

## 13. Unified Statement of Connexional Finances

<b>Contact name and details</b>	The Revd Timothy A Swindell Connexional Treasurer Tim.Swindell@methodist.org.uk
<b>Resolution</b>	13/1. The Conference receives the Report as the Unified Statement of Connexional Finances required by SO 360.

### Summary of content

<b>Subject and aims</b>	Summary extracts of the full consolidated accounts of the Methodist Church for 2019/2020 which were adopted by the Methodist Council and are presented to the Conference as the unified statement of connexional finances required by Standing Order 360.
<b>Main points</b>	These accounts consolidate figures for a wide variety of Methodist activities and entities.
<b>Background context and relevant documents</b>	<p>When the Methodist Church was registered with the Charity Commission it was agreed that the accounts of the registered charity would be those of the Methodist Council. The full consolidated accounts were presented to the Council and adopted by the Council under SO 212(1). They are available for scrutiny on the Methodist Church website and in printed form from the Finance and Resources Team at Methodist Church House.</p> <p>Under SO 360 the Council is required to present to the Conference a “unified statement of connexional finances ... so as to give an overall view of those moneys and other assets for which the council is responsible”.</p> <p>This Report consists of extracts from the full consolidated accounts which provide a summary of them to meet that requirement. It is submitted to the Conference as the trustee body of the registered charity.</p>

### 1. Link to the financial statements

The accounts can be viewed online at: [www.methodist.org.uk/trusteesreport](http://www.methodist.org.uk/trusteesreport)

### 2. Strategic objectives, aims and purposes of the Methodist Church

The activities covered in these financial statements fall within the work of The Methodist Church in Great Britain ('The Methodist Church' or 'The Church'). The aim of The Methodist Church in Great Britain is to fulfil its calling, which is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission.

### 3. Public benefit requirement

The trustees of the Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011. This guidance sets out two key principles:

- the organisation must have an identifiable benefit.
- the benefit must be to the public or a section of the public.

The Church exists, inter alia, to:

- increase awareness of God's presence and to celebrate God's love;
- help people to learn and grow as Christians, through mutual support and care; and
- be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

### 4. Organisation of the work

In 2019/2020 The Methodist Church in Great Britain, in response to its calling and in pursuit of the strategic objectives shown at the start of this report, now organises its work in the following eight key areas:

1. Building communities
2. Children, youth and families
3. Evangelism and growth
4. Global relations
5. Learning network
6. The Methodist Council and governance
7. Ministries
8. Property

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### 5. Financial review

The activities covered in these consolidated financial statements are those under the oversight of the Methodist Council. The Methodist Church in Great Britain is the registered charity and the Charity Commission has agreed that these financial statements can properly serve as the financial statements of the charity.

The net income for the year was a deficit of £5.76m (2019: £3.34m surplus), including net investment losses of £5.8m (2019: £3.8m gain).

Other recognised losses for the year were £14.1m (2019: £3.7m). A £9.1m loss (2019: £5.6m) arose from the actuarial revaluation of the Pension and Assurance Scheme for Lay Employees of The Methodist Church.

#### Income

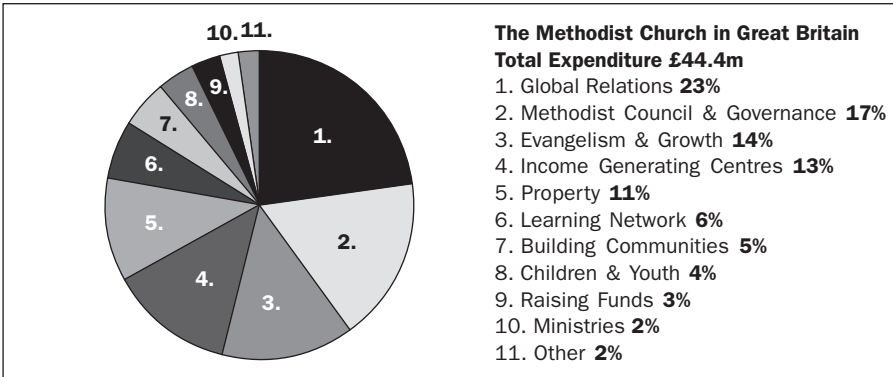
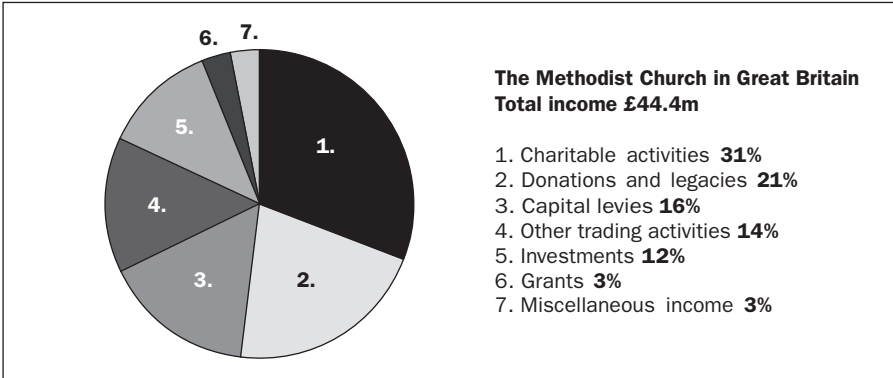
The total income for the year was £44.4m (2019: £49.1m) a decrease of 10% compared to the previous year. This reduction was mainly due to the COVID-19 pandemic as follows:

1. Reductions in trading income across both Methodist International Centre Ltd (reduced hotel occupancy) and Cliff College (course and event cancellations).
2. The Methodist Council agreed a rent holiday with Methodist International Centre Ltd (the company that runs the hotel) and there were no profits generated in the year to be gifted to the Church.
3. A reduction in investment income was experienced due to the significant impact that the pandemic had on the financial markets with consequent reductions in dividends being paid in year.

#### Expenditure

Total expenditure decreased to £44.4m (2019: £49.6m). Of this, £44.3m was spent on direct charitable activities (2019: £49.6m). The reduction in expenditure was particularly linked to the decision of the Methodist Council to suspend grant-giving from the Mission in Britain and Property Funds in the summer. This decision was taken in the light of the COVID-19 pandemic and the uncertainty that existed about its impact on the Church's financial position. Spending from restricted funds (after transfers) was greater than income by £6.7m. This largely reflects the policy to use excess reserves in a planned manner over three years.

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## 6. Investments

As at 31 August 2020, the Church held fixed asset investments with a fair value of £189 million (2019: £194 million). The Finance Sub-Committee now (and the Investment Committee prior to June 2020) regularly reviews the investment portfolio and performs an annual review of the investment policy. The Church's investment objective is to seek an optimal return from income and capital combined. The Finance Sub-Committee is satisfied with the overall performance of the investment portfolio against agreed benchmarks.

## 7. Consolidated statement of financial activities – see over

## 8. Consolidated balance sheet – see over

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	Notes	Unrestricted £000	Restricted £000
<b>Income and endowments from:</b>			
<b>Donations and legacies</b>	<b>3a</b>	3,564	5,994
<b>Charitable activities</b>	<b>3e</b>	13,555	342
<b>Investments</b>	<b>4a</b>	1,350	4,060
<b>Other trading activities</b>	<b>5a</b>	4,835	1,217
<b>Other</b>			
Capital levies	<b>6a</b>	6,917	-
Grants	<b>6b</b>	469	729
Miscellaneous income	<b>3c</b>	647	685
<b>Total income</b>		<b>31,337</b>	<b>13,027</b>
<b>Expenditure on:</b>			
<b>Raising funds</b>		6,159	1,001
<b>Charitable activities</b>			
Building communities	<b>7a</b>	1,251	818
Children & Youth	<b>7a</b>	1,690	7
Evangelism & Growth	<b>7a</b>	4,662	1,444
Global relations	<b>7a</b>	1,341	8,719
Learning Network	<b>7a</b>	2,803	19
Methodist Council & Governance	<b>7a</b>	3,378	4,335
Ministry	<b>7a</b>	875	149
Property	<b>7a</b>	4,698	29
Others - Pensions	<b>7a</b>	691	-
Net loss on the disposal of tangible fixed assets	<b>7a</b>	106	161
<b>Total expenditure</b>	<b>20a, 21a</b>	<b>27,654</b>	<b>16,682</b>
Net gains/(losses) on investments	<b>14a</b>	(3,070)	(1,850)
<b>Net income</b>		<b>613</b>	<b>(5,505)</b>
Transfers between funds	<b>22</b>	954	(1,187)
<b>Net income after transfers</b>		<b>1,567</b>	<b>(6,692)</b>
<b>Other recognised gains and losses:</b>			
Remeasurement of net defined benefit pension scheme liability	<b>28</b>	(9,092)	(29)
Gains (losses) on revaluation of charitable properties		-	(5,000)
<b>Net movement in funds</b>		<b>(7,525)</b>	<b>(11,721)</b>
<b>Total funds at 1 September</b>		99,967	163,840
<b>Total funds at 31 August</b>		<b>92,442</b>	<b>152,119</b>

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Endowment £000	2019 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000
-	9,558	4,245	7,911	-	12,156
-	13,897	13,440	500	-	13,940
-	5,410	1,663	4,157	-	5,820
-	6,052	8,105	1,474	-	9,579
-	6,917	5,656	-	-	5,656
-	1,198	2	936	-	938
-	1,332	660	399	-	1,059
-	<b>44,364</b>	<b>33,771</b>	<b>15,377</b>	-	<b>49,148</b>
17	7,177	7,195	1,328	17	8,540
-	2,069	994	857	-	1,851
-	1,697	1,713	147	-	1,860
-	6,106	7,016	2,792	-	9,808
-	10,060	1,327	7,641	-	8,968
-	2,822	3,148	30	-	3,178
-	7,713	2,444	6,263	-	8,707
-	1,024	596	235	-	831
-	4,727	5,042	148	-	5,190
-	691	496	-	-	496
-	267	165	45	-	210
<b>17</b>	<b>44,353</b>	<b>30,136</b>	<b>19,486</b>	<b>17</b>	<b>49,639</b>
(849)	(5,769)	3,047	1,000	(219)	3,828
<b>(866)</b>	<b>(5,758)</b>	<b>6,682</b>	<b>(3,109)</b>	<b>(236)</b>	<b>3,337</b>
233	-	1,455	(1,679)	224	-
<b>(633)</b>	<b>(5,758)</b>	<b>8,137</b>	<b>(4,788)</b>	<b>(12)</b>	<b>3,337</b>
-	(9,121)	(5,418)	(139)	-	(5,557)
-	(5,000)	1,118	782	-	1,900
<b>(633)</b>	<b>(19,879)</b>	<b>3,837</b>	<b>(4,145)</b>	<b>(12)</b>	<b>(320)</b>
20,113	283,920	96,130	167,985	20,125	284,240
<b>19,480</b>	<b>264,041</b>	<b>99,967</b>	<b>163,840</b>	<b>20,113</b>	<b>283,920</b>

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		The Methodist Church in Great Britain		The Connexional Funds	
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	13c	99	138	83	112
Tangible fixed assets	13a&b	94,231	98,561	86,315	90,374
Investments	14a&b	189,112	193,934	162,308	167,451
		<b>283,442</b>	<b>292,633</b>	<b>248,706</b>	<b>257,937</b>
<b>Current assets</b>					
Stocks	17	60	70	41	50
Debtors	15	3,845	5,284	3,482	5,422
Short-term deposits		14,038	15,549	12,745	14,577
Cash at bank and in hand		4,559	5,352	2,808	2,518
Total current assets		<b>22,502</b>	<b>26,255</b>	<b>19,076</b>	<b>22,567</b>
<b>Creditors</b>					
Amounts falling due within one year	16a	(17,158)	(17,489)	(14,908)	(15,262)
<b>Net current assets</b>		<b>5,344</b>	<b>8,766</b>	<b>4,168</b>	<b>7,305</b>
<b>Total assets less current liabilities</b>		<b>288,786</b>	<b>301,399</b>	<b>252,874</b>	<b>265,242</b>
<b>Creditors</b>					
Amounts falling due after more than one year	16b	(8,960)	(10,311)	(4,238)	(5,353)
<b>Net assets excluding pension liability</b>		<b>279,826</b>	<b>291,088</b>	<b>248,636</b>	<b>259,889</b>
Defined benefit pension scheme liability	28	(15,785)	(7,168)	(15,785)	(7,168)
<b>Net assets including pension liability</b>	23	<b>264,041</b>	<b>283,920</b>	<b>232,851</b>	<b>252,721</b>
<b>The funds of the charity</b>					
Unrestricted funds					
General funds		54,139	54,813	52,904	53,626
Designated funds		52,193	50,388	51,096	49,715
Defined benefit pension scheme liability	28	(13,890)	(5,234)	(13,890)	(5,234)
Total unrestricted funds	19	<b>92,442</b>	<b>99,967</b>	<b>90,110</b>	<b>98,107</b>
Restricted funds	20	152,119	163,840	123,261	134,501
Endowment funds	21	19,480	20,113	19,480	20,113
<b>Total funds</b>		<b>264,041</b>	<b>283,920</b>	<b>232,851</b>	<b>252,721</b>

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Total unrestricted funds include revaluation reserve of £7.6m (2019: £7.6m) for both The Methodist Church in Great Britain and the Connexional Funds. Total restricted funds include revaluation reserve of £54.3m (2019: £59.3m) for The Methodist Church in Great Britain and £52.3m (2019: £57.3m) for The Connexional Funds. (Note 24 Page 74).

The notes on pages 38-82 form an integral part of these accounts.

Approved and authorised for issue by the Board of Trustees on 26th January 2021 and signed on their behalf by:



Mrs E Jill Baker  
Chair of the Council



The Reverend Timothy Swindell  
Connexional Treasurer



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### Statement of trustees' responsibilities

The law applicable to charities in England and 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 the group and of the income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- c) make judgements and estimates that are reasonable and prudent;
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditor

A resolution proposing the re-appointment of RSM UK Audit LLP as auditor to the charity was approved by the Methodist Council.

RSM UK Audit LLP has indicated its willingness to continue in office.

### \*\*\*RESOLUTION

**13/1. The Conference receives the Report as the Unified Statement of Connexional Finances required by SO 360.**

### **Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain**

#### **Opinion**

We have audited the financial statements of The Methodist Church in Great Britain (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Consolidated statement of financial activities, the Statement of financial activities – Connexional Funds, the Consolidated and Connexional Funds balance sheets, the Consolidated and Connexional Funds cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2020 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the *Consolidated Report and Financial Statements* other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out in section 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that

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are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent, permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row, Birmingham  
West Midlands B2 5AF

Date: 9 March 2021

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.