

20. Unified Statement of Connexional Finances

Contact name and details	Maureen Sebanakitta, Director of Financial Operations sebanakittam@methodistchurch.org.uk
Resolution	20/1. The Conference receives the Report as the Unified Statement of Connexional Finances required by SO 360.

Summary of content

Subject and aims	Summary extracts of the full consolidated accounts of the Methodist Church in Britain for 2014/15 which were adopted by the Methodist Council and are presented to the Conference as the unified statement of connexional finances required by Standing Order 360.
Main points	These accounts consolidate figures for a wide variety of Methodist activities and entities.
Background context and relevant documents	<p>When the Methodist Church in Great Britain was registered with the Charity Commission it was agreed that the accounts of the registered charity would be those of the Methodist Council. The full consolidated accounts were presented to the Council and adopted by the Council under SO 212(1). They are available for scrutiny on the Methodist Church website and in printed form from the contact named at the head of this Report.</p> <p>Under SO 360 the Council has to present to the Conference a "unified statement of connexional finances ... so as to give an overall view of those moneys and other assets for which the council is responsible".</p> <p>This Report consists of extracts from the full consolidated accounts which provide a summary of them to meet that requirement. It is submitted to the Conference as the trustee body of the registered charity.</p>

Unified Statement of Connexional Finances

1. Strategic objectives, aims and purposes of the Methodist Church in Great Britain

The activities covered in these accounts fall within the work of the Methodist Church. The strategic objectives of the Methodist Church in Great Britain ("the Methodist Church") are directly linked to its aims. They are:

- Worship – to increase awareness of God’s presence and to celebrate God’s love;
- Learning and Caring – to help people to learn and grow as Christians, through mutual support and care;
- Service – to be a good neighbour to people in need and to challenge injustice; and
- Evangelism – to make more followers of Jesus Christ.

2. Public Benefit Requirement

The trustees of the Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011. This guidance sets out two key principles:

- the organisation must have an identifiable benefit;
- the benefit must be to the public or a section of the public.

The Church exists, inter alia, to:

- increase awareness of God’s presence and to celebrate God’s love;
- help people to learn and grow as Christians through mutual support and care; and
- be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

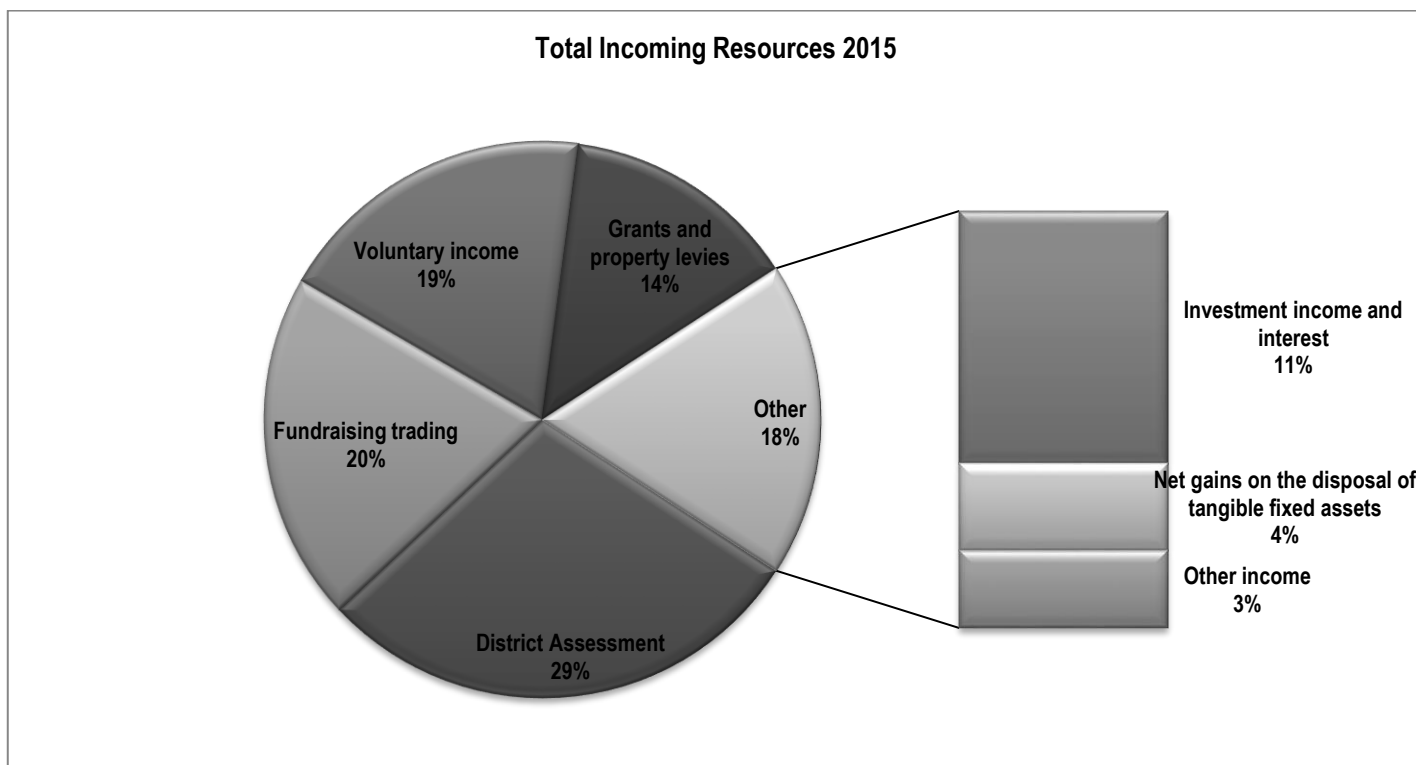
3. Financial Review

The activities covered in these consolidated accounts are those under the oversight of the Methodist Council. The Methodist Church in Great Britain is the registered charity and the Charity Commission have agreed that these accounts can properly serve as the accounts of the charity.

At the end of the year, the Church recorded a net surplus before transfers and revaluations of £5.9 million (2014: £2.1 million). Total incoming resources for the year were £44.3 million, an increase of 7% compared to the previous year (2014: £41.5 million). Total resources expended fell by 3% to £38.5 million (2014: £39.5 million).

4. Incoming resources

Total income grew by 7% bolstered by a growth in income from fundraising trading, legacies and property levies. The sale of a number of our properties injected a disposal surplus of £1.7 million.

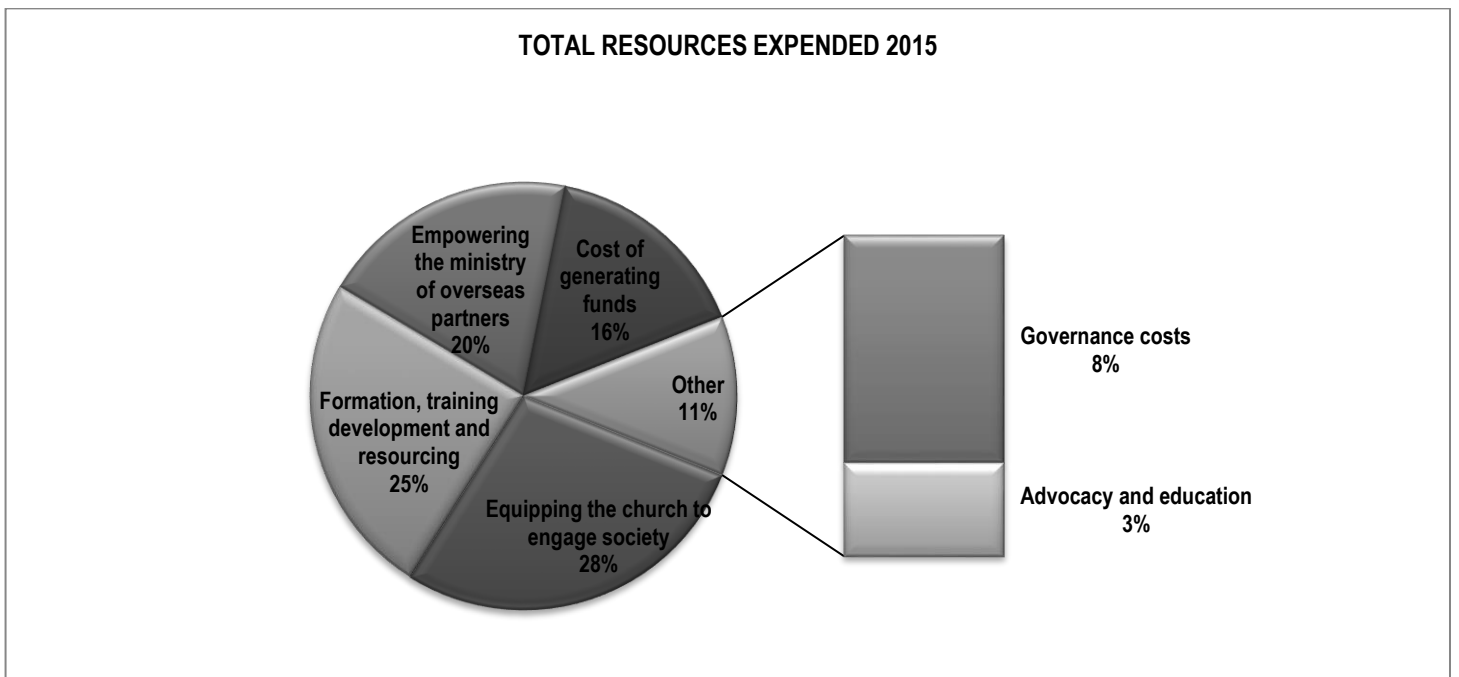


5. Resources expended

Total resources expended were £38.5 million, a decrease of 3% compared to the previous year. Of this, £28.2 million was spent directly on charitable activities. This includes all amounts spent in furtherance of our mission including grants, direct programme activity and support costs.

A detailed analysis of the income is provided in Notes 2-5 (pages 51-52) and analysis of expenditure by activity is presented in Notes 6-7 (pages 53-55). The accounts can be viewed online by following this link: www.methodist.org.uk/ministers-and-office-holders/finance-and-treasurers/financial-accounts-trustees-report.

The balance sheet for the charity shows net assets of £185 million (2014: 175 million), representing the operational working capital and reserves necessary to deliver the Church's Mission.



6. Investments

As at 31 August 2015, we held fixed asset investments with a market value of £165 million (2014: £160 million). The Investment Committee regularly reviews our investment portfolio and performs an annual review of our investment policy. Our investment objective is to seek an optimal return from income and capital combined. The Investment Committee is satisfied with the overall performance of the investment portfolio against agreed benchmarks.

7. The Methodist Church in Great Britain Consolidated Statement of Financial Activities for the year ended 31 August 2015

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2015 Total £000	2014 Total £000
Incoming resources					
Incoming resources from generated funds					
District Assessment	12,810			12,810	12,582
Voluntary income	642	7,674		8,316	7,474
Investment income and interest	1,251	3,634		4,885	4,975
Activities for generating funds					
Fundraising trading	663	8,289		8,952	8,223
Incoming resources from charitable activities					
Capital levies and grants	5,538	606		6,144	5,588
Other income	546	924		1,470	2,705
Other incoming resources					
Gain on the disposal of tangible fixed assets		1,764		1,764	-
Total incoming resources	21,450	22,891	-	44,341	41,547
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	274	27		301	327
Fundraising trading	457	5,312		5,769	5,474
Investment management	105	182	25	312	309
Total costs of generating funds	836	5,521	25	6,382	6,110
Charitable activities					
Equipping the church to engage society	7,183	3,502		10,685	11,130
Formation, training development and resourcing	4,999	3,974	2	8,975	9,747
Empowering the ministry of overseas partners	1,160	6,386		7,546	7,832
Advocacy and education	1,302	159		1,461	1,404
Total charitable activities	14,644	14,021	2	28,667	30,113
Governance costs	3,064	368		3,432	3,217
Loss on the disposal of tangible fixed assets				-	33
Total resources expended	18,544	19,910	27	38,481	39,473
Net incoming / (outgoing) resources before transfers	2,906	2,981	(27)	5,860	2,074
Gross transfers between funds	130	(314)	184	-	-
Net incoming / (outgoing) resources after transfers and before other recognised gains and losses	3,036	2,668	157	5,860	2,074
Gains on revaluations and disposals of investment assets	68	4,285	74	4,427	12,441
Actuarial losses on defined benefit pension schemes				-	(44)
Net movement in funds	3,104	6,953	231	10,287	14,471
Total funds brought forward as at 1 September	50,284	109,329	15,605	175,218	160,747
Total funds carried forward as at 31 August	53,388	116,282	15,836	185,505	175,218

8. The Methodist Church in Great Britain Balance Sheet as at 31 August 2015

	2015	2014
	£000	£000
Fixed assets		
Tangible assets	25,540	21,038
Investments	163,743	159,674
	<u>189,283</u>	<u>180,712</u>
Current assets		
Stocks	189	210
Asset held for sale	1,000	220
Debtors	6,190	4,878
Short term deposits	5,478	7,399
Cash at bank and in hand	3,405	3,718
Total current assets	<u>16,262</u>	<u>16,425</u>
Creditors		
Amounts falling due within 1 year	(9,007)	(12,049)
	<u>7,255</u>	<u>4,376</u>
Net current assets		
	<u>196,538</u>	<u>185,088</u>
Creditors		
Amounts falling due after more than 1 year	(9,004)	(7,674)
	<u>187,534</u>	<u>177,414</u>
Net assets excluding pension liability		
Defined benefit pension scheme liability	(2,029)	(2,196)
	<u>185,505</u>	<u>175,218</u>
Net assets including pension liability		
Funds		
Unrestricted funds	53,388	50,284
Restricted funds	116,281	109,329
Endowment funds	15,836	15,605
Total funds	<u><u>185,505</u></u>	<u><u>175,218</u></u>

Please follow this link to view the full consolidated accounts online: www.methodist.org.uk/ministers-and-office-holders/finance-and-treasurers/financial-accounts-trustees-report

9. Provision of information to the auditor

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditor is unaware. The Trustees have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

10. Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report 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 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 the group and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) observe the methods and principles in the Charities SORP;
- c) make judgements and estimates that are reasonable and prudent;
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e) 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 that disclose with reasonable accuracy at any time the financial position of the charity and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

11. Auditor

A resolution proposing the re-appointment of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor to the charity was approved by the Methodist Council.

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

The Reverend Ruth M Gee
Chair of the Council

27 January 2016

*****RESOLUTION**

20/1. The Conference received the Report as the Unified Statement of Connexional Finances required by SO 360.

The Methodist Church in Great Britain

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain

We have audited the financial statements of The Methodist Church in Great Britain for the year ended 31 August 2015 on pages 40-78. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 38 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2015 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP) Statutory Auditor
Chartered Accountants
Hartwell House
55 – 61 Victoria Street
Bristol, BS1 6AD

Date:

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.