

The Church at Carrs Lane

Trustees' Report and Financial Statements

For the year ended 31 March 2023



The Church at Carrs Lane

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The Church at Carrs Lane

Reference and Administrative Details of the Charity, its Trustees and Advisers For the year ended 31 March 2023

Trustees	Caroline Ruth Ambler Joe Bullen (resigned 31 December 2022) Revd Anna Cristina Cipriani Peter Mervyn Cummings Christine Anne Tudor-Jones Taiwo Christopher Makanjuola Matthew John Neville Dr Michael Richer Revd Suzanne Shortman (appointed 30 September 2022) Martin Stokes Peter Malcolm Woodall Deacon Ruth Brenda Yorke Elizabeth Barbara Cummings Revd Neil Wharrier Johnson (resigned 31 August 2022)
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 2023**

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 2023. 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.

Objectives and activities

● **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)

• Achievements and performance

Review of activities

The Church at Carrs Lane holds the assets of the former Carrs Lane Church Centre and Birmingham Methodist City Mission (BMCM). The Church at Carrs Lane acts as the managing trustee for the former investment portfolio of BMCM held by the Trustee for Methodist Church Purposes. A significant part of those investments has been used in past years to fund the refurbishment of Dale House and make other improvements to the building.

The activities of the Church were necessarily curtailed during the Covid-19 Pandemic and subsequent lockdowns. The Church website was regularly updated and gave details of The Church at Carrs Lane and related activities.

Until September 2020, the wholly owned trading company 'Carrs Lane Conference Centre Limited' had responsibility for the day to day management of the meeting room hire business, day to day supervision of employees and the building. From September 2020, these functions transferred directly to the Church. In early 2022 the Trustees concluded that the conference activity was not likely to return to its pre-lockdown levels in the medium term and the possibility of significant lettings was also slim. They resolved, therefore, that the Church conference activity and lettings would be largely ceased after the end of August 2022 and a further four staff were made redundant at this time. The Church building continued to be overseen by a part-time manager supported by volunteers from the congregation.

There was a notable reduction of five members in the year to 31st December 2022 leaving a total of 56 members. Average Sunday morning attendance was 33 people per week, which continues to include regular non-members and a number of visitors. Services also continued to be streamed on line. There also continued to be a service on Wednesday lunchtimes, including communion and a ministry of prayer responding to requests from the wider community. A good pastoral system enables the Church to keep in touch with others who are no longer able to worship with us. Other activities have continued online where possible but many have not been able to meet. The Church has sought to maintain and develop links with partner organisations and provide support through chaplaincy and practical work.

The Revd Cristina Cipriani continued to serve as URC minister in a joint pastorate with Digbeth-in-the-Field URC in Yardley. The Revd Dr Neil Johnson continued to serve as Methodist Minister in addition to his wider responsibilities in the Birmingham Methodist Circuit.

As far as possible, our Methodist Deacon, Ruth Yorke, continued with city centre engagement and mission connections with a range of partners, some of whom use our Partnership Room and other parts of the premises. She engages with Birmingham Christian Homelessness Forum, which is useful in knowing more about what provision and issues are in the city centre. She is also spending time enabling us to increase our engagement with the City Centre through City Centre Churches Together and other groups.

Revd Elaine Hutchinson, the team leader of the Retail Chaplaincy, continued to co-ordinate retail chaplaincy in city centre retail areas, and explore new ways of responding to the difficult situations during and following lockdown.

A permanent children's area in the main church room makes clear the value placed on our younger members. Latterly focus has been on encouraging and supporting young families as there are no older young people attending junior church at present.

The young adults' group (which includes students of varying ages as well as young professionals) met regularly online, and occasionally in person, and is generally led by the members. The group also led some worship services during the year.

The Church at Carrs Lane

Trustees' report (continued) For the year ended 31 March 2023

Objectives and activities (continued)

The Carrs Lane Lived Community ended during the year. The Church was grateful for its ministry of regular prayer, as well as involvement in a variety of projects supporting different groups in the city, and campaigning on peace and social justice issues.

The Church engages with the refugee community through meeting with groups from the Britannia Hotel, and partnerships with a number of other organisations.

The Street Banquet for members of the homeless community and other vulnerable adults continued, and from September 2022 became a Church at the Margins project of the Birmingham Methodist District.

As part of the changes made in 2022, the former bookshop was opened as a Mission Space enabling a number of partner organisations to continue to meet regularly on the premises and engage with refugee, homeless, and LGBTQI+ communities.

The Church engages with a wide number of other groups in the city centre including City Centre Churches Together, particularly through the Good Friday ecumenical walk of witness, Birmingham Pride with 'Christians at Pride Birmingham', the Aston and Nechells Foodbank, Inclusive Gathering Birmingham, and Pray24Brum.

As a church we continue to work on different aspects of inclusion, including anti-racism. Carrs Lane, is a church which is open to discussion and sharing different ideas without judgement, and is a safe place for people who are LGBT+, so this is important to who we are and why people 'look us up'. We are still exploring the depths of people's experiences and how we move from inclusion and belonging to solidarity and deeper understanding.

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 2023

Financial review

• **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 2023 the balance in this fund was £81,059 (2022 - £135,248) 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 2023 the balance in this fund was £2,787 (2022 - £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 2023 the balance in this fund was £690,590 (2022 - £855,309).

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 2023 the balance in this fund was £13,149 (2022 - £20,424).

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 2023 the balance in this fund was £113,507 (2022 - £100,001).

Trustees' report (continued)
For the year ended 31 March 2023

Review of finances

The 2022/23 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 £80k, from resources transferred from the two founding churches, to support and enhance the ministry and mission of the Church and to manage cash flow.

The Church reluctantly made a second group of employees redundant at the end of August 2022, and also substantially reduced the level of activity at the Church and use of the building in order to make other cost savings. The Churches investments reduced in value by £151k.

Overall, the net total funds of the Church reduced by a further £213k from £1.114m to £0.901m at 31 March 2023. Excluding the drawdown of investments, and depreciation, the underlying loss for the year is £285k (2022 - £200k loss). The Trustees continue to review the Church's financial position, reduce the scale of activities and identify other cost savings.

Structure, governance and management

● **Constitution**

The Church at Carrs Lane is a Single Congregation Local Ecumenical Partnership between Carrs Lane Church Centre and Birmingham Methodist City Mission. It was created on 14 July 2013 as a registered charity, number 1153980. This body became active on 1 April 2014 taking over the worship-related activities of Carrs Lane Church Centre, with the transfer of assets of Carrs Lane Church Centre following on 1 July 2014 together with the assets of its Methodist Partner on 1 September 2014.

For the purposes of formalising the arrangements for maintaining the URC owned building, a sharing agreement had already been created on 26 March 2014 between the United Reformed Church (West Midlands) Trust Limited and the Birmingham Methodist City Mission. A deed amending the provisions of the sharing agreement was created on 31 October 2017. A joint council meeting with representation from both denominations meets annually to oversee and approve transactions.

● **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.

● **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)

- **Related party relationships**

Be.friend city centre retail chaplaincy

Reverend Elaine Hutchinson continues her valued role as team leader of volunteer chaplains and was formally inducted as a minister of The Church at Carrs Lane in 2019. 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 operating in the premises, 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. Members of the Church serve on its governing body. 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.

The Church has been represented at the **United Reformed Church West Midlands Synod**, and also at the **Birmingham Circuit Assembly** and the **Birmingham District Synod of the Methodist Church**.

The Church at Carrs Lane continues to receive a significant annual grant from **Joseph Scott's Chapel Charity**. 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 the last few years. Towards the end of 2022 and in early 2023 the Church appointed professional advisors to work on a redevelopment project. Church building requirements had been discussed in some detail in 2022 and these have been worked up into possible future plans. During 2023 the Church has had conversations with Birmingham City Council, who own the green space next to the Church and who have been developing strategic planning objectives for the area, about the possibility of a joint project. Working together with the sponsoring Churches and other partners, the Trustees will continue to pursue these redevelopment options in order to maintain the Church's mission and ministry into the future.

Trustees' report (continued)
For the year ended 31 March 2023

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 and signed on their behalf by:

Peter Malcolm Woodall
Trustee

Date: 24 April 2024

**Independent Examiner's Report
For the year ended 31 March 2023**

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 2023.

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

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).

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.

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: 24 April 2024

Andrew Morris FCA

Dains Audit Limited
Birmingham

Statement of financial activities
For the year ended 31 March 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	3	96,353	-	96,353	80,503
Charitable activities	4	67,812	-	67,812	93,851
Investments	5	39,302	-	39,302	41,034
Other income	6	-	-	-	112,761
Total income		203,467	-	203,467	328,149
Expenditure on:					
Raising funds		5,937	-	5,937	6,928
Charitable activities	7	343,001	-	343,001	995,057
Total expenditure		348,938	-	348,938	1,001,985
Net expenditure before investments		(145,471)	-	(145,471)	(673,836)
Net (losses)/gains on investments		(80,712)	13,506	(67,206)	96,509
Net movement in funds		(226,183)	13,506	(212,677)	(577,327)
Reconciliation of funds:					
Total funds brought forward	16	1,013,768	100,001	1,113,769	1,691,096
Net movement in funds		(226,183)	13,506	(212,677)	(577,327)
Total funds carried forward	16	787,585	113,507	901,092	1,113,769

The notes on pages 12 to 30 form part of these financial statements.

The Church at Carrs Lane
Registered number: 1153980

Balance sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	13,149	20,424
Investments	13	804,097	955,310
		817,246	975,734
Current assets			
Debtors	14	47,407	185,930
Cash at bank and in hand		68,179	37,471
		115,586	223,401
Creditors: amounts falling due within one year	15	(31,740)	(85,366)
Net current assets		83,846	138,035
Total net assets		901,092	1,113,769
Charity funds			
Restricted funds	16	113,507	100,001
Unrestricted funds	16	787,585	1,013,768
Total funds		901,092	1,113,769

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

Peter Malcolm Woodall
Trustee

Date: 24 April 2024

The notes on pages 12 to 30 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 March 2023**

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 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.

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.

**Notes to the financial statements
For the year ended 31 March 2023**

2. Accounting policies (continued)

2.2 Income (continued)

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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.

**Notes to the financial statements
For the year ended 31 March 2023**

2. Accounting policies (continued)

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.

At each reporting date the Charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of financial activities.

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.

Investments in subsidiaries are valued at cost less provision for impairment.

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. Accounting policies (continued)

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.

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.

Notes to the financial statements
For the year ended 31 March 2023

3. Income from donations and legacies

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations			
Offertories	36,835	36,835	34,539
Other donations	2,799	2,799	2,928
Grants			
Joseph Scott's Chapel Charity	18,000	18,000	15,729
Church of England and Methodist Circuit contributions to retail chaplaincy	14,719	14,719	9,072
Methodist Circuit grant	7,000	7,000	12,859
Donations from trading subsidiary	-	-	5,376
Legacies	17,000	17,000	-
	<u>96,353</u>	<u>96,353</u>	<u>80,503</u>

The income in 2022 was wholly attributable to unrestricted funds.

4. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Rental income	67,812	67,812	79,505
Coronavirus Job retention scheme	-	-	14,346
	<u>67,812</u>	<u>67,812</u>	<u>93,851</u>

The income in 2022 was wholly attributable to unrestricted funds.

Notes to the financial statements
For the year ended 31 March 2023

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Dividend income	39,080	39,080	40,822
Bank interest	222	222	212
	<u>39,302</u>	<u>39,302</u>	<u>41,034</u>

The income in 2022 was wholly attributable to unrestricted funds.

6. Other income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Business interruption insurance claim	-	-	112,761
	<u>-</u>	<u>-</u>	<u>112,761</u>

The income in 2022 was wholly attributable to unrestricted funds.

Notes to the financial statements
For the year ended 31 March 2023

7. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Grant funding of activities 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Charitable activities	209,793	-	133,208	343,001	995,057
Total 2022	224,298	30,000	740,759	995,057	

The expenditure on charitable activities in 2023 and 2022 was wholly attributable to unrestricted funds.

Analysis of direct costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	34,117	34,778
Depreciation	7,275	8,763
Ministry and mission contributions to URC/Methodist	60,751	90,830
Manse expenses	1,582	393
Pulpit, worship and pastoral supplies	38	281
Mission activities	2,377	1,418
Publicity and website	215	11
Musicians and music	1,184	3,562
Redevelopment project	20,016	-
Utilities and rates	43,994	37,184
Cleaning and refuse	2,262	4,891
Insurance	7,744	7,515
General maintenance	22,495	24,554
Catering purchases	5,132	4,780
City Centre chaplaincy administrative costs	611	5,338
	209,793	224,298

Notes to the financial statements
For the year ended 31 March 2023

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	103,976	127,451
Staff recruitment and training	618	-
Legal and professional	4,330	8,737
Office and communication costs	20,984	14,468
Independent examiner and accountancy fees	3,300	8,172
Exceptional item (Note 11)	-	581,931
	133,208	740,759

8. Analysis of grants

	Grants to Institutions 2023 £	Total funds 2023 £	Total funds 2022 £
Grants	-	-	30,000

**Notes to the financial statements
For the year ended 31 March 2023**

9. Staff costs

	2023 £	2022 £
Wages and salaries	132,220	152,344
Social security costs	3,657	6,934
Pension costs	2,216	2,951
	138,093	162,229

In August 2022, the Church made 4 staff redundant. The total redundancy payments made were £19,276 (2022 - £Nil).

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

	2023 No.	2022 No.
Administration	1	2
Premises	2	5
Musicians	1	1
Retail Chaplain	1	1
	5	9

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 £34,117 (2022 - £34,778), 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 Church resources.

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, no Trustee expenses have been incurred (2022 - £NIL).

**Notes to the financial statements
For the year ended 31 March 2023**

11. Exceptional items

The exceptional item shown in the prior 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.

Notes to the financial statements
For the year ended 31 March 2023

12. Tangible fixed assets

	Property improvements £	Fixtures and fittings £	Total £
Cost			
At 1 April 2022	1,618,631	176,430	1,795,061
At 31 March 2023	1,618,631	176,430	1,795,061
Depreciation			
At 1 April 2022	1,618,631	156,006	1,774,637
Charge for the year	-	7,275	7,275
At 31 March 2023	1,618,631	163,281	1,781,912
Net book value			
At 31 March 2023	-	13,149	13,149
At 31 March 2022	-	20,424	20,424

Notes to the financial statements
For the year ended 31 March 2023

13. Fixed asset investments

	Investments in subsidiary company £	Listed investments £	Cash £	Total £
Cost or valuation				
At 1 April 2022	1	945,710	9,599	955,310
Additions	-	173,140	-	173,140
Disposals	-	(256,159)	(988)	(257,147)
Revaluations	-	(67,206)	-	(67,206)
At 31 March 2023	1	795,485	8,611	804,097
Net book value				
At 31 March 2023	1	795,485	8,611	804,097
At 31 March 2022	1	945,710	9,599	955,310

Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

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

Carrs Lane Conference Centre Ltd did not trade during the year and was dissolved on 22 August 2023.

Notes to the financial statements
For the year ended 31 March 2023

14. Debtors

	2023 £	2022 £
Trade debtors	18,250	15,158
Other debtors	6,800	126,135
Prepayments and accrued income	22,357	44,637
	<u>47,407</u>	<u>185,930</u>

Debtors includes £8,855 owing from Carrs Lane Counselling Centre (2022 - £12,846).

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	10,631	19,266
Other taxation and social security	2,016	3,082
Other creditors	513	807
Accruals and deferred income	18,580	62,211
	<u>31,740</u>	<u>85,366</u>

Notes to the financial statements
For the year ended 31 March 2023

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 March 2023 £
Unrestricted funds						
Designated funds						
Youth Fund	2,787	-	-	-	-	2,787
Tangible fixed assets	20,424	-	(7,275)	-	-	13,149
Fixed asset investments	855,309	-	-	(84,007)	(80,712)	690,590
	<u>878,520</u>	<u>-</u>	<u>(7,275)</u>	<u>(84,007)</u>	<u>(80,712)</u>	<u>706,526</u>
General funds						
General funds	<u>135,248</u>	<u>203,467</u>	<u>(341,663)</u>	<u>84,007</u>	<u>-</u>	<u>81,059</u>
Total Unrestricted funds	<u>1,013,768</u>	<u>203,467</u>	<u>(348,938)</u>	<u>-</u>	<u>(80,712)</u>	<u>787,585</u>
Restricted funds						
Funds held by Trustees for Methodist Church Purposes	<u>100,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,506</u>	<u>113,507</u>
Total of funds	<u><u>1,113,769</u></u>	<u><u>203,467</u></u>	<u><u>(348,938)</u></u>	<u><u>-</u></u>	<u><u>(67,206)</u></u>	<u><u>901,092</u></u>

Notes to the financial statements
For the year ended 31 March 2023

16. Statement of funds (continued)

Statement of funds - prior 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	<u>74,948</u>	<u>328,149</u>	<u>(411,291)</u>	<u>143,442</u>	<u>-</u>	<u>135,248</u>
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	<u>94,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,730</u>	<u>100,001</u>
Total of funds	<u><u>1,691,096</u></u>	<u><u>328,149</u></u>	<u><u>(1,001,985)</u></u>	<u><u>-</u></u>	<u><u>96,509</u></u>	<u><u>1,113,769</u></u>

**Notes to the financial statements
For the year ended 31 March 2023**

16. 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.

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	13,149	-	13,149
Fixed asset investments	690,590	113,507	804,097
Current assets	115,586	-	115,586
Creditors due within one year	(31,740)	-	(31,740)
Total	787,585	113,507	901,092

Notes to the financial statements
For the year ended 31 March 2023

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior 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

18. 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 £2,216 (2022 - £2,951) Contributions totalling £428 (2022 - £677) were payable to the fund at the balance sheet date and are included in creditors.

19. Other financial commitments

Expenditure of £20,016 is shown in 2022/23 on Redevelopment Project Costs. These are preliminary costs relating to the proposal that the Church building is demolished and a multi-use property built on the site which includes space for use by the Church and its partners. Initial work on surveys, Project Management and legal title has been undertaken. The Church continues to be in discussion with its sponsoring Churches, the City Council, and professional advisors to move the project forward.

As part of these developments the Church has entered into future commitments totalling £15,192 for further Project Management and Feasibility Studies in relation to the project.

The intention is that all costs relating to the Redevelopment Project will be recovered within the structure of the project but the necessary legal arrangements are not yet in place for this.

20. Related party transactions

Carrs Lane Lived Community

One trustee was a member of the Community and occupied a flat on the Church premises rent free until 31 August 2022, returning that benefit through contribution to the work and mission of the Church, which was 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 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 £18,000 (2022 - £15,729) was confirmed. At the year end £Nil (2022 - £3,729) was outstanding.

Carrs Lane Counselling Centre

During the year the Church received rents of £10,534 (2022: £5,773) and £2,286 (2022: £1,574) 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. In the Church 2021/22 accounts, it was reported that the Trustees had resolved to make a grant in support of the work of the Counselling Centre of £30,000. It has subsequently been identified that this decision was made in 2020/21 and the first instalment of £10,000 was made in that financial year. The liability of £30,000 in the 2021/22 accounts was therefore overstated and £10,000 has been written back in 2022/23. During 2022/23, the Church Trustees paid the final instalment of £10,000. Further investigation of the transactions between the Church and Counselling Centre has also shown that the debtor at 31/3/22 was also overstated by £12,846 and this amount has been written off in 2022/23.

21. 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%.

Notes to the financial statements
For the year ended 31 March 2023

Appendix I - Capital contributions and withdrawals to the Local Ecumenical Partnership

	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
Year ended 2023				
Common fund contribution				0
Carried forward	70	1,361,952	30	572,611