

**Birmingham District of the
Methodist Church**

**Report of the Trustees and
Audited Financial Statements**

Year Ended 31 August 2021

Birmingham District of the Methodist Church

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for the Year Ended 31 August 2021**

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Birmingham District of the Methodist Church

Reference and Administrative Details for the Year Ended 31 August 2021

Trustees

Deacon A Allport	- appointed 1.9.21
I Athey	- resigned 31.8.21
Rev J Braund	- resigned 31.8.21
Ms S Clutterbuck	- appointed 1.9.21
J M Cowan	- resigned 21.1.21
Rev C Hague	
P Dipple	- appointed 1.9.21
Rev I Howarth (Chair)	
Rev N Johnson	
Rev N Jones	- resigned 31.8.21
Rev D Koffie-Williams	- appointed 11.9.21
Rev S Levett	- appointed 1.9.21
Mrs H Lynskey	-resigned 1.1.22
Rev F Mapamula	-resigned 11.9.21
C Osborn	
T Pethick	
Rev K Pickering	
Deacon M Slowe	
Rev A Smith	
Ms S A Smith	
Rev J B Suray	
Rev N S J Suray	- appointed 21.1.21
Rev P J Warrey	- resigned 31.8.21
Rev K Webber	- resigned 31.8.21
Mrs G R Weller	
Mrs G Wilkins	- resigned 31.8.21
Mrs H E Woodall	- appointed 1.9.20
Mrs G Woolf	

Registered Charity number

1134167

Principal address

36 Amesbury Road
Moseley
Birmingham
West Midlands
B13 8LE

Auditors

Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

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

Birmingham District of the Methodist Church

Report of the Trustees for the Year Ended 31 August 2021

The trustees present their report with the financial statements for the year ended 31 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019.

OBJECTIVES AND ACTIVITIES

Birmingham Methodist District

Methodists belong to local churches or ecumenical partnerships, but also feel part of a larger connected community, the Connexion. There are more than 4,000 Methodist churches across the country, grouped within circuits. Birmingham Methodist District is one of 30 districts within the Methodist Church in Britain and comprises some 130 churches, grouped in 10 circuits across Birmingham, Worcestershire, Warwickshire, Hertfordshire and Staffordshire.

The main role of the district is to support its churches and circuits, administratively and spiritually. In addition, the Birmingham District is active in many other ways, as detailed in *Achievements and Performance* below.

District policy statement

The calling of the Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. It does this through worship, learning and caring, service and evangelism. The Birmingham Methodist District seeks to be a network of communities where people are included and grow, being transformed by the love of God and sharing their story of God's grace. In collaboration with others where possible the District is committed to creating safer spaces and working for a just and sustainable world. We have a vision for a growing, evangelistic, justice-seeking and inclusive church without walls. In the power of the Holy Spirit, we seek to grow disciples of Jesus Christ. Growing...

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

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.

Our charitable activities, set out in *Achievements and Performance* below, 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.

Grant making

The District Grants Committee ceased to exist during 2020-21, and the final meeting was on 6 May 2021. A new Resourcing Mission Committee is in the process of being formed, and its first meeting took place on 16 November 2021. This change is to reflect the changes in connexional funding. Birmingham District is within the first tranche of the new process for connexional funding, whereby grants will only be available for projects fitting the criteria for New Places for New People or Church at the Margins. All future connexional funding is geared towards planting new ecclesial communities. Districts are required to match-fund the grants awarded by Connexion. The new Resourcing Mission Committee will oversee the allocation of all the district funds, not just the District Advance Fund. The Resourcing Mission Committee will approve the General Fund budget annually, in advance of its being discussed with Circuit treasurers. The Resourcing Mission Committee will have financial oversight of all the district projects and resources.

Volunteers

Birmingham Methodist District is heavily reliant on volunteers, at church, circuit and district level. Volunteers give their time and skills to further 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 2021 resources have been deployed in the following ways:

- Providing funding for our Mission Adviser, Adam Sanders. Adam is a key member of the district team. He leads on the district development plan, which seeks to integrate social justice and evangelism. He works closely with the Connexion, developing the district's New Places for New People projects, whilst working closely with the circuits, advising on their Mission Action Plans. He also liaises with the Learning Network to help relevant delivery of training resources. Providing funding and support for mission and property projects in the circuits and churches. The district particularly values the work of the Lozells Community Project.
- Providing funding and support for mission projects in the district, including the work of the Lozells Community Project. The co-ordination of chaplaincy across the Birmingham District. Rev David Butterworth, also a champion for Church Without Walls, is in regular contact with more than 50 volunteer and paid chaplains at institutions in the Birmingham District, providing information, training opportunities and support.
- The provision of chaplaincy at the NEC. Rev David Butterworth works as a chaplain at the NEC, supported by his assistant, Paul Chesterman. David 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, also a champion for Church Without Walls, is in regular contact 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 adult victims of modern slavery through the District project "Adavu". Adavu currently has a project manager and three case workers, as well as volunteers. In addition to funding from Methodist sources and other grant-giving bodies, Adavu is also funded with the support of the Lloyds Bank Foundation for England and Wales.
- The provision of chaplaincy at universities within the area of the Birmingham District, namely University of Aston, University of Birmingham and University of Warwick.
- funding towards the provision of chaplaincy at three universities within the area of the Birmingham District, namely University of Aston, University of Birmingham and University of Warwick.
- providing funding and support for the work of Inclusive Gathering Birmingham - a bold, truly inclusive faith community, relevant for the 21st century. Danielle Wilson continues as pastor and significant growth has occurred in IGB during 2020-21.
- Supporting the Cameroonian Christian Fellowship, whose role is to foster links between the Methodist Church and Cameroonian Christians in the UK.
- Keeping in touch with our exchange partners in the Kadoma circuit of the Methodist Church of Zimbabwe and the Methodist Church in Chemnitz, Germany.
- Seeking to promote equality, diversity and inclusion within society as well as the Church
- promoting the district's aim to become an "EcoDistrict", whereby every church is encouraged to incorporate 'Caring for Creation' into all their activities.
- 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

Effect of Covid019 on Charitable activities

- Online district services were broadcast until April 2021. Churches began to open their doors for worship at around that time. Most churches have seen reduced congregations after the lockdown, compared with pre-pandemic levels. Some local churches are modelling the concept of "hybrid church", a combination of traditional and online worship.
- Meetings have continued to take place, largely, via Zoom, though some face-to-face meetings are now happening.
- Both synods in the 2020-21 Methodist year took place via Zoom. The synod held in September 2021 took place at Coventry Central Hall for those wishing to attend in person. The synod was live-streamed for those who wished to participate from home.
- Some churches have made the decision to "cease to meet", i.e. to close, partly because of the financial effects of Covid and partly because of smaller, ageing congregations.

**Report of the Trustees
for the Year Ended 31 August 2021**

FINANCIAL REVIEW

Financial position

During the year, the district received total income from all sources amounting to just under £1,000K (2020 - £1,043K) and disbursed £945K (2020 - £998K), giving a net surplus of income over expenditure of £55K (2020 - £46K). Total reserves at 31 August 2021 were £4,726K (2020 - £4,672K). £3,750K represents Freehold Land & Buildings (2020 - £3,750K). £910K (2020 - £861K) are restricted, held within 10 ring-fenced funds. £23K (2020 - £34K) is unrestricted and held within a Designated Fund. Free Reserves represent the balance on the General Fund of £43K (2019 - £27K).

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. Wesley International House is valued at £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.

Going Concern

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 adequate. Reserves policies are reviewed annually. There are no subsidiary undertakings. Covid-19 has had financial implications for all the circuits and churches within the district. Historically, reserves held at churches and circuits throughout Methodism have been high, and these reserves have been drawn upon as local churches experienced a loss of letting and offertory income. The district receives all its income for day-to-day running costs from an assessment levied annually upon the circuits. The district treasurer meets with the circuit treasurers to discuss this allocation, which is calculated partly on an ability-to-pay basis. It is understood that this assessment is not optional, and circuits would be expected to make savings in other areas in order to pay the district assessment in full.

Investment policy and performance

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 2021 was £2,157 (2020 - £7,723).

FINANCIAL REVIEW (continued)

Reserves policy

"Free Reserves" represent the balance on the General Fund of £43K (2020 - £27K). Total reserves at 31 August 2021 were £4,726K (2020 - £4,672K). £3,750K (2020 - £3,750K) represent Freehold Land & Buildings. £910K (2020 - £861K) represent restricted funds. £23K (2019 - £34K) represent unrestricted designated funds.

The General Fund derives its income principally from circuit contributions (also known as assessments). The majority of this income is paid over 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 trustees believe that the balance on the General Fund should be in the region of £20K - 30K, to cover four to six months of district running costs. During the pandemic, actual district costs have been lower than budgeted costs. The district does not seek to make a profit from the circuits. The surplus over budget in 2020-21 of £16K will be returned to the circuits by means of a reduction in the 2022-23 budget. As such, we believe that the amount held within the General Fund at 31 August 2021 is in line with our reserves policy.

The Designated Fund comprises transfers from the General Fund in recent years, to cover certain known costs which will arise in the 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 or re-designated. The fund will close at 31 August 2022.

Income in the District Advance Fund is derived principally from distributions from the Connexional Priority Fund (i.e. from central Methodist sources) and from levies on trust funds held at circuit level (i.e. from local Methodist sources). Decisions regarding District Advance Fund spending and its allocation to projects are made by the Resourcing Mission Committee. 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 at 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 & Youth Fund finances the work of the Mission Advisor. Money from the District Advance Fund, sufficient to meet the costs of the Mission Adviser for year ahead, is transferred into the Mission Fund at the start of the financial year. The district is currently in receipt of a connexional "Our Calling" grant, which is ring-fenced within the Mission Fund. The Our Calling grant money is earmarked for specific mission activities including youth events and the employment costs of the Youth Engagement Officer.

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 are made from time to time, as required.

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.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

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.

The Cameroonian Fund finances the work of the Cameroonian Christian Fellowship, 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 reserves policy of Inclusive Gathering Birmingham is to hold all grants and donations within the ring-fenced fund, to be used for the specific purposes of those grants.

The Digital Church Fund holds within a ring-fenced fund the money received as "seed money" from the Connexion to pilot a New Places for New People project – a digitally-based new ecclesial community. The pilot will be evaluated during the 2021-22 Methodist year.

FUTURE PLANS

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

- Ian Howarth, our district chair, is due to retire in August 2022. The Chair Nomination Group, which met several times during 2020-21, appointed Rev Novette Headley to be the district chair from September 2022. Novette has expressed a willingness to engage in collaborative ways of working with Wolverhampton & Shrewsbury District.
- An assistant Safeguarding Office has been appointed who will commence work in January 2022. The two Safeguarding officers will work jointly across both Birmingham Methodist District and Wolverhampton and Shrewsbury Methodist District.
- There is funding in place for the NEC chaplaincy to continue in its current form until August 2023. Discussions are taking place during 2021-22 to consider the future of this work after 2023.
- Adavu is in the process of exploring a new status of CIO (Charitable Incorporated Organisation). This change in status is envisaged during the 2021-22 Methodist year. The purpose for the change is to enable Adavu to attract grants from external funders who are currently not able to offer funding while Adavu remains a project of Birmingham Methodist District. The district will continue to support and maintain close links with Adavu by means of a partnership agreement, which is in the process of being drawn up.
- The Cameroonian project ceased in September 2021, a few months ahead of the scheduled end date of August 2022. All 2021-22 grant funding for this project was cancelled.
- As Inclusive Gathering Birmingham continues to grow, Danielle Wilson, whose salary is currently based on 20 hours a week, will receive a salary based on 30 hours a week in 2021-22. Grant funding from Methodist sources will continue until 2025. It is expected that IGB will be financially self-supporting in time.
- The district has agreed to welcome a new Global Mission Fellow for the period from September 2022 to June 2024. The appointment has been made, but the start date is being delayed on account of visa issues.
- A new system for connexional grants is in place. Commitments to old-style Mission & Ministry connexional grants already agreed will be honoured, subject to the normal fulfilment of grant conditions. In September 2021 Birmingham Methodist District received confirmation of connexional funding, under the New Places for New People (NPNP) system, for a district project entitled Street Ecclesial Community, due to start in September 2022.
- Changes to district grant funding have become necessary to reflect the changes to connexional grant funding. The former District Grants Committee had its final meeting in May 2021. A new Resourcing Mission Committee held its first meeting in November 2021. Decisions regarding District Advance Fund spending and its allocation to projects will be made by the Resourcing Mission Committee. Priority will need to be given to district projects, including NPNP projects and funding for the roles of district office holders.
- The new Resourcing Mission Committee will oversee the allocation of all the district funds, not just the District Advance Fund. The Resourcing Mission Committee will approve the General Fund budget annually, in advance of its being discussed with Circuit treasurers. The Resourcing Mission Committee will have financial oversight of all district resources.
- The City Centre Fund, currently administered by and included in the accounts of Birmingham Methodist Circuit, will be transferred to the accounts of Birmingham Methodist District on 1 September 2022. The district trustees will be the managing trustees of the City Centre Fund. The Resourcing Mission Committee will make recommendations to District Council on City Centre Fund spending.
- A new district treasurer is being sought, following the resignation of Helen Lynskey as an employee and as a trustee on 1 January 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

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* below.) 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.

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 circuits within the Birmingham District. All of the circuits are registered charities. Contributions from circuits, sometimes known as "the circuit assessment", are used to pay contributions to the central Methodist Church Fund and to meet the day-to-day running costs of the district. In the year to 31 August 2021 income from circuit assessments totalled £592,200 (2020 - £580,000). 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 2020, the total levy, credited automatically to the District Advance Fund by TMCP, was £117,458 (2020 - £173,304).

Methodist Church in Britain (MCB) is the largest Methodist entity, based at 25 Marylebone Road, London, and is an individual charity. In 2020-21 Birmingham Methodist District paid £526,753 (2020 - £518,574) to the Methodist Church Fund, as a contribution towards 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 2021, £87,920 was received from the Connexional Priority Fund (2020 - £21,077).

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.

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.

Auditors

Haines Watts Birmingham LLP have signified their willingness to continue in office. A resolution to re-appoint Haines Watts Birmingham LLP as auditors will be proposed at the District Council meeting to be held on 22 March 2022.

Approved by order of the board of trustees on 22 March 2022 and signed on its behalf by:



Rev Ian Howarth - Chair

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

Year ended 31 August 2021

Opinion

We have audited the financial statements of Birmingham District of the Methodist Church (the 'charity') for the year ended 31 August 2021 which comprise the *Statement of Financial Activities*, the *Statement of Financial Position*, the *Statement of Cash Flows* and notes to the financial statements, including a summary of significant accounting policies. 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'.

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, 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

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 charitable company'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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the entity's activities, funders, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed in the Report of the Charity Trustees.

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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

Year ended 31 August 2021

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 eight, 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.

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

We have been appointed as auditor under section 1443 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

We obtained an understanding of the legal and regulatory framework applicable to both the charitable company itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Charities Act 2011 and Charities SORP (FRS102).

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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. This description forms part of our Report of the Independent Auditors.

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

Year ended 31 August 2021

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.



Haines Watts Birmingham LLP
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

13 April 2022

Birmingham District of the Methodist Church

**Statement of Financial Activities
for the Year Ended 31 August 2021**

	Notes	Unrestricted funds £	Restricted funds £	2021 Total Funds £	2020 Total Funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	592,589	405,061	997,650	1,035,745
Investment income	3	<u>190</u>	<u>1,967</u>	<u>2,157</u>	<u>7,723</u>
Total		592,779	407,028	999,807	1,043,468
EXPENDITURE ON					
Charitable activities					
Grants and donations	4	100	80,572	80,672	108,842
Contributions to Methodist Church Fund	4	526,753	-	526,753	518,574
Other	6	<u>57,324</u>	<u>280,201</u>	<u>337,525</u>	<u>370,349</u>
Total		584,177	360,773	944,950	997,765
NET INCOME/(EXPENDITURE)		8,602	46,255	54,857	45,703
Transfers between funds	13	(4,000)	4,000	-	-
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		4,602	50,255	54,857	45,703
RECONCILIATION OF FUNDS					
Total funds brought forward		3,811,262	860,681	4,671,943	4,626,240
TOTAL FUNDS CARRIED FORWARD		<u>3,815,864</u>	<u>910,936</u>	<u>4,726,800</u>	<u>4,671,943</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

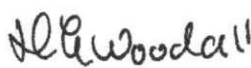
Birmingham District of the Methodist Church

**Balance Sheet
At 31 August 2021**

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Tangible assets	10	3,750,000	-	3,750,000	3,750,000
CURRENT ASSETS					
Debtors	11	-	2,937	2,937	3,197
Cash at bank		71,453	909,864	981,317	928,297
		71,453	912,801	984,254	931,494
CREDITORS					
Amounts falling due within one year	12	(5,589)	(1,865)	(7,454)	(9,551)
NET CURRENT ASSETS		<u>65,864</u>	<u>910,936</u>	<u>976,800</u>	<u>921,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,815,864</u>	<u>910,936</u>	<u>4,726,800</u>	<u>4,671,943</u>
NET ASSETS		<u>3,815,864</u>	<u>910,936</u>	<u>4,726,800</u>	<u>4,671,943</u>
FUNDS	13				
Unrestricted funds:					
General fund				42,642	26,904
Capital revaluation reserve				3,750,000	3,750,000
Designated fund				23,222	34,358
				<u>3,815,864</u>	<u>3,811,262</u>
Restricted funds:					
District Advance Fund				748,246	707,625
Chaplaincy Fund				13,999	3,989
Mission Fund				51,738	40,547
Safeguarding Fund				10,385	6,976
Adavu Fund				41,433	70,337
Benevolent Fund				2,099	3,132
Manse Major Repair Fund				11,699	7,688
Cameroonian Fund				3,386	1,903
New Inclusive Church Fund				20,639	18,484
Digital Church Fund				7,312	-
				<u>910,936</u>	<u>860,681</u>
TOTAL FUNDS				<u>4,726,800</u>	<u>4,671,943</u>

The financial statements were approved by the Board of Trustees on 22 March 2022 and were signed on its behalf by:


Rev I Howarth – Trustee


Mrs H E Woodall – Trustee

The notes form part of these financial statements

Birmingham District of the Methodist Church

**Cash Flow Statement
for the Year Ended 31 August 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>50,863</u>	<u>37,393</u>
Net cash provided by (used in) operating activities		<u>50,863</u>	<u>37,393</u>
Cash flows from investing activities:			
Interest received		<u>2,157</u>	<u>7,723</u>
Net cash provided by investing activities		<u>2,157</u>	<u>7,723</u>
Change in cash and cash equivalents in the reporting period		<u>53,020</u>	<u>45,116</u>
Cash and cash equivalents at the beginning of the reporting period		<u>928,297</u>	<u>883,181</u>
Cash and cash equivalents at the end of the reporting period		<u>981,317</u>	<u>928,297</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2021

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	54,857	45,703
Adjustments for:		
Interest received	(2,157)	(7,723)
(Increase)/decrease in debtors	260	(151)
(Decrease)/increase in creditors	<u>(2,097)</u>	<u>(436)</u>
Net cash (used in)/ provided by operating activities	<u>50,863</u>	<u>37,393</u>

1. ACCOUNTING POLICIES**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The pension cost charge represents contributions paid by the charity to the fund.

VAT

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

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

2. DONATIONS AND LEGACIES

	2021 £	2020 £
Circuit contributions	592,200	580,000
Donations	26,766	37,841
Connexional and other grants	172,569	209,068
Circuit Model Trust Fund Levies	117,458	173,304
Connexional Priority Fund distribution	87,920	21,077
Other income	737	14,455
	<u>997,650</u>	<u>1,035,745</u>

3. INVESTMENT INCOME

	2021 £	2020 £
Deposit account interest	<u>2,157</u>	<u>7,723</u>

4. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (See note 5) £	Totals £
Grants and donations	80,672	80,672
Contribution to Methodist Church Fund	<u>526,753</u>	<u>526,753</u>
	<u>607,425</u>	<u>607,425</u>

5. GRANTS PAYABLE

	2021 £	2020 £
Grants and donations	80,672	108,842
Contribution to Methodist Church Fund	<u>526,753</u>	<u>518,574</u>
	<u>607,425</u>	<u>627,416</u>

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

	2021 £	2020 £
Mission projects	69,991	75,168
Methodist Church Fund	526,753	518,574
Property projects	9,000	15,000
Other grants and donations	<u>1,681</u>	<u>18,674</u>
	<u>607,425</u>	<u>627,416</u>

5. GRANTS PAYABLE - continued

During the year, in addition to the above, the District Advance Fund transferred £25,750 to the Chaplaincy Fund, £5,000 to the Cameroonian Fund, £8,500 to the Adava Fund, £8,000 to the Inclusive Gathering Birmingham Fund, £27,000 to the Mission and Youth Fund and £28,000 to the Safeguarding Fund.

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Other resources expended	<u>333,505</u>	<u>4,020</u>	<u>337,525</u>
Support costs, included in the above, are as follows:			
		2021 £	2020 £
Salaries and associated costs		253,222	249,401
Trustee expenses		203	1,198
Manse costs		22,514	28,012
Training, including retreats		2,791	11,586
Administration, telephone, travel etc.		44,814	49,410
Other expenses		2,601	14,199
Employee expenses		6,010	11,450
Professional fees		1,350	1,193
Auditors' remuneration		<u>4,020</u>	<u>3,900</u>
		<u>337,525</u>	<u>370,349</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

During the year ended 31 August 2021 £6,500 (2020 - £6,330) was paid to Mrs H Lynskey for Finance Administration as authorised by the trustees.

Trustees' expenses

There were trustees' expenses of £203 paid for the year ended 31 August 2021 (2020 - £1,198).

8. STAFF COSTS

	2021 £	2020 £
Wages and salaries	220,623	222,832
Social security costs	15,392	10,141
Other pension costs	<u>17,208</u>	<u>16,428</u>
	<u>253,223</u>	<u>249,401</u>

The average monthly number of employees during the period, calculated on the basis of full time equivalents, was 8 (2020 - 8.5).

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

Key management personnel

Key management personnel consists of the District Chair, whose salary is paid from central Methodist Funds. Key management personnel remuneration for the year totalled £42,150 (2020 - £41,180).

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES
- YEAR ENDED 31 AUGUST 2020

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	598,502	437,243	1,035,745
Investment income	1,247	6,476	7,723
Total	599,749	443,719	1,043,468
EXPENDITURE ON			
Charitable activities			
Grants and donations	15,074	93,768	108,842
Contribution to Methodist Church Fund	518,574	-	518,574
Other	65,691	304,658	370,349
Total	599,339	398,426	997,765
NET INCOME/(EXPENDITURE)	410	45,293	45,703
Transfers between funds	500	(500)	-
Other recognised gains/(losses)			
Gains/(losses) on revaluation of fixed assets	-	-	-
Net movement in funds	910	44,793	45,703
RECONCILIATION OF FUNDS			
Total funds brought forward	3,810,352	815,888	4,626,240
TOTAL FUNDS CARRIED FORWARD	3,811,262	860,681	4,671,943

10. TANGIBLE FIXED ASSETS

	Freehold property £
COST OR VALUATION	
At 1 September 2020	<u>3,750,000</u>
At 31 August 2021	<u>3,750,000</u>
NET BOOK VALUE	
At 31 August 2021	<u>3,750,000</u>
At 31 August 2020	<u>3,750,000</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.

10. TANGIBLE FIXED ASSETS – continued

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

	2021 £	2020 £
Prepayments and accrued income	<u>2,937</u>	<u>3,197</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Accruals and deferred income	<u>7,454</u>	<u>9,551</u>

13. MOVEMENT IN FUNDS

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	26,904	15,738	-	42,642
Capital revaluation reserve	3,750,000	-	-	3,750,000
Designated fund	<u>34,358</u>	<u>(7,136)</u>	<u>(4,000)</u>	<u>23,222</u>
	3,811,262	8,602	(4,000)	3,815,864
Restricted funds				
District Advance Fund	707,625	200,171	(159,550)	748,246
Chaplaincy Fund	3,989	(41,490)	51,500	13,999
Mission Fund	40,547	(15,809)	27,000	51,738
Safeguarding Fund	6,976	(24,591)	28,000	10,385
Adavu Fund	70,337	(45,404)	16,500	41,433
Benevolent Fund	3,132	(1,033)	-	2,099
Manse Major Repair Fund	7,688	11	4,000	11,699
Cameroonian Fund	1,903	(22,067)	23,550	3,386
New Inclusive Church Fund	18,484	(10,845)	13,000	20,639
Global Mission Fellow Fund	-	7,312	-	7,312
	<u>860,681</u>	<u>46,255</u>	<u>4,000</u>	<u>910,936</u>
TOTAL FUNDS	<u>4,671,943</u>	<u>54,857</u>	<u>-</u>	<u>4,726,800</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 £
Unrestricted funds				
General fund	592,779	(577,041)	-	15,738
Designated fund	-	-	-	-
Capital revaluation reserve	-	(7,136)	-	(7,136)
	<u>592,779</u>	<u>(584,177)</u>	-	<u>8,602</u>
Restricted funds				
District Advance Fund	279,896	(79,725)	-	200,171
Chaplaincy Fund	19,000	(60,490)	-	(41,490)
Mission and Youth Fund	18,455	(34,264)	-	(15,809)
Safeguarding Fund	500	(25,091)	-	(24,591)
Adavu Fund	54,098	(99,502)	-	(45,404)
Benevolent fund	298	(1,331)	-	(1,033)
Manse major repair fund	11	-	-	11
Cameroonian fund	5,000	(27,067)	-	(22,067)
Inclusive Gathering Birmingham fund	19,770	(30,615)	-	(10,845)
Digital Church fund	10,000	(2,688)	-	7,312
	<u>407,028</u>	<u>(360,773)</u>	-	<u>46,255</u>
TOTAL FUNDS	<u>999,807</u>	<u>(944,950)</u>	-	<u>54,857</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, for day-to-day running costs.

Designated fund

The designated fund comprises £9,200 set aside for future exchange visits, £3,382 for future website/communications costs, £6,640 for salary for Helen Lynskey (finance administration) in 2021-22, and £4,000 for transfer to the Manse major repair fund in 2021-22. The designated fund will close on 31 August 2022. Any balance unspent at that date will be transferred to the General Fund.

Restricted funds

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

Adavu Fund

The Adavu project is supported by the Lloyds Bank Foundation for England and Wales.

14. CONTINGENT LIABILITIES

As at 31 August 2021 future grant commitments from the District Advance Fund were as follows:

Year to	£
31 August 2022	217,251
31 August 2023	224,543
31 August 2024	128,537
31 August 2025	97,000
31 August 2026	61,500
	<hr/>
	<u>728,831</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.

Estimated employer debt on withdrawal of former employee pensions under the Growth Plan 3 scheme is £5,235 at the latest valuation date, being 30 September 2019.

15. RELATED PARTY DISCLOSURES

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