



THE METHODIST CHURCH

CHESTER AND STOKE ON TRENT DISTRICT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Rev. P A Billsborrow
Mrs H Staniland
I C White
Rev. L Catlow
Mrs V Mayers
Mrs B Guile
G Parkes
Mrs S Graham
Deacon J Henderson
D J Pickles
Rev P Hancock
Rev T P Simms
Rev H R Kirk
B R Barber

Charity number

1132237

Principal address

Methodist District Office
Bishop's Wood
Nantwich
Cheshire
CW5 7QD

Auditor

Xeinadin Audit Limited
2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

Bankers

Lloyds Bank plc
8 Foregate Street
Chester
Cheshire
CH1 1XP

Methodist Chapel Aid Ltd
1 Telford Terrace
Albermarle Road
York
YO24 1DQ

The Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester
M1 1JQ

Central Finance Board of the Methodist Church
9 Bonhill Street
London
EC2A 4PE

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
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THE METHODIST CHURCH

CHESTER AND STOKE ON TRENT DISTRICT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their report and financial statements for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

During the year the District has continued to recognise its declared priorities of:

1. Promoting the Christian worship of God by making worship attractive, relevant and inclusive.
2. Making mission a real engagement of kingdom values and living faith with society.
3. Maintaining our status as a Fairtrade District working to overcome critical poverty and promoting environmental care.
4. Encouraging a culture of continuous learning, promoting growth in social and personal holiness.
5. Fostering effective pastoral systems and upholding good practice in Safeguarding.
6. Reviewing District systems and structures to liberate people for involvement in Church and community.
7. Helping churches and circuits to think collaboratively, avoiding institutional waste.
8. Working closely with other denominations.
9. Developing good relationships with other world faiths without compromising the Christian gospel.
10. Be prayerful in all things holding to Christian hope in a secular climate.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

In furtherance of the priorities outlined within objectives and activities the District has, during the year:

- Continued support for Circuits and Churches in light of the radical changes brought about by the Covid-19 pandemic, predominantly through regular communication with Superintendent Ministers and Circuit Treasurers.
- Regularly reviewed the work of Safeguarding practices in the District under the guidance of the District Safeguarding Officer.
- Imaginatively used resources from within the District to provide leadership and support when there are gaps in the stationing of ministers.
- Through the watchful eye of the District Treasurer, maintained a close control on the District's finances and developed a reserves policy.
- Continued to scrutinise all property schemes needing approval on behalf of the Connexion ensuring that money is invested in areas of potential growth and the responsible maintenance of Methodist property.
- Encouraged the review of meaningful mission policies for churches and circuits.
- Reviewed church and circuit finances to identify where there are shortfalls or excesses in amounts held in reserve. Returns are examined and commented on as received.
- Continued to live out the District Discipleship and Mission Policy.
- Sharing of resources of people and skills across Circuits to enhance mission.
- Encouraged with resource and finance the mission work undertaken by the Methodist Book Centre in Hanley.
- Ensured that all staff employed within the District are paid the Living Wage.
- Participated in developing new forms of church and pioneering ministries including the Immerse Community.
- Scrutinised the pastoral care for members of churches who have completed their mission and needed to close.
- Received grant applications from churches, circuits etc. and committed to the making of grants where the criteria were met and prospects encouraging. The District Grants Officer monitored the progress of the various ministry and outreach projects which had been financially supported.
- Received updates from the District representative to the Methodist Council.
- Gave permission to cease worship following completion of witness at Bunbury with Tiverton, Longport, Newcastle, Moulton, Ball Green and St Peter's Westlands.
- Encouraged candidates for the presbyteral and diaconal ministry.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

- Provided education, training and reflection for those already in ministry appointments in the District on differing topics and including a residential retreat.
- Engaged in the Methodist Heritage work within the District by supporting through people and finance the research and outreach work undertaken by the Englesea Brook Chapel and Museum.
- Developed new proposals for the increase in the number of vital congregations including the planting of new churches.
- Encouraged by the Chair of the District to give direction to Leadership development, recognise cultural change, enable discipleship, the shortage of presbyters, the morale and well-being of Ministers and lay preachers and also consider the process for churches coming to the end of their mission.

The results for the year are shown in the Statement of Financial Activities. Income for the year was £1,586,408 - up from £1,005,572 in 2020. Expenditure for the year increase from £915,569 to £988,973 resulting in net income for the year of £649,505. During the year an unrecognised gain on revaluation of investments of £52,070 occurred.

This leaves total funds at 31 August 2021 of £1,786,601 of which £1,305,758 are restricted.

Reserves policy

The District maintains appropriate reserves in order to have funds available for:

- a. Any significant property costs that are likely to arise;
- b. The payment of grants authorised for Methodist and associated organisations;
- c. The provision of adequate working capital.

The consolidated District accounts include a variety of activities, which each has differing reserve requirements, summarised as follows:

The Methodist Book Centre £65,000

- Cover for a reduction in trading conditions;
- Funds for refurbishment of premises (increasing annually).

Englesea Brook Chapel and Museum £77,697

- Six months of revenue expenditure;
- Premises maintenance reserve;
- Future projects reserve;
- Exceptional expenditure and other requirements.

District Advance Fund £201,171

- Maintenance of an available balance equivalent to all committed grants, representing at least 90% of the reserve;
- Emergency stand by.

District General Account £48,000

- Three months revenue expenditure (for the payment of salaries, stipends, expenses, District manse and office costs).

District Education and Youth £2,000

- As most expenditure takes the form of small grants for youth and children's work - six months of annual funding to cover grants early in the Connexional year.

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.

Plans for the future

Further work will be done to develop and enact the District Mission Plan. Attention will be given to a scenario where the demands upon churches (including legislative demands) continue to increase against a backdrop of the increasing age and diminishing number of lay volunteers and the number of ordained ministers.

Structure, governance and management

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Governing document

The governing body of the Chester and Stoke on Trent District is the Annual Conference of the Methodist Church. The Deed of Union 1932 and the Methodist Church Act 1976 give the authority under which the Methodist Church acts. The Constitutional Practice and Discipline of the Methodist Church governs the activities of the District.

The Methodist Church is no longer exempted from the need to register as a charity and on 21 October 2009 the District registered as a separate charity under the Charities Act 2006 and was allocated the registration number 1132237.

The trustees who served during the year and up to the date of signature of the financial statements were:

Rev. P A Billsborrow

Mrs H Staniland

I C White

S Best

(Retired 1 November 2021)

Rev. L Catlow

Mrs V Mayers

Mrs B Guile

G Parkes

Mrs S Graham

Deacon J Henderson

D J Pickles

Rev P Hancock

Rev T P Simms

Rev H R Kirk

B R Barber

Appointment of trustees

The appointment of trustees is made at Synod by a formal vote of the members of Synod.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



I C White

Synod Secretary

Dated: 12 August 2022

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees are responsible for preparing the Trustees' 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, the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document 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 year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient 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 governing document. 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.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE METHODIST CHURCH

Opinion

We have audited the financial statements of The Methodist Church (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2021 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; 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 *Auditor's 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE METHODIST CHURCH

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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. 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Enquiries of management and those charged with governance were held in order to identify any laws and regulations that could be expected to have a material impact on the financial statements. Throughout the audit, the team were updated with the outcomes of these enquiries including consideration as to where and how fraud may occur in the company.

The audit procedures undertaken to address any potential risk in relation to irregularities (which include fraud and non-compliance with laws and regulations) included: enquiries of management and those charged with governance on how the company complies with relevant laws, regulations and any cases actual or potential litigation or claims; examination of appropriate legal correspondence; testing of journal entries for appropriateness; and analytical procedures on account balances to identify variances against expectation which may show indications of fraud.

No instances of material non-compliance were identified, although the prospect of detecting irregularities, including fraud, is inherently difficult. This is due to; difficulty in detecting irregularities; limits imposed by the effectiveness of the entity's controls; and the nature, timing and extent of the audit procedures performed. Irregularities as a result of fraud are inherently more difficult to detect than those that resulting from error. Despite the audit being planned and performed in accordance with ISAs (UK), there is an unavoidable risk that material misstatements may not be detected.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

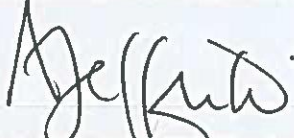
Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE METHODIST CHURCH

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.



Alastair Jeffcott BA FCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited

12 August 2022

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

Xeinadin Audit Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021

Current financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes					
<u>Income and endowments from:</u>						
Donations and legacies	3	819,152	-	684,515	1,503,667	997,844
Investments	4	283	-	25,280	25,563	4,864
Other income	5	51,245	-	5,933	57,178	2,864
Total income		870,680	-	715,728	1,586,408	1,005,572
<u>Expenditure on:</u>						
Raising funds	6	-	-	577	577	519
Charitable activities	7	781,796	-	206,600	988,396	915,050
Total resources expended		781,796	-	207,177	988,973	915,569
Net gains/(losses) on investments	12	-	-	52,070	52,070	-
Net incoming resources before transfers		88,884	-	560,621	649,505	90,003
Net incoming resources before transfers		88,884	-	560,621	649,505	90,003
Gross transfers between funds		(20,000)	20,000	-	-	(54,521)
Net movement in funds		68,884	20,000	560,621	649,505	35,482
Fund balances at 1 September 2020		343,180	48,779	745,137	1,137,096	1,101,614
Fund balances at 31 August 2021		412,064	68,779	1,305,758	1,786,601	1,137,096

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derive from continuing activities.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021

Prior financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes				
Income and endowments from:					
Donations and legacies	3	706,082	-	291,762	997,844
Investments	4	916	-	3,948	4,864
Other income	5	-	-	2,864	2,864
Total income		706,998	-	298,574	1,005,572
Expenditure on:					
Raising funds	6	-	-	519	519
Charitable activities	7	751,995	-	163,055	915,050
Total resources expended		751,995	-	163,574	915,569
Net gains/(losses) on investments	12	-	-	-	-
Net incoming resources before transfers		(44,997)	-	135,000	90,003
Gross transfers between funds		9,223	(5,742)	(58,002)	(54,521)
Net movement in funds		(35,774)	(5,742)	76,998	35,482
Fund balances at 1 September 2019		378,954	54,521	668,139	1,101,614
Fund balances at 31 August 2020		343,180	48,779	745,137	1,137,096

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
BALANCE SHEET
AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13	518,348		518,974	
Investments	14	527,170		-	
		<u>1,045,518</u>		<u>518,974</u>	
Current assets					
Stocks	15	64,819		68,173	
Debtors	16	4,746		7,312	
Cash at bank and in hand		677,574		556,820	
		<u>747,139</u>		<u>632,305</u>	
Creditors: amounts falling due within one year	17	(6,056)		(14,183)	
Net current assets			741,083		618,122
Total assets less current liabilities			<u>1,786,601</u>		<u>1,137,096</u>
Income funds					
Restricted funds	18	1,305,758		745,137	
Unrestricted funds - designated		68,779		48,779	
<u>Unrestricted funds - general</u>					
Designated funds	19	68,779		48,779	
General unrestricted funds		<u>343,285</u>		<u>294,401</u>	
			412,064		343,180
			<u>1,786,601</u>		<u>1,137,096</u>

The financial statements were approved by the Trustees on 12 August 2022


I C White
Synod Secretary

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25		570,291		53,073
Investing activities					
Purchase of tangible fixed assets		-		(188)	
Purchase of investments		(475,100)		-	
Investment income received		25,563		4,864	
Net cash (used in)/generated from investing activities			(449,537)		4,676
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			120,754		57,749
Cash and cash equivalents at beginning of year			556,820		499,071
Cash and cash equivalents at end of year			677,574		556,820

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Charity Information

The Methodist Church is a charity registered in England and Wales.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

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

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 METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	in accordance with the property
Leasehold improvements	33.33% on cost
Fixtures and fittings	15% on reducing balance
Computer equipment	15% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/ (expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE METHODIST CHURCH
CHESTER AND STOKE ON TRENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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3 Donations and legacies

	2021 £	2020 £
Circuit contributions received	54,779	59,887
C A P F new levies	132,786	115,291
Assessments from Circuits	518,372	497,732
Beacon Christian Fellowship grants and donations	11,093	15,053
Sundry income	461,717	11,712
Other grants received	237,501	86,769
Museum receipts and book sales	15,715	17,061
Book Centre sales	71,704	193,359
Galley Centre income	-	980
	<u>1,503,667</u>	<u>997,844</u>

Sundry income includes £451,356 received in respect of the W G Barratt Memorial Fund, which is now administered by the District in a ring-fenced separate account held by TMPC.

4 Investments

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £
Income from listed investments	-	4,770	4,770	-	-	-
Other income	-	18,937	18,937	-	-	-
Interest receivable	283	1,573	1,856	916	3,948	4,864
	<u>283</u>	<u>25,280</u>	<u>25,563</u>	<u>916</u>	<u>3,948</u>	<u>4,864</u>

5 Other income

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £	Restricted funds 2020 £
Coronavirus job retention scheme	14,888	5,933	20,821	-
Coronavirus support grant	36,357	-	36,357	-
Rent	-	-	-	2,864
	<u>51,245</u>	<u>5,933</u>	<u>57,178</u>	<u>2,864</u>

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FOR THE YEAR ENDED 31 AUGUST 2021

6 Raising funds

	Restricted funds	Restricted funds
	2021	2020
	£	£
<u>Investment management costs</u>		
Support costs	577	519
	<u>577</u>	<u>519</u>

7 Charitable activities

	2021	2020
	£	£
Wages	75,606	66,767
The Beacon C.F. resources	14,076	15,193
Costs relating to Book Centre sales	47,537	125,185
Costs relating to museum receipts and book sales	2,550	3,944
Safeguarding	27,947	22,228
Children and Youth work support	1,588	700
Book Centre employee costs	60,211	69,241
Galley Centre expenditure	-	1,592
Cheshire South team	11,415	22,369
Staffs Moorlands team ministry	-	5,763
	<u>240,930</u>	<u>332,982</u>
Grants payable (see note 8)	664,793	494,309
Support costs (see note 9)	79,919	84,905
Governance costs (see note 9)	2,754	2,854
	<u>988,396</u>	<u>915,050</u>
Analysis by fund		
Unrestricted funds - general	781,796	
Restricted funds	206,600	
	<u>988,396</u>	
For the year ended 31 August 2020		
Unrestricted funds - general		751,995
Restricted funds		163,055
		<u>915,050</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

8 Grants payable

	2021 £	2020 £
Contribution to Methodist Church Fund	557,373	425,980
Churches and Englesea Brook Museum	107,420	68,329
	<u>664,793</u>	<u>494,309</u>

9 Support costs

	Support costs £	Governance costs £	2021 £	2020 £
Management				
Manse expenses	3,369	-	3,369	3,698
General expenses	47,480	-	47,480	23,777
Office - operating costs	2,838	-	2,838	13,099
Travel expenses	1,488	-	1,488	7,828
Finance				
Bank charges	1,364	-	1,364	2,823
Human resources				
Training and development	1,500	-	1,500	2,973
Other				
Depreciation	626	-	626	737
Other support costs				
Rent and rates	798	-	798	8,686
Insurance	4,451	-	4,451	4,346
Repairs to property	6,779	-	6,779	5,812
Utilities	4,139	-	4,139	5,840
Professional fees	4,266	-	4,266	4,176
Equipment leasing	821	-	821	1,110
Governance costs				
Ecumenical expenses	-	2,754	2,754	2,854
	<u>79,919</u>	<u>2,754</u>	<u>82,673</u>	<u>87,759</u>
Analysed between				
Charitable activities	<u>79,919</u>	<u>2,754</u>	<u>82,673</u>	<u>87,759</u>

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10 Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor the for the year ended 31 August 2020.

Trustee's expenses

	2021	2020
	£	£
Trustees' expenses	-	-

11 Staff costs

Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
District Office	2	2
Englesea Brook Chapel & Museum	4	4
Methodist Book Centre	5	5
Immerse	1	1
District Team	2	1
Cheshire South Team	-	1
Staffordshire Moorlands Team	3	4
	<u>17</u>	<u>18</u>

There were no employees whose annual remuneration was £60,000 or more.

12 Net gains/(losses) on investments

	Restricted funds	Total
	2021	2020
	£	£
Revaluation of investments	52,070	-

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13 Tangible fixed assets

	Freehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2020	510,796	89,562	22,991	8,410	631,759
At 31 August 2021	510,796	89,562	22,991	8,410	631,759
Depreciation and impairment					
At 1 September 2020	-	89,562	17,095	6,128	112,785
Depreciation charged in the year	-	-	284	342	626
At 31 August 2021	-	89,562	17,379	6,470	113,411
Carrying amount					
At 31 August 2021	510,796	-	5,612	1,940	518,348
At 31 August 2020	510,796	-	5,896	2,282	518,974

Property owned by the District comprises of cottages at Englesea Brook and the District Manse at Wistaston, Cheshire. Bernersley House, Gitana Street, Stoke-on-Trent, from where the activity of the Methodist Book Centre is conducted, was sold during the prior year for a nominal amount and leased back to the Book Centre for ten years on a peppercorn rent.

14 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2020	-
Additions	475,100
Valuation changes	52,070
At 31 August 2021	527,170
Carrying amount	
At 31 August 2021	527,170
At 31 August 2020	-

15 Stocks

	2021 £	2020 £
Stocks	64,819	68,173

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,385	3,042
Other debtors	-	98
Prepayments and accrued income	2,361	4,172
	<u>4,746</u>	<u>7,312</u>

17 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other taxation and social security	235	1,690
Trade creditors	4,330	4,425
Other creditors	-	6,000
Accruals and deferred income	1,491	2,068
	<u>6,056</u>	<u>14,183</u>

THE METHODIST CHURCH

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

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CHESTER AND STOKE ON TRENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

18	Restricted funds	(Continued)
	The restricted funds are as follows:	
	Benevolent Fund	
	The fund provides modest sums from donations to allow the Chair to meet cases of personal need in a confidential way.	
	District Advance Fund	
	This fund is set up under Methodist standing orders and is funded by a levy on the end of year balances of the Circuit Model Trust Funds of the circuits within the District and by a distribution from the Connexional Priory Fund. The fund is administered by the Resources Mission Committee who award grants in accordance with the fund policy to support personnel or property projects related to mission and ministry and to support outreach, evangelism and ecumenical work.	
	J Michael Eaton Memorial Fund	
	This is an established fund to make contributions to local projects at the discretion of the trustees.	
	Englesea Chapel and Museum Fund	
	This fund supports the property and undertakings of Englesea Brook Chapel and Museum.	
	Education and Youth Fund	
	This fund supports the promotion and undertaking of Children's Events and Youth Work support within the District.	
	Immerse, Kidsgrove	
	This fund supported a Community based at The Galley in Kidsgrove, Staffordshire until 1 August 2020. The Community is currently looking for alternative accommodation.	
	District Priorities Fund	
	This fund is formed by the release of the W G Barratt Memorial monies to the District by the Connexional Team of the Methodist Church as restricted funds but free from any requirements of the Barratt Trust. The District has resolved to use these funds to support the District Priorities. The funds are managed by the DPC under the guidance of the District Leadership Team.	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 September 2019	Transfers	Balance at 1 September 2020	Transfers	Balance at 31 August 2021
	£	£	£	£	£
The Methodist Book Centre (from Bemersley House)	54,521	(5,742)	48,779	20,000	68,779
	<u>54,521</u>	<u>(5,742)</u>	<u>48,779</u>	<u>20,000</u>	<u>68,779</u>

The designated fund is held for the use of The Methodist Book Centre, as approved by the District Policy Committee. The Methodist Book Centre fund represents cash originally held in the Bemersley House bank account and transferred to the General Fund bank account following the sale of the property. At 31 August 2021 £68,779 was held and earmarked for refurbishment of the Book.

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20	Analysis of net assets between funds	Unrestricted	Designated	Restricted	Total	Unrestricted	Designated	Restricted	Total
		2021	2021	2021	2021	2020	2020	2020	2020
		£	£	£	£	£	£	£	£
	Fund balances at 31 August 2021 are represented by:								
	Tangible assets	322,941	-	195,407	518,348	323,567	-	195,407	518,974
	Investments	-	527,170	-	527,170	-	-	-	-
	Current assets/(liabilities)	89,123	68,779	583,181	741,083	19,613	48,779	549,730	618,122
		<u>412,064</u>	<u>595,949</u>	<u>778,588</u>	<u>1,786,601</u>	<u>343,180</u>	<u>48,779</u>	<u>745,137</u>	<u>1,137,096</u>

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FOR THE YEAR ENDED 31 AUGUST 2021

21 Financial commitments, guarantees and contingent liabilities

The District Advance Fund made Ministry grant payments of £152,817 and Project grant payments of £19,500 in the year ended 31 August 2021, and had continuing commitments to make payments in succeeding years as follows:

Within one year	£120,420
Within 2 to 5 years	£23,000

Total outstanding commitments made by the District Advance Fund as at 31 August 2021 were £143,420. Unallocated reserves in the Fund as at 31 August 2021 were £148,693.

22 Related party transactions

There were no disclosable related party transactions during the year ended 31 August 2021.

23 Collection of books

The Chapel and Museum at Englesea Brook holds a collection of rare and valuable books relating to the Methodist Church and its doctrinal standards and discipline. Individual items in the collection have been donated over many years. The collection is appropriately insured.

24 Methodist Book Centre, Hanley

The Book Centre is an integral part of the Charity. Its purpose is for the provision of Christian education and the spreading of the Gospel. It has a trading year end of 31 January, and the results for the year ended 31 January 2021 are incorporated into the accounts of the District for its year ended 31 August 2021.

25 Cash generated from operations

	2021	2020
	£	£
Surplus for the year	649,505	35,482
Adjustments for:		
Investment income recognised in statement of financial activities	(25,563)	(4,864)
Fair value gains and losses on investments	(52,070)	-
Depreciation and impairment of tangible fixed assets	626	737
Movements in working capital:		
Decrease in stocks	3,354	17,348
Decrease/(increase) in debtors	2,566	(1,573)
(Decrease)/increase in creditors	(8,127)	5,943
Cash generated from operations	570,291	53,073

26 Analysis of changes in net funds

The charity had no debt during the year.