred from unrestricted designated funds to the unrestricted General Fund to supplement funding for the day-to-day activities of the District.	

19. CONTINGENT LIABILITIES

Grants are recognised annually only as and when 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 2022/23	108,155
Planned to be paid 2023/24	8,000
Planned to be paid 2024/25	-
Total commitment	<u>116,155</u>

This sum is comfortably within the balance of £724,817 held in the DAF at 31st August 2022 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
For the Year Ended 31st August 2022

20. 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 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		454,583
Donee: Churches within the Lancashire District (grants)		33,100
Donor / Donee: Circuits within the Lancashire District (levies / grants)	73,040	21,927
Donor / Donee: Connexional Priority Fund (Levy on sale)	139,701	
Donor: Circuits within the Lancashire District (Assessments from Circuits)	502,040	
TOTAL	<u>714,781</u>	<u>509,610</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the Year Ended 31st August 2022

	2022 £	2021 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	181	2,215
Grants	9,122	20,000
	<u>9,303</u>	<u>22,215</u>
Investment income		
Income from investments	8,116	5,511
Charitable activities		
Assessments on circuits	47,457	57,478
Connexional model trust funds	73,040	77,623
Connexional priority fund	139,701	103,390
Contribution to the cost of the chair	42,741	42,151
	<u>302,939</u>	<u>280,642</u>
Other income		
Other income	56,590	47,770
	<u>56,590</u>	<u>47,770</u>
Total incoming resources	<u>376,948</u>	<u>356,138</u>
EXPENDITURE		
Charitable activities		
<i>Staff costs paid by the District</i>		
Wages	88,175	87,640
Social security	5,064	3,172
Pensions	7,224	4,037
<i>Ministry</i>		
Godly Play Bus	23,968	20,454
Ministerial and lay training	4,845	98
<i>Administration</i>		
Cost of the chair incurred by the Connexion	42,741	42,151
Chair expenses	4,424	2,100
Property secretary reimbursement	21,970	6,974
Property secretary expenses	569	288
Postage and stationery	185	913
Telephone and internet	1,311	1,102
IT and computer costs	1,538	1,567
Payroll administration	480	576
Other office expenses	471	437
Other staff expenses	351	-
Synods, committees and conference	-	631
TMCP admin charges	2,363	1,471
Service charges	108	23
Finance administration	6,500	6,500
<i>Manses</i>		
Property maintenance	11,674	3,090
Insurance and ground rent	971	375
Council tax and water	4,086	4,795
<i>Other</i>		
Sundries	1,045	2,832
<i>Grant funding of activities</i>		
Grants to institutions	67,070	95,530
	<u>297,133</u>	<u>286,766</u>
Support costs – Governance costs		
Independent examiners fee	1,600	3,400
Total resources expended	<u>298,733</u>	<u>290,166</u>
Net income before gains and losses	<u>78,215</u>	<u>65,972</u>
Realised gains/(losses) on fixed asset investments	(17,386)	28,694
Net income	<u>60,829</u>	<u>94,666</u>

THE LANCASHIRE DISTRICT OF THE METHODIST CHURCH IN GREAT BRITAIN
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended 31st August 2022