

The Church at Carrs Lane

Trustees' Report and Financial Statements

For the year ended 31 March 2022



The Church at Carrs Lane

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**Reference and Administrative Details of the Charity, its Trustees and Advisers
For the year ended 31 March 2022**

Trustees	Caroline Ruth Ambler Joe Bullen (appointed 22 February 2022, resigned 31 December 2022) Revd Anna Cristina Cipriani Peter Mervyn Cummings (appointed 19 January 2022) Christine Anne Tudor-Jones Taiwo Christopher Makanjuola Matthew John Neville Dr Michael Richer (appointed 1 January 2022) Revd Suzanne Shortman (appointed 30 September 2022) Martin Stokes Peter Malcolm Woodall Deacon Ruth Brenda Yorke Elizabeth Barbara Cummings (appointed 1 January 2022) Revd Neil Wharrier Johnson (resigned 31 August 2022) Steph Neville (resigned 31 December 2021) Janis Mary Scott (resigned 31 December 2021) Andrew Thomas Veitch (resigned 31 December 2021) Christopher David Yorke (resigned 31 August 2021)
Charity registered number	1153980
Principal office	Carrs Lane Birmingham B4 7SX
Accountants	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH
Bankers	CAF Bank Limited West Malling Kent ME19 4TA
Solicitors	Veale Wasbrough Vizards LLP Second Floor 3 Brindley Place Birmingham B1 2JB Keeleys - Solicitors for employment issues 28 Dam Street Lichfield WS13 6AA
Investment advisers	Quilter Cheviot 2 Snowhill Birmingham B4 6GA

**Trustees' report
For the year ended 31 March 2022**

The Trustees present their annual report together with the financial statements for The Church at Carrs Lane (the charity) for the year ended 31 March 2022. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102 as updated by SORP Bulletin 1.

Objectives and activities

a. Policies and objectives

In furtherance of our charitable objects, it is our mission to be a community of Christians which seeks to respond honestly and imaginatively to the challenge to live out the Christian life in the centre of a 21st century city. As part of our becoming a Local Ecumenical Partnership (LEP) the following Guiding Principles have been adopted by Trustees and approved by Church Meeting:

Guiding principles

Together we seek to embody what it means to proclaim God incarnate at the heart of Birmingham as:

- We aim to be the body of Christ, by means of the common life of our diverse congregations and throughout the location as a strategic centre for Christian mission and service.
- We seek to demonstrate 'koinonia' (communion/community/contribution) as a true model of Church and City. We believe in Church that is based around relationships and we commit ourselves to the nurturing and intentional Christian Community at Carrs Lane.

Therefore:

- We endeavour to offer relevant and accessible Christian worship which gives voice to the hopes and yearnings of the people of the city
- We strive relentlessly for justice, peace and care for all God's Creation, but with a specific focus on the concerns of the city centre; we have a responsibility to respond to the rhythms of the city
- We acknowledge the responsibilities of our prophetic role, and aim to be challenging, comforting and resourcing the wide city, not least through offering space for people to engage in urban theological reflection
- We commit ourselves for releasing and resourcing new opportunities for creative ministries, including the development and sustenance of chaplaincies in the city centre
- We will continue the ministry of hospitality in its many forms.

Objectives and activities (continued)

b. Achievements and performance

Review of activities

The effects of Covid continue to affect our mission and ministry at The Church at Carrs Lane. Some of our once-regular members have not felt able to return to meeting together. Some still join online, worshipping with the church via the livestream, often watched at different points during the week.

There is plenty of hope and still busyness, but not 'as it was'. We mark that the Lived Community ended this year, after offering 9 years of ministry and prayer in the city centre. They have been involved in leading regular prayer, in campaigning, and offering time in important ways in the city.

These are some of the things we are still involved in as a church. They are not in a particular order.

Junior church. Junior church has grown recently, now having 2 families, with 5 children. We have restarted the leaders' rota and are delighted to have children back amongst the church.

Prayer ministry. This happens in many ways – and perhaps primarily through the Wednesday lunchtime service, where prayer requests from the public and from the church, are shared and people are prayed for regularly, and a card is sent to those on the other regular prayer list. Those who attend stay on for fellowship, shared chat, tea and snack. Also, through an email prayer network, led by 2 church members, who communicate prayer requests with others in the church.

Central house group. This continues to meet on the 3rd Wednesday each month, still on Zoom, and provides Bible Study, discussion and fellowship.

Pray24Brum. In January 2022, we hosted 'pray 24 Brum', enabling prayer from 8am – 8pm on the Friday and Saturday. We hosted the start with a breakfast and took part at other times.

Students and young adults. We continue to welcome students, and have had 2 new students recently who seem keen to stay, one is exploring transferring membership to Carrs Lane. Young people's online group has latterly become more random as the students and young adults have been more able to get out about and are less often 'in' in the evenings! We still do meet, just not as regularly as during lockdown. Some of our young adults have (inevitably) moved on to jobs around the country, and one has returned to China. 2 students are living elsewhere temporarily this year and we hope they will return to Birmingham (and Carrs Lane) next year. There are also 2 'new' slightly older 'young adults' who have become part of Carrs Lane.

Bible study/'reading and living the gospels': we started a Zoom group looking at the gospel passage for the coming Sunday, using a format similar to lectio divina, where the reading is read several times and we each look at how God is speaking with us, challenging us, calling us to action. These have been very good. There has been a break in these but they are restarting with an Advent series.

English Afternoon. After the Stone Road hostel closed during covid, we worked with contacts in Migrant Help and started going into Britannia Hotel in New Street and meeting people seeking asylum, going for a walk, and coming back to Carrs Lane for tea/cakes/fruit/language practice. This goes well when folk come along, but there are general issues (for us and for refugee/asylum seeker agencies) with engagement with people staying at Britannia. We are currently looking for a new way to make this work as the will to meet with people and offer hospitality is there. This work is done together with Birmingham Progressive Synagogue.

Trustees' report (continued) For the year ended 31 March 2022

Objectives and activities (continued)

Mission Space and Room 3. These are now being used by Crisis Skylight, Craunston, Journey, 'Jobz' job club, and Stories of Hope and Home. Our recognition that we cannot serve these people ourselves, but can make space for others to do so, means we share space with these organisations. Since September 2022 they have begun to make a contribution towards the heating/lighting. We continue to try to engage with these groups so that they are partners in some way, not just 'using the room'. There is a particular criteria for which groups may use it, and it is only for direct service/support for clients/guests, not for staff training or meetings.

Good Friday walk of witness: It was wonderful to be able to do this in person this year, sharing with around 150 Christians, starting outside under the cross at The Church at Carrs Lane.

Carrs Lane Counselling Centre continues its valuable work by offering a first class BCAP accredited counselling service to adults, though raising sufficient funds to support its work has become significantly more difficult. It provides a minimal cost service and is an outworking of the church's commitment to the city in the light of its mental health needs.

Reverend Elaine Hutchinson continues her valued role as team leader of the Retail Chaplaincy based at Carrs Lane. She was formally inducted as a minister of The Church at Carrs Lane in 2019. With a group of volunteers chaplaincy is offered to a number of retail sites around the city centre including the Frankfurt Christmas Market.

Foodbank. Regular collections for the Aston and Nechells Foodbank continue. During lockdown a number of Carrs Lane members began to give regularly financially, as it was not possible to give food at that time. 2 members regularly take collected food donations to the foodbank.

Pride. We were able to go out at Pride in September 2022. Some were in the parade, and others greeted the parade from the roadside in Carrs Lane. This is much appreciated and has become part of Pride. We work together with Inclusive Gathering in organising this.

Players. This continues to meet online via Zoom on Fridays and reads through different plays. There is often much hilarity, and it engages some folk who do not access other church activities.

Livestream. We continue to livestream the Sunday morning services each week. Before the livestream begins, some church members still gather on Zoom to chat before the service begins on Facebook live. Social Media. We continue to use Facebook and now Instagram to share with people and communicate about church life and passions.

Street Banquet support. Street Banquet continued as a project at The Church at Carrs Lane during 2021/22 although since September 2022 it has become a project of the Birmingham Methodist District. It continues to be supported by volunteers including those from Carrs Lane. This project invites people who are either homeless or vulnerably housed, in for a sit-down meal once a month.

Worship in the foyer. Since early October, due to a water leak which affected the church electrics, we have been meeting for Sunday worship in the foyer. This has its challenges, and we are grateful for friends and another church which have lent us sound systems.

City Centre churches together. This continued to meet online during lockdown for prayer and sharing information and support. We've tried to re-establish meeting in person again with a recent prayer walk, but very few people came so we will keep working on this.

The external noticeboard This has enabled messages of support and hope, along with updates on whether/how we are meeting and continuing to give suggestions of where to find mental health and other support. We have also used what was the Fair Trade Shop window to set up a display about refugees and asylum seekers.

Objectives and activities (continued)

Public benefit

In reviewing the year, the Trustees have taken into account the Charity Commission's guidance on public benefit and the two principles that:

- There must be an identifiable benefit or benefits, and
- The benefit must be to the public or a section of the public

They have also considered the specific guidance on charities for the advancement of religion.

The Trustees believe that The Church at Carrs Lane provides identifiable benefits which are open to all who wish to participate in its life and development.

Attendance at the Church's activities is open to all, although anyone wishing to become a member does so on a profession of faith according to the practices of the LEP.

No private benefit accrues. It should be noted that unpaid members of the resident community, while receiving a benefit of accommodation, return that benefit through the contribution they make to the work and mission of the Church, which is a condition of their residence.

Trustees' report (continued)
For the year ended 31 March 2022

Financial review

a. Reserves policy

General purposes fund

Object: To use income arising from the activities of The Church at Carrs Lane to support the charitable objects to advance the Christian religion in accordance with the doctrines, principles and usages of the Church in accordance with the terms of the Local Ecumenical Partnership.

Reserves policy: Unrestricted funds are needed to assist with a proper stewardship of the Church's assets and to help cover related administration costs. The Trustees consider it prudent to have adequate working capital to enable its activities to proceed unhindered. At 31 March 2022 the balance in this fund was £135,248 (2021: £74,948) and the Trustees consider this to be adequate for that purpose.

Youth fund

Object: Funds were given to assist the Church with youth work.

Reserves policy: A designated fund that can only be expended on projects which benefit children, young people or young adults up to the age of thirty years. Those benefiting may be children of the congregation, members of the congregation or anyone under the age of thirty for whom it is deemed appropriate. At 31 March 2022 the balance in this fund was £2,787 (2021: £2,787).

Investment portfolio

Object: Funds mainly contributed by Carrs Lane Church Centre and subsequent legacies. The Trustees have resolved to invest funds arising from previous legacies and other sources in order to provide a source of income to support the Church's charitable objects.

Reserves policy: A designated fund that can only be invested ethically as determined by the Trustees in order to provide an income source. Currently, on the recommendation of the Finance Committee, the funds are externally managed on a discretionary basis. At 31 March 2022 the balance in this fund was £855,309 (2021: £907,972).

Tangible fixed assets

Objects: To reflect previous expenditure on the building and fixtures and fittings by the Trustees in order to enhance the premises for the purposes of meeting the Church's charitable objects.

Reserves policy: A designated fund which matches the depreciated book value of tangible fixed assets, reflecting the historic spending on improvements to the building rather than resources available for future use. At 31 March 2022 the balance in this fund was £20,424 (2021: £611,118).

Funds held by The Trustees for Methodist Church Purposes

Objects: These funds represent those funds contributed by Birmingham Methodist City Mission to the Local Ecumenical Partnership ("LEP") which are held by the Trustees for Methodist Church Purposes.

Reserves: A restricted fund that can be used in the furtherance of mission in the City Centre which falls within the charity's objects but if applied for improvement/development of the church building, would be restricted to the extent that on dissolution of the LEP the Methodist Church would hold a charge over the property for a sum equivalent to the amount spent on the building. At 31 March 2022 the balance in this fund was £100,001 (2021: £94,271).

Review of finances

The 2021/22 accounts continue to show the dramatic financial impact of the Covid 19 pandemic, and the substantial reduction of conference business previously run by Carrs Lane Conference Centre Ltd. The Church applied a further £140k, from resources transferred from the two founding churches, to support and enhance the ministry and mission of the Church and to manage cash flow.

These accounts do, however, include the full year cost reduction from the first round of redundancies made in the autumn of 2020 and other cost saving measures. The Church was also able to make a substantial claim for loss of income through business interruption and received £113k in December 2022. As this related to the period March 2020 to July 2021 it has been included in the 2021/22 accounts. The Churches investments improved in value by £96k.

Overall the net total funds of the Church reduced by a further £577k from £1.691m to £1.114m at 31 March 2022, although net useable reserves increased slightly to £1.093m (2021: £1.080m). The majority of this reduction arises from the impairment of property assets set out in Note 13. Excluding the drawdown of investments, depreciation, and the insurance funds, the underlying loss for the year is nearly £200k (2021: £332k loss). Whilst this is a marked improvement on the 2021 position, the Trustees continue to review the Church's financial position, reduce the scale of activities and identify other cost savings.

Structure, governance and management

a. Constitution

The Church at Carrs Lane is a registered charity, number 1153980, and is constituted under a Trust deed.

b. Methods of appointment or election of Trustees

The Trustees are appointed by the Church Members by postal ballot to ensure that all members are able to vote if they wish.

c. Organisational structure and decision-making policies

Trustees have met monthly throughout the year. Aware of their responsibilities under Charity Law, the Trustees are also acting in accordance with the structures of the United Reformed and Methodist Churches, and take into account the important role of such bodies as the Church Officers, Church Meeting and Finance Committee.

The Trustees retain ultimate authority for the running and wellbeing of the Church, but in practice various bodies act on their authority. The Finance Committee oversees the investment portfolios, makes recommendations regarding a budget, and monitors income and expenditure. The Trustees receive regular financial reports from those meetings. The Trustees also formally approve the budget and financial statements and ensure that these are presented at the Annual Business Meeting of the Church in September.

The Trustees are responsible for the appointment of their advisers and review their appointment annually. Andy Morris of Dains Audit Limited has acted as our independent examiner. Quilter Cheviot act as investment manager. Veale Wasborough Vizards LLP acts as main solicitor and Keelys LLP advises on employment matters.

Structure, governance and management (continued)

d. Related party relationships

Be.friend city centre retail chaplaincy. This is a project of Churches and Industry Group Birmingham – Solihull (Reg Charity 511711) based and managed at The Church at Carrs Lane. This important and valued ministry continues to be funded by the Anglican Church, Birmingham Methodist Circuit and The Church at Carrs Lane.

Carrs Lane Counselling Centre, a separate charity (Reg Charity: 1102628) operating in the premises was originally set up by the Church and Members of the Church serve on its governing body.

The Church has been represented at the **United Reformed Church West Midlands Synod** (Reg Charity : 507027), and also at the **Birmingham Methodist Circuit** (Reg Charity: 1132926) Assembly and the **Birmingham Methodist District Synod** (Reg Charity: 1134167).

The Church at Carrs Lane continues to receive a significant annual grant from **Joseph Scott's Chapel Charity** (Reg Charity: 233648). Members of the Church serve as representative trustees of the charity.

Plans for future periods

The Church continues to explore, through prayer and discernment, the way forward in the light of the significant changes which have occurred during this and the following year. The Church has concluded that the financial model, through which the Church activities are supported by conference business, will not recover. Also that the current building is no longer fit for purpose. Consequently, the Church has considered future options for redevelopment of the site and in the autumn of 2022 began to engage with professional advisors to develop this scheme. The mission and ministry of the Church will continue as the Church works on this project.

Trustees' report (continued)
For the year ended 31 March 2022

Structure, governance and management (continued)

Statement of Trustees' responsibilities

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 & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of Trustees on 15 December 2023 and signed on their behalf by:

Peter Woodall
(Trustee)

**Independent Examiner's Report
For the year ended 31 March 2022**

Independent Examiner's Report to the Trustees of The Church at Carrs Lane ('the Charity')

I report to the charity Trustees on my examination of the accounts of the Charity for the year ended 31 March 2022.

Responsibilities and Basis of Report

As the Trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

Your attention is drawn to the fact that the Charity has prepared the accounts 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) 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 been withdrawn.

I understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Independent Examiner's Report (continued)
For the year ended 31 March 2022

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. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for my work or for this report.

Signed:

Dated: 15 December 2023

Andy Morris

FCA (Senior statutory auditor)

Dains Audit Limited
Birmingham

**Statement of financial activities
For the year ended 31 March 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	80,503	-	80,503	76,063
Charitable activities	5	93,851	-	93,851	41,461
Investments	6	41,034	-	41,034	48,260
Other income	7	112,761	-	112,761	-
Total income		328,149	-	328,149	165,784
Expenditure on:					
Raising funds		6,928	-	6,928	6,615
Charitable activities	9	995,057	-	995,057	521,465
Total expenditure		1,001,985	-	1,001,985	528,080
Net expenditure before net gains on investments		(673,836)	-	(673,836)	(362,296)
Net gains on investments		90,779	5,730	96,509	127,725
Total transfers		-	-	-	-
Net movement in funds		(583,057)	5,730	(577,327)	(234,571)
Reconciliation of funds:					
Total funds brought forward		1,596,825	94,271	1,691,096	1,925,667
Net movement in funds		(583,057)	5,730	(577,327)	(234,571)
Total funds carried forward		1,013,768	100,001	1,113,769	1,691,096

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 32 form part of these financial statements.

The Church at Carrs Lane
Registered number:

Balance sheet
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	20,424	611,118
Investments	15	955,310	1,005,558
		975,734	1,616,676
Current assets			
Debtors	16	185,930	78,684
Cash at bank and in hand		37,471	47,919
		223,401	126,603
Creditors: amounts falling due within one year	17	(85,366)	(52,183)
Net current assets		138,035	74,420
Total assets less current liabilities		1,113,769	1,691,096
Net assets excluding pension asset		1,113,769	1,691,096
Total net assets		1,113,769	1,691,096
Charity funds			
Restricted funds	18	100,001	94,271
Unrestricted funds	18	1,013,768	1,596,825
Total funds		1,113,769	1,691,096

The financial statements were approved and authorised for issue by the Trustees on 15 December 2023 and signed on their behalf by:

Peter Malcolm Woodall
(Trustee)

The notes on pages 14 to 32 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 March 2022**

1. General information

The Church at Carrs Lane is an unincorporated charitable trust registered with the Charity Commission in England and Wales with registered number 1153980. The registered office is shown on page 1. The principal activity of the charity is the advancement of the Christian faith in Birmingham in accordance with the principles and practices of the participating churches.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and 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 Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

Notes to the financial statements
For the year ended 31 March 2022

2. Accounting policies (continued)

2.2 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Charity, can be reliably measured.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the contribution of church members and friends to the work set out in the Trustees' report is not recognised.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2. Accounting policies (continued)

2.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.4 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.5 Properties

The properties in use by The Church at Carrs Lane are registered in the name of The United Reformed Church (West Midlands) Trust Limited but held for the benefit of the Church. For this reason the cost of the properties is not reflected in the financial statements. Any capital works undertaken by the Church are capitalised and depreciated in accordance with the policy below.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

**Notes to the financial statements
For the year ended 31 March 2022**

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Property improvements	- Over 10 years
Fixtures and fittings	- Over 5 years
Piano	- Over 15 years

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.11 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

Notes to the financial statements
For the year ended 31 March 2022

2. Accounting policies (continued)

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

Fixed assets - estimated useful lives
Investments - estimate of fair value

Notes to the financial statements
For the year ended 31 March 2022

4. Income from donations and legacies

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations			
Offertories	34,539	34,539	36,418
Other donations	2,928	2,928	390
Grants			
Joseph Scott's Chapel Charity	15,729	15,729	15,415
Church of England and Methodist Circuit contributions to retail chaplaincy	9,072	9,072	11,340
Methodist Circuit grant	12,859	12,859	12,500
Donations from trading subsidiary	5,376	5,376	-
Total 2022	<u>80,503</u>	<u>80,503</u>	<u>76,063</u>
Total 2021	<u>76,063</u>	<u>76,063</u>	

5. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Rental income	79,505	79,505	14,283
Income from mission activities	-	-	4,560
Coronavirus Job retention scheme	14,346	14,346	22,618
	<u>93,851</u>	<u>93,851</u>	<u>41,461</u>

Notes to the financial statements
For the year ended 31 March 2022

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Dividend income	40,822	40,822	48,088
Bank interest	212	212	172
	<u>41,034</u>	<u>41,034</u>	<u>48,260</u>

7. Other income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Business interruption insurance claim	<u>112,761</u>	<u>112,761</u>	<u>-</u>

8. Analysis of grants

	Grants to Institutions 2022 £	Total funds 2022 £	Total funds 2021 £
Grants	<u>30,000</u>	<u>30,000</u>	<u>-</u>

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Total 2022 £	Total 2021 £
Charitable Activities	<u>995,057</u>	<u>995,057</u>	<u>521,465</u>
Total 2021	<u>521,465</u>	<u>521,465</u>	

Notes to the financial statements
For the year ended 31 March 2022

10. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Grant funding of activities 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Charitable Activities	224,298	30,000	740,759	995,057	521,465
Total 2021	281,728	-	239,737	521,465	

Analysis of direct costs

	Total funds 2022 £	Total funds 2021 £
Staff costs	34,778	35,069
Depreciation	8,763	114,797
Ministry and mission contributions to URC/Methodist	90,830	71,324
Manse expenses	393	2,907
Pulpit, worship and pastoral supplies	281	224
Mission activities	1,418	1,102
Publicity and website	11	10
Musicians and music	3,562	5,517
Residential community	-	492
Utilities and rates	37,184	27,602
Cleaning and refuse	4,891	9,472
Insurance	7,515	7,006
General maintenance	24,554	4,949
Catering purchases	4,780	(52)
City Centre chaplaincy administrative costs	5,338	1,309
	224,298	281,728

Notes to the financial statements
For the year ended 31 March 2022

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2022 £	Total funds 2021 £
Staff costs	127,451	169,344
Staff recruitment and training	-	4,200
Legal and professional	8,737	1,659
Office and communication costs	14,468	10,266
Independent examiner and accountancy fees	8,172	5,616
Bad debt provision	-	4,899
Exceptional item (Note 13)	581,931	43,753
	740,759	239,737

11. Staff costs

	2022 £	2021 £
Wages and salaries	152,344	189,629
Social security costs	6,934	11,340
Contribution to defined contribution pension schemes	2,951	3,444
	162,229	204,413

The Church made no staff redundant during the year (2021: 7). The total redundancy payments made were £Nil (2021: £39,588)

The average number of persons employed by the Charity during the year was as follows:

	2022 No.	2021 No.
Administration	2	6
Premises	5	5
Musicians	1	1
Retail Chaplain	1	1
	9	13

**Notes to the financial statements
For the year ended 31 March 2022**

11. Staff costs (continued)

No employee received remuneration amounting to more than £60,000 in either year.

All staff were jointly employed by the Church and the trading subsidiary up until when the trading subsidiary closed. Salary costs are apportioned by use of resources.

All key management personnel (being the Trustees) act in a voluntary capacity and are not remunerated.

Included in the wages and salaries cost above is £34,778 (2021: £35,069), being the salary of the Retail Chaplain whose position is part funded by the Church of England and Methodist Circuit, with the balance being met from the Church resources.

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, no Trustee expenses have been incurred (2021 - £NIL).

13. Exceptional items

The exceptional item shown in the current year relates to the impairment of property assets as set out below.

In accordance with the Church's Accounting Policies (notes 2.5 and 2.6 above), capital works undertaken by the Church have been capitalised and depreciated as they enhance not only the value of the building but also the Church's potential to generate income through the use of the premises.

The dramatic impact of changes arising from the Covid 19 pandemic mean that the Church has had to make significant decisions about the future of the building. In June 2021 the Trustees determined that the church building was no longer fit for the purpose of the Church, and that the financial model which is reliant on external income from lettings and room hire was no longer sustainable.

During the end of 2021 and the early part of 2022 it became clear that the conference business would not revert to anything near the levels pre-lockdown, and that a deficit was arising from continuing to attempt to run this business. Therefore, the Trustees decided in January 2022 to cease room hire, and close Dale House and other parts of the building, from 31/8/22 and make further staff redundant. The Trustees have subsequently progressed plans to redevelop the Church on the current site in partnership with others.

As a consequence of these decisions, the Book Value of the property related tangible fixed assets is deemed to be greater than the Recoverable Amount. This is because the Church has ceased to let and use the Dale House block and is no longer deriving significant income from the remainder of the building. In the event of disposal of the building the Church will not directly receive the proceeds of sale. It has been determined, therefore, that it is appropriate to impair the value of the property assets on the Church's balance sheet to nil and for this to be shown as an exceptional item in the Statement of Financial Activities.

The exceptional item showing in expenditure in the prior year, relates to the provision of the write off of the loan with Carrs Lane Conference Centre which has now ceased to operate.

Notes to the financial statements
For the year ended 31 March 2022

14. Tangible fixed assets

	Property improvements £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2021	1,618,631	176,430	1,795,061
At 31 March 2022	1,618,631	176,430	1,795,061
Depreciation			
At 1 April 2021	1,036,700	147,243	1,183,943
Charge for the year	-	8,763	8,763
Impairment charge	581,931	-	581,931
At 31 March 2022	1,618,631	156,006	1,774,637
Net book value			
At 31 March 2022	-	20,424	20,424
At 31 March 2021	581,931	29,187	611,118

15. Fixed asset investments

	Investments in subsidiary companies £	Listed investments £	Cash £	Total £
Cost or valuation				
At 1 April 2021	1	1,002,242	-	1,002,243
Additions	-	52,703	9,599	62,302
Disposals	-	(205,744)	-	(205,744)
Revaluations	-	96,509	-	96,509
At 31 March 2022	1	945,710	9,599	955,310
Net book value				
At 31 March 2022	1	945,710	9,599	955,310
At 31 March 2021	1	1,002,242	-	1,002,243

**Notes to the financial statements
For the year ended 31 March 2022**

15. Fixed asset investments (continued)

Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Holding
Carrs Lane Conference Centre Limited	09048871	100%

The financial results of the subsidiary for the year were:

Carrs Lane Conference Centre Ltd did not trade during the year. A final gift aid payment of £5,376 was received during the year. Carrs Lane Conference Centre Ltd was dissolved on 22 August 2023.

16. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	15,158	7,545
Other debtors	126,135	23,900
Prepayments and accrued income	44,637	47,239
	185,930	78,684

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	19,266	24,100
Other taxation and social security	3,082	5,365
Pension fund loan payable	677	717
Other creditors	130	253
Accruals and deferred income	62,211	21,748
	85,366	52,183

Notes to the financial statements
For the year ended 31 March 2022

18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Designated funds						
Youth Fund	2,787	-	-	-	-	2,787
Tangible fixed assets	611,118	-	(590,694)	-	-	20,424
Fixed asset investments	907,972	-	-	(143,442)	90,779	855,309
	<u>1,521,877</u>	<u>-</u>	<u>(590,694)</u>	<u>(143,442)</u>	<u>90,779</u>	<u>878,520</u>
General funds						
General funds	74,948	328,149	(411,291)	143,442	-	135,248
Total Unrestricted funds	<u>1,596,825</u>	<u>328,149</u>	<u>(1,001,985)</u>	<u>-</u>	<u>90,779</u>	<u>1,013,768</u>
Restricted funds						
Funds held by Trustees for Methodist Church Purposes	94,271	-	-	-	5,730	100,001
Total of funds	<u>1,691,096</u>	<u>328,149</u>	<u>(1,001,985)</u>	<u>-</u>	<u>96,509</u>	<u>1,113,769</u>

Notes to the financial statements
For the year ended 31 March 2022

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Youth Fund	2,787	-	-	-	-	2,787
Tangible fixed assets	725,915	-	(114,797)	-	-	611,118
Fixed asset investments	779,936	-	-	12,525	115,511	907,972
	<u>1,508,638</u>	<u>-</u>	<u>(114,797)</u>	<u>12,525</u>	<u>115,511</u>	<u>1,521,877</u>
General funds						
General Funds	<u>95,152</u>	<u>165,784</u>	<u>(413,283)</u>	<u>227,295</u>	<u>-</u>	<u>74,948</u>
Total Unrestricted funds	<u>1,603,790</u>	<u>165,784</u>	<u>(528,080)</u>	<u>239,820</u>	<u>115,511</u>	<u>1,596,825</u>
Restricted funds						
Funds held by Trustees for Methodist Church Purposes	<u>321,877</u>	<u>-</u>	<u>-</u>	<u>(239,820)</u>	<u>12,214</u>	<u>94,271</u>
Total of funds	<u><u>1,925,667</u></u>	<u><u>165,784</u></u>	<u><u>(528,080)</u></u>	<u><u>-</u></u>	<u><u>127,725</u></u>	<u><u>1,691,096</u></u>

Notes to the financial statements
For the year ended 31 March 2022

18. Statement of funds (continued)

Youth fund

Funds were given to assist the Church with youth work.

Funds held by the Trustees for Methodist Church Purposes

These funds represent those funds contributed by Birmingham Methodist City Mission to the Local Ecumenical Partnership ("LEP") which are held by the Trustees for Methodist Church Purposes.

The funds can be used in furtherance of mission in the City Centre which falls within the charity's objects but if applied for improvement/development of the church building, would be restricted to the extent that on dissolution of the LEP the methodist church would hold a charge over the property for sums equivalent to the amount spending on the building.

Transfers between funds

The transfer from the restricted fund to unrestricted funds is following approval of the Trustees for Methodist Church purposes to release funds primarily for capital projects but also to support the general purposes of the Church.

The Trustees have reviewed the designated fund categorisations and taken the decision to separate tangible fixed assets and fixed asset investments into separately identifiable funds with the result that the unrestricted general fund more clearly demonstrates the readily available funds for general operational purposes.

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	20,424	-	20,424
Fixed asset investments	855,309	100,001	955,310
Current assets	223,401	-	223,401
Creditors due within one year	(85,366)	-	(85,366)
Total	1,013,768	100,001	1,113,769

Notes to the financial statements
For the year ended 31 March 2022

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	611,118	-	611,118
Fixed asset investments	911,287	94,271	1,005,558
Current assets	126,603	-	126,603
Creditors due within one year	(52,183)	-	(52,183)
Total	1,596,825	94,271	1,691,096

20. Pension commitments

The charity utilises a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £2,951 (2021: £3,444) Contributions totalling £677 (2021:£717) were payable to the fund at the balance sheet date and are included in creditors.

**Notes to the financial statements
For the year ended 31 March 2022**

21. Related party transactions

Carrs Lane Lived Community

One trustee is a member of the Community and occupies a flat on the Church premises rent free, returning that benefit through contribution to the work and mission of the Church, which is a condition of residence. The trustee was a member of the Community prior to appointment as a trustee.

Carrs Lane Conference Centre

Carrs Lane Conference Centre Limited, the wholly owned subsidiary ceased to operate on 31st August 2020. All on-going business, assets and liabilities were transferred to the Church prior to 2021/22. The Conference Centre bank account was closed in March 2022 and the remaining balance of £5,376 transferred to the Church. The company was dissolved by Companies House in August 2023.

Joseph Scott's Chapel Charity

The Church at Carrs Lane is a specified beneficiary of the Joseph Scott's Chapel Charity and four members of the Church serve as trustees of this charity. During the year a grant of £15,729 (2021: £15,415) was confirmed. At the year end £3,729 (2021: £3,415) was outstanding.

Carrs Lane Counselling Centre

During the year the Church received rents of £5,773 (2021: £5,773) and £1,574 (2021: £734) for other services from Carrs lane Counselling Centre, a charity of which two of the trustees are also trustees. The Church manages and pays the salaries of Counselling Centre staff which are reimbursed. The Church Trustees also resolved during the year to make a grant in support of the work of the Counselling Centre; £10,000 was paid in the year and a further £20,000 accrued for payment in future years.

Appendix 1 - Local ecumenical partnership

When Carrs Lane Church Centre and Birmingham Methodist City Mission came together as a Local Ecumenical Partnership and transfer the assets to The Church at Carrs Lane, their respective contributions were deemed to form part of "the Common Fund" to be used in furtherance of the charitable purposes of the charity. In the event that the partnership were to cease then the funds would be split between the Methodist and United Reformed Church based on the proportion contribution to the Common Fund.

Where Methodist funds in excess of £100,000 are used to improve the building (which is a United Reformed Church property) then this represents a capital contribution and would no longer form part of the Common Fund contribution.

On 31 October 2017 representatives of the two denominations entered into a Deed to vary the Sharing Agreement between them in respect of the capital contributions. Under this Deed, as at 31 March 2021, capital contributions totalling £632,159 have been made from the Methodist funds and accordingly the Methodist Share of the open market value of the property is 18.15%.

The Church at Carrs Lane

Notes to the financial statements For the year ended 31 March 2022

	United Reformed Church		Methodist	
	%	£	%	£
Year ended 2015				
Common fund contribution		1,361,952		1,134,657
Carried forward	55	1,361,952	45	1,134,657
Year ended 2016				
Common fund contribution				70,112
Carried forward	53	1,361,952	47	1,204,769
Year ended 2017				
Common fund contribution				(121,215)
Carried forward	56	1,361,952	44	1,083,554
Year ended 2018				
Common fund contribution				(340,055)
Carried forward	65	1,361,952	35	743,499
Year ended 2019				
Common fund contribution				(149,557)
Carried forward	70	1,361,952	30	593,942
Year ended 2020				
Common fund contribution				(21,331)
Carried forward	70	1,361,952	30	572,611
Year ended 2021				
Common fund contribution				0
Carried forward	70	1,361,952	30	572,611
Year ended 2022				
Common fund contribution				0
Carried forward	70	1,361,952	30	572,611