

REGISTERED CHARITY NUMBER: 1134167

**Birmingham District of the  
Methodist Church**  
Report of the Trustees and  
Audited Financial Statements for the Year Ended 31 August 2017

**Birmingham District of the  
Methodist Church**

**Contents of the Financial Statements  
for the Year Ended 31 August 2017**

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**Birmingham District of the  
Methodist Church**

**Report of the Trustees  
for the Year Ended 31 August 2017**

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The trustees present their report with the financial statements of the charity for the year ended 31 August 2017. 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 2015).

**OBJECTIVES AND ACTIVITIES**

**Birmingham District policy statement**

The Birmingham Methodist District seeks to grow disciples of Jesus Christ for the Kingdom of God through strategic planning and equipping leaders towards growth:

- in numbers of new disciples
- in depth of discipleship,
- in transformation of communities and society

with these concrete missional goals for 2017-2020:

- to start eight new congregations through lay and clergy pioneering
- to teach every member how to share their faith and invite new people
- to expand every congregation's commitment to radical inclusion and hospitality
- whilst affirming ministry across generations, to prioritise ministry with children, youth, and young adults
- to live out mission and justice beyond the walls of our buildings
- to build clear discipleship pathways that develop the ministry of all Christians

**Public benefit**

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commissioners' general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing our objectives, in accordance with the Charities Act 2011.

As well as supporting the circuits and churches within the Birmingham Methodist District, the District supervises various projects for the benefit of the public. Such district projects include:

- the provision of a Mission Adviser, Rev Trey Hall, who is encouraging and inspiring us all towards the achievement of our objectives. Trey is the driving force behind a new church plant in the city centre called New Inclusive Church Birmingham. Trey is also the co-ordinator of our new district project Church Without Walls
- the appointment of a pastor/co-ordinator, Mr Hans Njoh, for the Cameroonian Christian Fellowship, whose role is to foster links between the Methodist Church and Cameroonian Christians in the UK
- providing funding and support for Jazz Community Church. Jazz Community Church is a creative and inclusive community of people seeking to follow Jesus by contributing to a better world
- the provision of chaplaincy at the NEC. Rev David Butterworth works as a chaplain at the NEC, where he offers support to employees and visitors, as well as liaising with board directors, HR consultants and events managers
- the co-ordination of chaplaincy across the Birmingham District. Rev David Butterworth is in regular contact, at least monthly, with more than 50 volunteer and paid chaplains at institutions in the Birmingham District, providing information, training opportunities and support
- the provision of a Safeguarding Officer. Mrs Sue Holder ensures that regulations relating to Safeguarding are properly fulfilled. She provides Safeguarding training to circuit staff and church leaders
- support for refugees. The District is hoping to provide a home to a Syrian refugee family, under the Community Sponsorship programme. Donations for this purpose are being held within a ring-fenced fund. Accommodation has been identified, and our dreams are close to fruition
- issues relating to modern slavery, including human trafficking. The District project "Adavu" seeks to raise awareness levels relating to modern slavery. Through external funding, Adavu is currently financing the work of a case worker to help adult victims of modern slavery
- the provision of chaplaincy at four major Higher Education institutions, namely: University of Birmingham, University of Aston, University of Worcester and the Universities of Warwick/Coventry
- acting as managing trustees for Wesley International House, a property owned by Birmingham Methodist District, and supporting Birmingham International Student Homes, the charity which administers the management of two Methodist buildings providing accommodation for international students of different faiths within a safe and supportive environment

## **OBJECTIVES AND ACTIVITIES**

### **Grantmaking**

The Birmingham District grants committee meets twice a year to consider grants to be paid out of the District Advance Fund. Applications from Methodist circuits and churches are considered, as well as grants for district projects. Grants are prioritised to target situations that have growth potential, in line with our district policy statement. Where grants are payable over a period of years, project reporting is required to demonstrate that the ongoing work fulfils the aims of growth set out in the district policy statement. Reimbursements towards the cost of training courses aimed at developing the spiritual growth individuals (ordained or lay) are made from the General Fund. Payments from the Benevolent Fund, for reimbursement of expenses incurred in cases of hardship or need, are made at the Chair's discretion.

### **Volunteers**

Birmingham Methodist District is heavily reliant on volunteers, at church, circuit and district level. Volunteers give their time and skills to further of the aims of the District. Much of this work is by serving on committees and by acting as trustees. The District is grateful to all of them for their help and commitment.

### **Trustees**

Reimbursements of expenses paid to trustees are disclosed in the notes to the accounts. Payments to trustees for services that are required by the District are also disclosed in the accounts. The District Council ensures that any such services are in the best interests of the District. Measures are in place to ensure that no conflict of interest arises from any such payment.

## **ACHIEVEMENT AND PERFORMANCE**

### **Charitable activities**

In the year to 31 August 2017 resources have been deployed in the following ways:

- new church planting, in particular New Inclusive Church Birmingham
- support for Jazz Community Church
- forging links with Cameroonian, Zimbabwean and Chinese Christians in the UK
- providing funding for the work of our District Mission Adviser
- providing a grant for the work of our chaplaincy officer/NEC chaplain, Rev David Butterworth
- providing grants for the work of chaplaincy at universities
- providing funding for the employment of a Safeguarding officer, Mrs Sue Holder
- supporting refugees and working with Birmingham City Council towards providing a home for a refugee family
- providing grants to circuits and churches for mission and property projects which fulfil the aims of growth as set out in our mission statement.
- financial support for individuals' training courses
- support for Birmingham International Student Homes
- support for the Adavu project, which raises awareness towards issues relating to modern slavery and which, through a caseworker, supports adult victims of modern slavery
- organising collections for national appeals, eg Grenfell Tower

Our charitable activities have been carried out within the framework of our policy statement, namely with the aim of growth, not only within Methodism in Birmingham but also growth in the outworking of our discipleship, by seeking to work for the public benefit of the community around us. Our chaplaincy and other projects demonstrate our aim to show the love of Jesus Christ outside the church walls.

## **FINANCIAL REVIEW**

### **Financial position**

During the year the District received total income from all sources amounting to £871k (2016 - £804k) and disbursed £816k (2016 - £878k), giving a net surplus of income over expenditure of £56k (2016 excess of expenditure over income - £74k). Total reserves at 31 August 2017 were £4,613k (2016 - £4,057k). The principal reasons for the net increase in reserves were as follows: Wesley International House was revalued, accounting for £500k of the increase, and significant grant income was received from external sources for the Adavu Project. Four new ring-fenced funds have been established during the year: a "sinking fund" towards future improvements to the district manse, and three new funds to reflect the income and expenditure of three new district projects - the Cameroonian Fellowship, New Inclusive Church and Church Without Walls.

Except as noted above, other funds remained more or less stable during the year. No fund was in deficit at the year end.

The District continues to hold two freehold properties: the District manse at 36 Amesbury Road and Wesley International House (one of two Methodist properties in Birmingham managed by Birmingham International Student Homes, a separate charity). The trustees have agreed the fair value of the District manse as £750,000. The value of Wesley International House has been increased by £500,000 to £3,000,000, as agreed by the trustees. The combined amount of £3,750,000 is shown as Tangible Fixed Assets, with a corresponding amount of £3,750,000 held in the Capital Revaluation Reserve.

The trustees of the District have every reason to believe that the District is a going concern. The circuits continue to meet their assessments, and reserves are considered to be adequate to cover shortfalls, should they arise. There are no subsidiary undertakings. The trustees do not foresee any factors that will significantly affect the financial performance or position in the next year or two.

### **Investment policy and objectives**

To comply with Methodist Standing Orders, money for long term investment is lodged with TMCP "Trustees for Methodist Church Purposes" or with CFB "Central Finance Board of the Methodist Church. TMCP is the legal owner and custodian trustee of all Methodist Model Trust property, including legacies, endowments and accumulated funds. CFB manages a common deposit fund and a series of pooled investment funds for Methodist entities in Great Britain. Interest rates from deposits with TMCP and CFB reflect deposit rates available elsewhere. The investment policy of Birmingham Methodist District is aligned with those of TMCP and CFB, who take into account the social, environmental and ethical considerations that make investments suitable for the Methodist Church.

Interest received during the year ended 31 August 2017 was £4,114 (2016 - £5,327).

## **FINANCIAL REVIEW**

### **Reserves policy**

Income in the General Fund is derived principally from circuit contributions (also known as assessments), received quarterly. The majority of this income is paid over, also quarterly, to the central Methodist Church Fund, the balance of circuit contributions being held within the General Fund, to finance the day-to-day running costs of the District. The District does not seek to make a profit from the circuits, and the trustees consider that the General Fund reserves should be in the region of £50k - £60k, to reduce in time to around £50,000. Contributions from circuits are not always received before the quarterly amount to the Methodist Church Fund falls due by the District, therefore it is felt that holding reserves of £50k would cover timing differences and potential shortfalls.

The Designated Fund as at 31 August 2017 comprises transfers from the General Fund in recent years, to cover certain known costs which will arise in the five year period to 31 August 2022, as detailed in the notes to the financial statements. The reserves policy for the Designated Fund is that the District will review the position at the end of each year, and any money not spent on the purpose for which it was intended will be returned to the General Fund.

Income in the District Advance Fund is derived principally from distributions from the Connexional Priority Fund (ie from central Methodist sources) and from levies on trust funds held at circuit level (ie from local Methodist sources). The principal purpose of the District Advance Fund is to award grants, in accordance with specific guidelines, covering future periods of up to five years. Reserves held in the District Advance Fund will be sufficient to cover the future grant commitments from that fund. The reserves policy of the District Advance Fund is that any point in time, the total of the future commitments from the District Advance Fund will not exceed the cash held within that fund. At the same time, the District ensures that future grant commitments almost match the amount held within the District Advance Fund, meaning that there will not be excess reserves held within the District Advance Fund.

Income into the Chaplaincy Fund is derived partly from external sources and partly from transfers from the District Advance Fund. The purpose of the fund is to finance the work of the NEC Chaplain/District chaplaincy co-ordinator and certain costs of the manse in which he lives, together with the employment costs of the assistant for this project. Connexional funding for this project is paid firstly into the District Advance Fund, which transfers sums into the Chaplaincy Fund sufficient to meet the costs of the Chaplaincy Fund for the year ahead. Money received from external sources into the Chaplaincy fund is ring-fenced for the purpose of the fund. The balance held within the Chaplaincy Fund is reviewed annually, and surplus amounts could be transferred back to the District Advance Fund, provided they do not represent any ring-fenced donations/grants.

The Mission Fund finances the work of the Mission Advisor. Money from the District Advance Fund, sufficient to meet the costs of the year ahead, is transferred into the Mission Fund at the start of the financial year. The reserves policy for the Mission Fund is that the reserves should not be allowed to build up within the Mission Fund, so that surplus amounts in this fund can be transferred back to the District Advance Fund.

The Safeguarding Fund finances the work of the Safeguarding Officer. Money from the District Advance Fund, sufficient to meet the costs of the year ahead, is transferred into the Safeguarding Fund at the start of the financial year. The reserves policy for the Safeguarding Fund is that the reserves should not be allowed to build up within the Safeguarding Fund, so that surplus amounts in this fund can be transferred back to the District Advance Fund.

The Benevolent Fund is for use at the Chair's discretion, to reimburse costs incurred in cases of hardship and need. The amount currently held in this fund is thought to be adequate for the purposes for which it is intended. Transfers from the General Fund will be made at a future date, as required.

The Refugee Fund comprises donations received from individuals and organisations for the purpose of supporting a Syrian refugee family. As at the balance sheet date, no money had been paid out of this fund. However, during the year to 31 August 2018, significant payments will be made, following the arrival of our family. The reserves policy is that all such donations are held within the ring-fenced Refugee Fund, to be used for its specific purpose.

The Adavu project seeks to help victims of modern slavery and to raise awareness levels relating to this subject. Grants have been received from external funders for specific purposes, together with donations from individuals and organisations. Such grants/donations are held within the Adavu Fund and are used for the work of the Adavu project. The reserves policy of the Adavu Fund is to hold all grants and donations within the ring-fenced fund, to be used for the specific purposes of those donations/grants.

The Manse Major Repair Fund seeks to build up a reserve, by means of annual transfers from the Designated Fund, to be used for any significant costs that may arise in the future relating to the district manse.

## **FINANCIAL REVIEW**

### **Reserves policy**

The Cameroonian Fund finances the work of the Cameroonian Christian Fellowship. This is a new district project in 2017-18 whose aim is to integrate Cameroonian Christians into the Methodist Church. Income is derived principally from a Methodist connexional grant, together with contributions from the District Advance Fund and from the Birmingham (West) and Oldbury Circuit, where the project is based. The reserves policy of the Cameroonian Fund is to hold the grant money within the ring-fenced fund, to be used for the specific purposes of the grant.

The New Inclusive Church Fund finances the work a new congregation in central Birmingham. This is a new district project in 2017-18 to start a bold, truly inclusive and relevant faith community for the 21st century. Initial funds have been received from other Methodist sources together with a transfer from the District Advance Fund. The reserves policy of the New Inclusive Church Fund is to hold all grants and donations within the ring-fenced fund, to be used for the specific purposes of those grants.

The Church Without Walls Fund holds money transferred from the District Advance Fund, to be used to help individual Methodist churches to plan specific mission projects whose aim is to take the gospel outside the church walls. The reserves policy of the Church Without Walls Fund is that surplus amounts in this fund at the end of the project can be transferred back to the District Advance Fund.

## **FUTURE PLANS**

After the end of the financial year, the following developments are reported:

- imminent arrival of Syrian refugee family
- DAF grants awarded for chaplaincy work, property projects and district projects
- an exchange visit is being planned with the Methodist Church in Berlin
- the work of the Cameroonian Fellowship is flourishing
- plans for representatives from the District to visit our mission partners in Zimbabwe

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing document**

The charity is governed by the Deed of Union (1932) and the Methodist Church Act (1976).

### **Organisational structure**

Individual Methodist churches are grouped within circuits, which are in turn grouped within districts. All districts, circuits and churches are part of the Methodist "Connexion" (see 'Related parties' section on page 6). Overall regulatory authority rests with the Methodist Conference, which meets once a year. The Connexional Office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) within circuits. Connexional decisions are passed to the districts for implementation. The District Synod meets twice a year.

### **Governance**

The District operates within a statutory framework of regulation and seeks to ensure that it follows Methodist Standing Orders.

### **Management**

The District Council meets four times a year. The responsibilities of the District Council, as laid down in Methodist Standing Orders, are as follows:

- 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
- to encourage inter-circuit and ecumenical co-operation
- to act in an executive capacity remitted to the Council by the Synod
- to keep within its purview all district concerns not dealt with elsewhere
- to contribute and respond, as the case may be, 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

The District Council oversees the work of the District Grants Committee, finance, property, the District manse and office, stationing, Safeguarding, authorisations to preside at communion, extensions to local preacher training and other matters as necessary.

**Birmingham District of the  
Methodist Church**

**Report of the Trustees  
for the Year Ended 31 August 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Related parties**

Methodist entities, whether they be districts, circuits or churches, are obliged to register as individual charities if they meet the requirements of registration laid down by the Charity Commission.

Birmingham Methodist District receives income from the eleven circuits within the Birmingham District. All of these circuits are individual registered charities (or are in the process of registration). Contributions received quarterly, sometimes known as "the assessment", is used to pay a quarterly sum to the central Methodist Church Fund and to meet the day-to-day running costs of the District. In the year to 31 August 2017 income from circuit assessments totalled £544,500 (2016- £530,000). In addition, the District receives from each circuit holding a Circuit Model Trust Fund (CMTF) a levy based on the size of the CMTF at the start of the year. In the year to 31 August 2017, the total levy, credited automatically to the District Advance Fund by TMCP, was £65,729 (2016 - £123,987).

Methodist Church in Britain (MCB) is the largest Methodist entity, based at 25 Marylebone Road, London, and is an individual charity. Birmingham Methodist District pays money quarterly to the Methodist Church Fund, which is used for financing the running costs of MCB. The District Advance Fund receives annual grant income from the Connexional Priority Fund, held within the accounts of MCB. In the year to 31 August 2017 £133,838 was received from the Connexional Priority Fund (2016 - £44,507).

Wesley International House is a freehold property held by TMCP as custodian trustees for Birmingham Methodist District. A separate charity called Birmingham International Student Homes (BISH) is responsible for all aspects of upkeep and maintenance of Wesley International House. BISH reports to annually to Birmingham Methodist District Council.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Charity number**

1134167

**Principal address**

36 Amesbury Road  
Moseley  
Birmingham  
West Midlands  
B13 8LE

**Trustees**

Rev I Howarth	Chair
Rev C M Hamilton-Foyrn	Vice Chair
M J Brown	
J M Cowan	
Rev P A Edwards	- resigned 10.10.17
Rev T A Flowers	
Rev C Hague	- appointed 1.9.16
Mrs J Hamilton	
R W Hamilton-Foyrn	- resigned 31.8.17
J T Hart	
W Holdforth	
Mrs H Lynskey	
Rev A G Malcolm	
C Osborn	
Rev A E Simpson	- resigned 11.1.18
Ms S A Smith	
Rev K Webber	- appointed 1.9.16
Mrs G R Weller	
Rev R W Wilde	
Mrs G Wilkins	- appointed 1.9.16
Mrs H E Woodall	
T Pethick	- appointed 10.10.17
Rev J Suray	- appointed 10.10.17
Rev P J Warrey	- appointed 11.1.18



**Birmingham District of the  
Methodist Church**

**Report of the Trustees  
for the Year Ended 31 August 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Auditors**

Haines Watts  
Sterling House  
97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF

**Bankers**

Trustees for Methodist Church Purposes, Oldham Street, Manchester, M1 1JQ  
Central Finance Board of the Methodist Church, 9 Bonhill Street, London, EC2A 4PE  
Co-operative Bank, PO Box 250, Skelmersdale, WN8 6WT

**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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Approved by order of the board of trustees on 22 March 2018 and signed on its behalf by:



Mrs H Lynskey - Trustee



### **Opinion**

We have audited the financial statements of Birmingham District of the Methodist Church (the 'charity') for the year ended 31 August 2017 on pages ten to twenty one. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. 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 auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- sufficient accounting records have not been kept; or
- the 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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page seven, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Report of the Independent Auditors to the Trustees of  
Birmingham District of the  
Methodist Church**

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**Responsibilities of trustees**

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.



Stephen P Butler  
Senior Statutory Auditor

For and on behalf of:  
Haines Watts, Chartered Accountants and Statutory Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Sterling House  
97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF

Date: 28/03/12

**Birmingham District of the  
Methodist Church**

**Statement of Financial Activities  
for the Year Ended 31 August 2017**

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	547,599	319,734	867,333	798,710
Investment income	3	<u>822</u>	<u>3,292</u>	<u>4,114</u>	<u>5,327</u>
<b>Total</b>		548,421	323,026	871,447	804,037
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
Grants and donations	4	255	131,399	131,654	233,127
Contribution to Methodist Church Fund		493,408	-	493,408	480,775
Other		<u>57,838</u>	<u>132,737</u>	<u>190,575</u>	<u>163,700</u>
<b>Total</b>		551,501	264,136	815,637	877,602
<b>NET INCOME/(EXPENDITURE)</b>		(3,080)	58,890	55,810	(73,565)
<b>Transfers between funds</b>	13	<u>(4,000)</u>	<u>4,000</u>	-	-
<b>Other recognised gains/(losses)</b>					
Gains/(losses) on revaluation of fixed assets		<u>500,000</u>	-	<u>500,000</u>	-
<b>Net movement in funds</b>		492,920	62,890	555,810	(73,565)
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>3,379,525</u>	<u>677,654</u>	<u>4,057,179</u>	<u>4,130,744</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>3,872,445</u></u>	<u><u>740,544</u></u>	<u><u>4,612,989</u></u>	<u><u>4,057,179</u></u>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

**Birmingham District of the  
Methodist Church**

**Balance Sheet  
At 31 August 2017**

	Not es	Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
<b>FIXED ASSETS</b>					
Tangible assets	10	3,750,000		3,750,000	3,250,000
<b>CURRENT ASSETS</b>					
Debtors	11	137	13,818	13,955	14,831
Cash at bank		<u>138,366</u>	<u>733,962</u>	<u>872,328</u>	<u>807,048</u>
		138,503	747,780	886,283	821,879
<b>CREDITORS</b>					
Amounts falling due within one year	12	(16,059)	(7,235)	(23,294)	(14,700)
<b>NET CURRENT ASSETS</b>		<u>122,444</u>	<u>740,545</u>	<u>862,989</u>	<u>807,179</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,872,444</u>	<u>740,545</u>	<u>4,612,989</u>	<u>4,057,179</u>
<b>NET ASSETS</b>		<u>3,872,444</u>	<u>740,545</u>	<u>4,612,989</u>	<u>4,057,179</u>
<b>FUNDS</b>	13				
Unrestricted funds:					
General fund				59,634	64,213
Capital revaluation reserve				3,750,000	3,250,000
Designated fund				<u>62,810</u>	<u>65,312</u>
				3,872,444	3,379,525
Restricted funds:					
District Advance Fund				624,316	606,281
Chaplaincy Fund				18,262	20,945
Mission Fund				5,962	2,503
Safeguarding Fund				1,483	1,841
Adavu Fund				43,525	26,741
Benevolent Fund				6,445	7,597
Refugee Fund				16,542	11,746
Manse Major Repair Fund				4,012	
Cameroonian Fund				3,867	
New Inclusive Church Fund				7,453	
Church Without Walls Fund				<u>8,678</u>	
				740,545	677,654
<b>TOTAL FUNDS</b>				<u>4,612,989</u>	<u>4,057,179</u>

The notes form part of these financial statements

**Birmingham District of the  
Methodist Church**

**Balance Sheet - continued  
At 31 August 2017**

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The financial statements were approved by the Board of Trustees on 22 March 2018 and were signed on its behalf by:

Rev I Howarth -Trustee



Mrs H Lynskey -Trustee



**Birmingham District of the  
Methodist Church**

**Cash Flow Statement  
for the Year Ended 31 August 2017**

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	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>61,166</u>	<u>(74,355)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>61,166</u>	<u>(74,355)</u>
<b>Cash flows from investing activities:</b>			
Interest received		<u>4,114</u>	<u>5,327</u>
<b>Net cash provided by (used in) investing activities</b>		<u>4,114</u>	<u>5,327</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>65,280</u>	<u>(69,028)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>807,048</u>	<u>876,076</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>872,328</u>	<u>807,048</u>

The notes form part of these financial statements

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	55,810	(73,565)
<b>Adjustments for:</b>		
Interest received	(4,114)	(5,327)
Decrease/(increase) in debtors	876	(725)
Increase in creditors	<u>8,594</u>	<u>5,262</u>
<b>Net cash provided by (used in) operating activities</b>	<u>61,166</u>	<u>(74,355)</u>



## **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 2015)', 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, as modified by the revaluation of certain assets.

### **Income**

Income is brought into account when it is more likely than not that the economic benefit of the income will accrue to the District. No attempt is made to measure the value of services donated by volunteers.

### **Expenditure**

This is recognised when a liability is incurred, or a constructive obligation arises, that results in the payment being unavoidable. Liabilities are recognised as soon as an outflow of economic benefit is considered more likely than not under the legal or constructive obligation committing the District to pay out resources.

Grants are recognised annually only as and when the 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 project's achievements to date justify the payment of further instalments of the grant. Future commitments from the District Advance Fund are shown in the notes to the accounts.

### **Governance costs**

These are the costs associated with the general running of the charity and its strategic management, rather than the costs of its charitable activities and day to day management.

### **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.

### **Public benefit entity**

The Birmingham Methodist District meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy/note.

### **Going concern**

Based on the monetary assets and human resources available at 31 August 2017, the trustees believe that the Birmingham Methodist District is a going concern.

### **Consolidation**

Birmingham Methodist District oversees the work of ministers and lay workers in churches and circuits within the district but does not have financial control over those circuits or churches. For this reason, the financial statements of the churches and circuits within the district are not consolidated into these financial statements.

### **VAT**

Since the District is not VAT registered, all input VAT is charged with the expenses to which it refers.

**Birmingham District of the  
Methodist Church**

**Notes to the Financial Statements - continued  
for the Year Ended 31 August 2017**

**2. DONATIONS AND LEGACIES**

	2017 £	2016 £
Circuit contributions	544,500	530,000
Donations	19,984	27,975
Connexional and other grants	100,433	66,059
Circuit Model Trust Fund Levies	65,729	123,987
Connexional Priority Fund distribution	133,838	44,507
Other income	<u>2,849</u>	<u>6,182</u>
	<u>867,333</u>	<u>798,710</u>

**3. INVESTMENT INCOME**

	2017 £	2016 £
Deposit account interest	<u>4,114</u>	<u>5,327</u>

**4. CHARITABLE ACTIVITIES COSTS**

	Grant funding of activities (See note 5) £	Totals £
Grants and donations	131,654	131,654
Contribution to Methodist Church Fund	<u>493,408</u>	<u>493,408</u>
	<u>625,062</u>	<u>625,062</u>

**5. GRANTS PAYABLE**

	2017 £	2016 £
Grants and donations	131,654	233,127
Contribution to Methodist Church Fund	<u>493,408</u>	<u>480,775</u>
	<u>625,062</u>	<u>713,902</u>

The total grants paid to institutions during the year was as follows:

	2017 £	2016 £
Mission projects	117,767	148,902
Methodist Church Fund	493,408	480,775
Property projects	9,480	76,975
Other grants and donations	<u>4,407</u>	<u>7,250</u>
	<u>625,062</u>	<u>713,902</u>

During the year, in addition to the above, the District Advance Fund transferred £42,750 to the Chaplaincy Fund, £28,000 to the Mission Fund, £18,000 to the Safeguarding Fund, £10,000 to the Church Without Walls Fund, and £5,000 to the New Inclusive Church Fund.

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Other resources expended	<u>187,815</u>	<u>2,760</u>	<u>190,575</u>

Support costs, included in the above, are as follows:

	2017 Other resources expended £	2016 Total activities £
Salaries and associated costs	109,970	66,907
Trustee expenses	2,681	3,191
Manse costs	20,676	22,607
Training, including retreats	8,822	9,863
Administration, telephone, travel etc	19,610	8,638
Other expenses	11,689	40,019
Employee expenses	12,810	5,054
Professional fees	1,557	5,021
Auditors' remuneration	<u>2,760</u>	<u>2,400</u>
	<u>190,575</u>	<u>163,700</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

During the year ended 31 August 2017 £6,000 was paid to Mrs H Lynskey for Finance Administration as authorised by the trustees.

**Trustees' expenses**

There were trustees' expenses of £2,681 paid for the year ended 31 August 2017 (2016 - £3,191).

8. STAFF COSTS

The average monthly number of employees during the period, calculated on the basis of full time equivalents, was 3.4 (2016 - 2.7).

Included within Other Expenses is £10,901 relating to two workers seconded to the Adavu project (the full time equivalent was 0.5).

No employee received remuneration at a rate of £60,000 or more per year.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	533,615	265,095	798,710
Investment income	<u>886</u>	<u>4,441</u>	<u>5,327</u>
<b>Total</b>	534,501	269,536	804,037
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Grants and donations		233,127	233,127
Carried forward		<u>233,127</u>	<u>233,127</u>

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
<b>Charitable activities</b>			
Brought forward		233,127	233,127
Contribution to Methodist Church Fund	480,775	-	480,775
Other	<u>83,855</u>	<u>79,845</u>	<u>163,700</u>
<b>Total</b>	<u>564,630</u>	<u>312,972</u>	<u>877,602</u>
<b>NET INCOME/(EXPENDITURE)</b>	(30,129)	(43,436)	(73,565)
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<u>3,409,655</u>	<u>721,089</u>	<u>4,130,744</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>3,379,526</u></u>	<u><u>677,653</u></u>	<u><u>4,057,179</u></u>

10. TANGIBLE FIXED ASSETS

	Freehold property £
<b>COST OR VALUATION</b>	
At 1 September 2016	3,250,000
Revaluations	<u>500,000</u>
At 31 August 2017	<u>3,750,000</u>
<b>NET BOOK VALUE</b>	
At 31 August 2017	<u>3,750,000</u>
At 31 August 2016	<u>3,250,000</u>

Tangible fixed assets were valued by the trustees on the basis of their open market value. The resulting surplus has been carried to a capital reserve which is not available for distribution.

The freehold properties comprise the Manse, valued at £750,000 and Wesley International House, valued at £3,000,000. In the opinion of the trustees the current open market valuation of the properties is not materially different from the amounts at which they are included in the accounts.

Whilst Wesley International House is owned by the Trustees for Methodist Church Purposes on trust for Birmingham Methodist District, the property is managed by Birmingham International Student Homes, a separate charity (registered charity number 1095730). Birmingham Methodist District authorises Birmingham International Student Homes to be responsible for all aspects of the upkeep and maintenance of Wesley International House except final ownership.

11. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Other debtors	<u>13,955</u>	<u>14,831</u>

**Birmingham District of the  
Methodist Church**

**Notes to the Financial Statements - continued  
for the Year Ended 31 August 2017**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Other creditors	<u>23,294</u>	<u>14,700</u>

**13. MOVEMENT IN FUNDS**

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
<b>Unrestricted funds</b>				
General fund	64,215	5,725	(10,306)	59,634
Capital revaluation reserve	3,250,000	500,000	-	3,750,000
Designated fund	<u>65,310</u>	<u>(8,806)</u>	<u>6,306</u>	<u>62,810</u>
	3,379,525	496,919	(4,000)	3,872,444
<b>Restricted funds</b>				
District Advance Fund	606,281	121,785	(103,750)	624,316
Chaplaincy Fund	20,945	(45,433)	42,750	18,262
Mission Fund	2,503	(24,541)	28,000	5,962
Safeguarding Fund	1,841	(18,358)	18,000	1,483
Adavu Fund	26,741	16,784	-	43,525
Benevolent Fund	7,597	(1,152)	-	6,445
Refugee Fund	11,746	4,796	-	16,542
Manse Major Repair Fund	-	12	4,000	4,012
Cameroonian Fund	-	3,867	-	3,867
New Inclusive Church Fund	-	2,453	5,000	7,453
Church Without Walls Fund	-	(1,322)	10,000	8,678
	<u>677,654</u>	<u>58,891</u>	<u>4,000</u>	<u>740,545</u>
<b>TOTAL FUNDS</b>	<u>4,057,179</u>	<u>555,810</u>	<u>-</u>	<u>4,612,989</u>

13. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	548,421	(542,696)	-	5,725
Designated fund	-	(8,806)	-	(8,806)
Capital revaluation reserve	-	-	500,000	500,000
	<u>548,421</u>	<u>(551,502)</u>	<u>500,000</u>	<u>496,919</u>
<b>Restricted funds</b>				
District Advance Fund	249,373	(127,588)	-	121,785
Chaplaincy Fund	14,100	(59,533)	-	(45,433)
Mission Fund	-	(24,541)	-	(24,541)
Safeguarding Fund	6	(18,364)	-	(18,358)
Adavu Fund	44,738	(27,954)	-	16,784
Refugee Fund	4,796	-	-	4,796
Manse Major Repair Fund	12	-	-	12
Cameroonian Fund	5,000	(1,133)	-	3,867
New Inclusive Church Fund	5,001	(2,548)	-	2,453
Benevolent Fund	-	(1,152)	-	(1,152)
Church Without Walls Fund	-	(1,322)	-	(1,322)
	<u>323,026</u>	<u>(264,135)</u>	<u>-</u>	<u>58,891</u>
<b>TOTAL FUNDS</b>	<u>871,447</u>	<u>(815,637)</u>	<u>500,000</u>	<u>555,810</u>

**General fund**

The purpose of the fund is for use at the discretion of the trustees in the furtherance of the general objectives of the District and which have not been designated for other purposes.

**Designated fund**

The designated funds includes an amount of £310 donated for a future international exchange project, £5,000 for the refurbishment of the district office, £7,500 set aside for the future cost of the district website, £30,000 set aside for future finance administration costs and £20,000 set aside for future anticipated major repairs on the district manse.

**Restricted funds**

The purpose of each restricted fund, together with it's reserve policy, is set out in the Report of the Trustees.

**14. CONTINGENT LIABILITIES**

As at 31 August 2017 future grant commitments from the District Advance Fund were as follows:

<b>Year to</b>	<b>£</b>
31 August 2018	223,100
31 August 2019	124,387
31 August 2020	105,951
31 August 2021	95,843
31 August 2022	<u>73,137</u>
	<u>622,418</u>

Future grant commitments from the District Advance Fund are shown above.

All such future payments are conditional upon the District Grants Committee being satisfied, on the basis of progress reports from the grantee, that the project's achievements to date justify the payment of further instalments of the grant.

**15. RELATED PARTY DISCLOSURES**

Transactions with other Methodist entities and associated charities are disclosed in the Report of the Trustees.

**Birmingham District of the  
Methodist Church**

**Detailed Statement of Financial Activities  
for the Year Ended 31 August 2017**

	2017 £	2016 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Circuit contributions	544,500	530,000
Donations	19,984	27,975
Connexional and other grants	100,433	66,059
Circuit Model Trust Fund Levies	65,729	123,987
Connexional Priority Fund distribution	133,838	44,507
Other income	<u>2,849</u>	<u>6,182</u>
	867,333	798,710
<b>Investment income</b>		
Deposit account interest	<u>4,114</u>	<u>5,327</u>
<b>Total incoming resources</b>	871,447	804,037
<b>EXPENDITURE</b>		
<b>Charitable activities</b>		
Grants and donations	625,062	713,902
<b>Support costs</b>		
Salaries and associated costs	109,970	66,907
Trustee expenses	2,681	3,191
Manse costs	20,676	22,607
Training, including retreats	8,822	9,863
Administration, telephone, travel etc	19,610	8,638
Other expenses	11,689	40,019
Employee expenses	12,810	5,054
Professional fees	<u>1,557</u>	<u>5,021</u>
	187,815	161,300
<b>Governance costs</b>		
Auditors' remuneration	<u>2,760</u>	<u>2,400</u>
<b>Total resources expended</b>	815,637	877,602
<b>Net income/(expenditure)</b>	<u><u>55,810</u></u>	<u><u>(73,565)</u></u>