

24. Unified Statement of Connexional Finances

| | |
|---------------------------------|---|
| Contact name and details | The Revd Timothy A Swindell Connexional Treasurer Tim.Swindell@methodist.org.uk |
| Resolution | 24/1. The Conference receives the Report as the Unified Statement of Connexional Finances required by SO 360. |

Summary of Content

| | |
|--|---|
| Subject and aims | Summary extracts of the full consolidated accounts of the Methodist Church for 2021/2022 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. |
| Main points | These accounts consolidate figures for a wide variety of Methodist activities and entities. |
| Background context and relevant documents | <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.</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: [Financial Accounts & Trustees Report](#)

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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 have 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 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**

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, 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

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.

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The net income for the year was a deficit of £2.6m (2021: £23.6m surplus), including net investment losses of £12.0m (2021: £22.7m gain).

Other recognised losses for the year were £8.4m (2021: £13.2m gain). A £1.9m loss (2021: £12.3m gain) arose from the actuarial revaluation of the Pension and Assurance Scheme for Lay Employees of The Methodist Church. A £6.6m loss resulted from the revaluation of the Church's charitable property. This was primarily due to a change in the valuation assumptions for the North Bank Estate.

Income

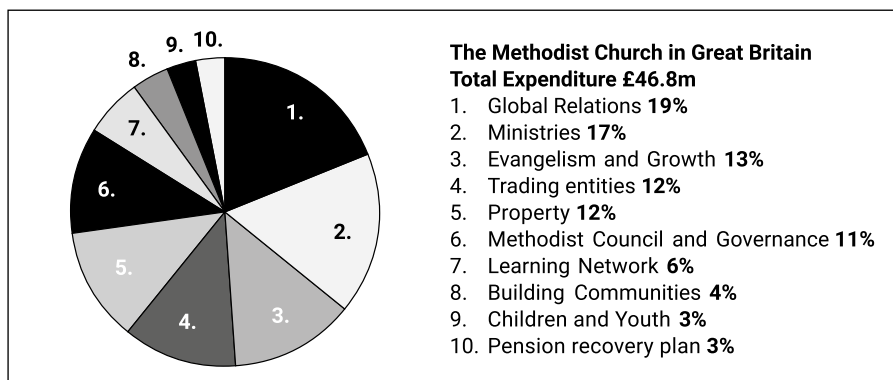
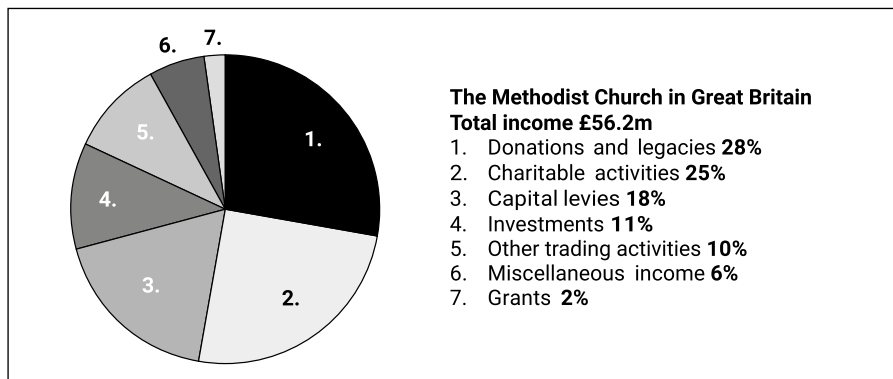
The total income for the year was £56.2m (2021: £40.3m) an increase of 40% compared to the previous year. This was mainly due to the following:

1. A £0.5m increase in legacy income.
2. Donations to the Pension Reserve Fund of £7.2m in response to an appeal made by the Methodist Conference.
3. Increases in investment income despite the difficult market conditions.
4. An increase in trading income as the activities at MICL (increasing hotel occupancy) and Cliff College (courses and events) recover following the pandemic restrictions in the previous year.
5. A £2m gain from the sale of Methodist Church House.
6. Additional income as a result of consolidating Y Care international into the accounts.

Expenditure

Total expenditure increased to £46.8m (2021: £39.4m). Of this, £41.2m was spent on direct charitable activities (2021: £35.4m). The increase in expenditure was largely due to payments to the pension schemes agreed as part of the 2020 Valuation. The other notable expenditure increase was the consolidation of Y Care International into the accounts and additional grants being made by All We Can.

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6. Investments

As at 31 August 2022, the Church held fixed asset investments with a fair value of £182 million (2021: £194 million). The Finance Sub-Committee regularly review 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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The Methodist Church in Great Britain Consolidated statement of financial activities For the year ended 31 August 2022

| Notes | Unrestricted £000 | Restricted £000 | Endowment £000 | 2022 Total £000 | Unrestricted £000 | Restricted £000 | Endowment £000 | 2021 Total £000 |
|---|----------------------|--------------------|-------------------|--------------------|----------------------|--------------------|-------------------|--------------------|
| Income and endowments from: | | | | | | | | |
| 3a | 8,173 | 7,502 | - | 15,675 | 1,079 | 5,620 | - | 6,699 |
| 3b | 13,532 | 335 | - | 13,867 | 13,680 | 306 | - | 13,986 |
| 4a | 2,032 | 4,109 | - | 6,141 | 1,312 | 3,539 | - | 4,851 |
| 5a | 4,566 | 1,384 | - | 5,950 | 851 | 1,235 | - | 2,086 |
| 6a | 10,061 | - | - | 10,061 | 10,272 | - | - | 10,272 |
| 6b | 15 | 1,282 | - | 1,297 | 416 | 954 | - | 1,370 |
| 3c | 826 | 384 | - | 1,210 | 426 | 590 | - | 1,016 |
| 19a, 20a | (57) | 2,083 | - | 2,026 | - | - | - | - |
| Total income | 39,148 | 17,079 | - | 56,227 | 28,036 | 12,244 | - | 40,280 |
| Expenditure on: | | | | | | | | |
| Raising funds | 4,682 | 964 | 19 | 5,665 | 2,988 | 966 | 17 | 3,971 |
| Charitable activities | | | | | | | | |
| 7a | 1,229 | 759 | - | 1,988 | 1,023 | 817 | - | 1,840 |
| 7b | 1,520 | 33 | - | 1,553 | 1,266 | 7 | - | 1,273 |
| 7c | 5,510 | 512 | - | 6,022 | 5,561 | 394 | 10 | 5,965 |
| 7d | 977 | 7,961 | - | 8,938 | 972 | 7,188 | - | 8,160 |
| 7e | 2,719 | 59 | - | 2,778 | 2,654 | 13 | - | 2,667 |
| 7f | 4,777 | 85 | - | 4,862 | 4,221 | 18 | - | 4,239 |
| 7g | 3,556 | 4,674 | - | 8,080 | 5,152 | 4,260 | - | 9,412 |
| 7h | 655 | 4,850 | - | 5,505 | 801 | 140 | - | 941 |
| 7i | 1,496 | - | - | 1,496 | 799 | - | - | 799 |
| 7j | - | - | - | - | 148 | (59) | - | 89 |
| 19a, 20a, 21a | 26,921 | 19,897 | 19 | 46,837 | 25,585 | 13,744 | 27 | 39,356 |
| 14a | (7,304) | (1,046) | (3,603) | (11,953) | 9,924 | 9,646 | 3,125 | 22,685 |
| Net income | 4,923 | (3,864) | (3,622) | (2,563) | 12,375 | 8,146 | 3,098 | 23,619 |
| 22 | 934 | (1,305) | 371 | - | 946 | (1,203) | 257 | - |
| Net income after transfers | 5,857 | (3,169) | (3,251) | (2,563) | 13,321 | 6,943 | 3,355 | 23,619 |
| Other recognised gains and losses: | | | | | | | | |
| 28 | (2,201) | 311 | - | (1,890) | 12,213 | 80 | - | 12,293 |
| | - | (6,564) | - | (6,564) | 946 | 946 | - | 946 |
| Net movement in funds | 3,656 | (11,422) | (3,251) | (11,017) | 25,534 | 7,969 | 3,355 | 36,858 |
| Total funds at 1 September | 117,976 | 149,331 | 22,835 | 290,142 | 92,442 | 152,119 | 19,480 | 264,041 |
| Elimination of Westminster College from consolidation | - | - | - | - | (10,756) | - | - | (10,756) |
| Total funds at 31 August | 121,632 | 137,909 | 19,584 | 279,125 | 117,976 | 149,331 | 22,835 | 290,142 |

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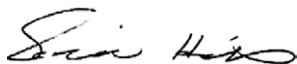
The Methodist Church in Great Britain Balance Sheets as at 31 August 2022

| | Notes | The Methodist Church in Great Britain | | The Connexional Funds | |
|---|-------|---------------------------------------|----------------|-----------------------|----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Intangible assets | 13c | 62 | 76 | 43 | 63 |
| Tangible fixed assets | 13a&b | 80,051 | 95,947 | 69,228 | 87,366 |
| Investments | 14a&b | 182,267 | 193,575 | 167,766 | 181,991 |
| | | 262,380 | 289,598 | 237,037 | 269,420 |
| Current assets | | | | | |
| Stocks | 17 | 44 | 54 | 29 | 36 |
| Debtors | 15 | 5,664 | 3,611 | 4,393 | 3,342 |
| Short-term deposits | | 25,513 | 13,326 | 23,605 | 11,539 |
| Cash at bank and in hand | | 5,022 | 4,970 | 3,012 | 4,179 |
| Total current assets | | 36,243 | 21,961 | 31,039 | 19,096 |
| Creditors | | | | | |
| Amounts falling due within one year | 16a | (15,774) | (14,372) | (13,975) | (13,425) |
| Net current assets | | 20,469 | 7,589 | 17,064 | 5,671 |
| Total assets less current liabilities | | 282,849 | 297,187 | 254,101 | 275,091 |
| Creditors | | | | | |
| Amounts falling due after more than one year | 16b | (2,356) | (3,969) | (1,792) | (3,301) |
| Net assets excluding pension liability | | 280,493 | 293,218 | 252,309 | 271,790 |
| Defined benefit pension scheme liability | 28 | (1,368) | (3,076) | (1,368) | (3,076) |
| Net assets including pension liability | 23 | 279,125 | 290,142 | 250,941 | 268,714 |
| The funds of the charity | | | | | |
| Unrestricted funds | | | | | |
| General funds | | 52,706 | 53,214 | 50,531 | 52,514 |
| Designated funds | | 68,926 | 66,092 | 67,763 | 64,984 |
| Defined benefit pension scheme liability | 28 | - | (1,330) | - | (1,677) |
| Total unrestricted funds | 19 | 121,632 | 117,976 | 118,294 | 115,821 |
| Restricted funds | | | | | |
| Endowment funds | 21 | 137,909 | 149,331 | 113,062 | 130,058 |
| Total funds | | 279,125 | 290,142 | 250,940 | 268,714 |

Total unrestricted funds include revaluation reserve of £7.2m (2021: £7.2m) for both The Methodist Church in Great Britain and the Connexional Funds. Total restricted funds include revaluation reserve of £46.2m (2021: £54.1m) for The Methodist Church in Great Britain and £43.3m (2021: £52.2m) for The Connexional Funds. (Note 24 Page 90)

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Approved and authorised for issue by the Methodist Council on 26 January 2023 and signed on its behalf by:



The Revd Sonia Hicks
Chair of the Council



The Revd Timothy Swindell
Connexional Treasurer

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9. **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 and group 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 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 a procurement process for the appointment of the external auditor to the charity was approved by the Methodist Council.

*****RESOLUTION**

24/1. The Conference receives the report as the Unified Statement of Connexional Finances required by SO 360.

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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 2022 which comprise the Consolidated Statement of Financial Activities, the Connexional Statement of Financial Activities, the Consolidated and Connexional Balance Sheets, the Consolidated and Connexional Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2022 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

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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 the trustees are responsible for the preparation of the financial statements and for being satisfied that

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they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework, that the group and parent charity operates in and how the group and parent charity is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011 and the parent charity's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection regulations in the UK and safeguarding. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

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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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands, B3 3AG

Date: 2 February 2023

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