

YORKSHIRE NORTH AND EAST DISTRICT
OF THE METHODIST CHURCH
(registered as a charity - registration number 1136133)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

HPH
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**YORKSHIRE NORTH AND EAST DISTRICT
OF THE METHODIST CHURCH
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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STRUCTURE, GOVERNANCE AND MANAGEMENT – CONTINUED

Risk Assessment

The Trustees have examined the major strategic business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to monitor these risks. These are reviewed by the District Leadership Team.

- a. With regards to issues of Safeguarding, the District employs a Safeguarding Officer who has professional expertise in this matter and there is a well-resourced Safeguarding Committee. A considerable amount of time and effort is placed in the training and resourcing of personnel both within the District and in support of circuits and local churches.
- b. Inability to obtain assessments from Circuits. Although this District would not be liable for any shortfall in the assessment paid by any Circuit within the District to the Methodist Church Fund (the Connexion), the District may, nonetheless, feel the need to make up any shortfall. This risk has increased considerably in the year due to the impact of the Covid-19 pandemic. Local churches are needing to draw on their reserves as income from congregational giving and letting income reduces. However, overall, churches and circuits are demonstrating considerable resilience in the face of these hard times. The District will continue to closely monitor the position in all the Circuits.
- c. Inability to attract trustees with adequate skills. The District is heavily dependent on the skills of volunteers, especially those who are trustees (members of the District Policy Consultation). At present, this risk is deemed low.

FINANCIAL REVIEW

The District Accounts includes:

- (a) The General Account which is the main operating account through which the expenditure and revenue for both operational and strategic purposes are handled. During the year the District received total income of £704,752 (2019: £700,539) and dispersed £606,810 (2019: £668,560). The overall surplus for the year, after gains/losses on investments, was £97,942 (2019 surplus of £32,033), which was in line with expectations. The risks of operating the finances of the District are judged to be minimal. All Circuit payments which contribute to the operating account were made on time in line with the payment levels which were agreed by the Circuit meetings, DPC and District synod. Any Circuits which have difficulty in meeting their District obligations are encouraged to contact the District.

The Covid pandemic, was the only significant event during the year which affected the finances within the District, and as noted above, this has not had a significant impact on the District finances.

The trustees of the District have every reason to believe that the District is a going concern, principally because Circuits continue to meet their assessments and the District has adequate reserves to cover a temporary shortfall in anticipated income.

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FINANCIAL REVIEW - CONTINUED

The District continues to hold the three freehold properties being the Chair's Manse in York, Hull International House and a property purchased several years ago with proceeds from the disposal of York International House. The District also invested proceeds from York International House in creating flats on the first floor of a church within the York Circuit. Income from both these properties supports the work of the Methodist Chaplain to the University of York.

The District has the following principal sources of funds:

- Assessments on Circuits within the District
- Levies on the Circuit Model Trust Funds of Circuits within the District
- Interest on investments

These sums are used to administer the District and to provide grants to Circuits, Churches and individuals in the District so that they may embark on or continue with projects that fulfil the mission of the District by bringing more people to Christ or by providing facilities that might enable this to happen.

- (b) The District Advance Fund which deals with the allocation of funding received from the Connexion for the provision of grants for the development of mission and ministry projects and property schemes generated by local Circuits and other organisations.
- (c) The District is also responsible for Hull International House and the properties owned through the investment from York International House proceeds. The operation of Hull International House is managed by a separate management committee. A significant review of the operations several years ago has ensured increasing financial security. There is significant work to be performed on the building, but this is supported by a developing maintenance plan. The York International House properties are managed to ensure the comfort of the tenants and to maximise the funds available to support the University of York Chaplaincy.

Reserves

It is the policy of the charity to hold reserves to provide working capital for its continued operation. At the year end total reserves were £2,036,562 (2019: £1,938,620), of which £676,274 (2019: £678,156) were unrestricted funds and £1,360,288 (2019: £1,260,464) were restricted funds. The level of free unrestricted reserves (i.e. total unrestricted funds excluding the value of tangible fixed assets) is determined at around 6 months of expenditure needs for continued operation. It is considered inappropriate that the District maintains reserves in excess of this when the funds can be used for the work of the organisation. At 31 August 2020 the level of free unrestricted reserves amounted to £81,151 which was short of target, representing around 4 months of expenditure.

Funds held on behalf of others

The Chair's Benevolent Fund is used to assist ministers and others in difficulty.

Funds held on behalf of others – Agency Transactions

Funds are held on behalf of the Joint Public Issues Team for Yorkshire and Racing Chaplaincy.

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PUBLIC BENEFIT STATEMENT

The Trustees wish to confirm that they have complied with the duty in section 17 of the 2011 Charities Act to have due regard to guidance published by the Charity Commission in respect of public benefit in exercising their powers and duties. They have done so via a detailed system of checks and balances involving regular feedback to Synod and through ensuring that actions taken, and decisions made are always in accordance with the Constitutional Practice and Discipline of the Methodist Church.

OBJECTIVES AND AIMS

Nature and Purposes

The primary purpose for which the Yorkshire North and East District is constituted is to advance the mission of the Church in the region, by providing opportunities for Circuits to work together and support each other, by offering them resources of finance, personnel and expertise which may not be available locally, and by enabling them to engage with the wider society of the region as a whole. The District serves the Local Churches and Circuits and the Conference in the support, deployment and oversight of the various ministries of the Church, and in programmes of training.

The District has responsibility for the evaluation of applications by Local Churches and Circuits for approval of, or consent to, their proposals, when required, or for assistance from district or connexional bodies or funds. Wherever possible the work of the District is carried out ecumenically. The District is thus an expression, over a wider geographical area than the Circuit, of the connexional nature of the Church.

Objectives

During the year the District continued to develop work around its priorities. In July 2019 at a meeting of DPC (District Policy Group/Charity Trustees) it was agreed to delegate the powers of DPC to a District Leadership team for a trial period. The DPC of October 2020 agreed that this trial has been effective and the Representative Synod in April 2021 agreed to support the transfer of the District's trusteeship from the DPC to the DLT with effect from 1 September 2021. There has also been continuing work to ensure that the Yorkshire Districts work together most effectively.

The work of Safeguarding remains a priority and strengthening the membership of the District Safeguarding Group is a priority. Training of all who are involved in work with young people and vulnerable adults is ongoing. The District is committed to recognising the place of Safeguarding at the heart of mission at every level.

The implementation of the Property Consents process is working well.

The awarding of Grants through the District Advance Fund continues to work well.

Yearly Objectives

- To facilitate the activities of all the Circuits in the District.
- To focus on pursuing the key priorities of 1) Growing Lay Leadership, 2) Reimagining Worship, 3) Developing 'Our Voice' 4) Remodelling Governance.
- To utilise the funds made available to the District from the Connexion in order to further the mission of the circuits and local churches.
- To continue to develop leadership, governance and management within the District.
- To further encourage the implementation of the Ministerial Development Review and Supervision.
- To maximise the benefits of the strong relationship between the Learning Network and the District.

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OBJECTIVES AND AIMS - CONTINUED

Long Term Objectives

- To develop the working of Connexion and District
- To increase the involvement of lay ministry in the life of the Church.
- To develop new expressions of church community, through the work of the 'Pioneer Nursery.'
- To facilitate the development of ordained ministry by presenting more opportunities for personal development. It is hoped that the introduction of pastoral Supervision will assist with this.
- To further develop the opportunities for both ecumenical working and working at regional level.
- To further develop leadership, governance and management within the District.
- To ensure the best use of financial resources as their location within the District bodies changes.
- To give increased consideration to succession planning.

Strategies for achieving the objectives

The working of the new District Leadership Team which will meet regularly through the year. The Synod in October 2019 centred around the theme 'Flourish'. The committee structure of the District is such that regular reviews of all aspects of the District's life are undertaken and there are opportunities for new ideas to be discussed and debated. Interaction, particularly between the Chair with Connexional bodies ensures that there is considerable contact with national policies and decision making and that those bodies also hear of local views and concerns. This has further been enhanced with advocacy to the Strategies and Resources Committee, Methodist Council and the Methodist Anglican Panel for Unity in Mission. The District website was updated. Reports from Synod and Conference were prepared by the Synod Secretary and made available to all churches via the website.

We believe we have strong financial controls in position.

Grant making policy

Through the appointed District Leadership Team (formerly District Grants Committee), grants are awarded for the development of Mission and Ministry Projects and for Property Schemes generated by the local churches, circuits and other organisations. A sub-committee is empowered to award seed funding grants up to a maximum of £1,000 each to encourage churches and circuits to try "new things to reach new people". It is the policy and approach of the District to review requests on a case by case basis taking into consideration the funds available for disbursement, the particular mission and funding needs of each applicant and the overall spread of mission needs across the District.

Extent of the use of volunteers in achieving aims

Volunteers are involved in all aspects of the work of the District from personnel and administration to representational roles as well as providing the income with which the Charity operates. The level of dependence on voluntary workers within the District is extremely high, as it is in any Church organisation.

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ACHIEVEMENTS AND PERFORMANCE

- Circuits are looking at plans to enable the best use of resources to further their mission
- The year's available funds to various projects have been allocated by the District Leadership Team.
- Safeguarding initiatives and training are well advanced in planning and implementation.

The Trustees are pleased with this year's achievements in relation to their objectives. Almost all applications for grants have received funding and safeguarding is now running to plan in the District.

Ecumenical working is still below our hopes and dreams, but the Trustees are hopeful of further development in this area, particularly planning toward the Joint Public Issues Team (Yorkshire) working with the United Reformed Church and Baptist Church. It would seem that local initiatives are most successful whilst progress nationally is less certain.

CHALLENGES FOR THE FUTURE

The uncertainties raised by the Covid pandemic present challenges as we look to the future. It appears likely that some churches may not choose to, or be able to, re-open once all the lockdowns are over. Reserves will have been widely used in supporting churches through this period, and will take time to re-build. On the other hand, there have been great strides made in developing online ministry and mission. It is likely that there will be a desire to continue with some online presence and this will need to be thought through carefully to ensure that there is a workable hybrid balance.

Overall, despite some churches experiencing growth, there is a long-term decline in numbers attending and belonging to the church, and that concern is deepened with the recognition of an ageing demographic. The District is exploring how it can best support circuits in reversing this trend and is keen to explore the imaginative work underway in the Pioneer Nursery. It is also committed to ensure that governance structures are able to encourage and support new work, rather than hinder it. The District continues to be concerned about the plight of homelessness and research continues to help local churches and circuits respond more effectively.

The District also recognises the Climate Emergency and has invested in work to see how the District can become a Net Zero District. The Synod of Autumn 2020 welcomed the report produced and committed to become a Net Zero Carbon District by at least 2040. This will involve considerable work to buildings and a re-shaping of much of our life.

All that said, it is with confidence that we will approach these challenges and a trust that with prayer we will fulfil the purposes which God has in mind for us. The District is as well-equipped as possible to both encompass change and respond to new ideas.

**YORKSHIRE NORTH AND EAST DISTRICT
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, our responsibility as Trustees requires us to follow best practice and:

- a) select suitable accounting policies and apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity at any time and which enable them as Trustees to ensure that the financial statements comply with the Charities Act 2011.

The Trustees are also responsible for safeguarding the assets of the charity and for their proper application, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the District Leadership Team on behalf of the Trustees on 13 May 2021 and signed on their behalf by:

Malcolm Lucas

Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF YORKSHIRE NORTH AND EAST DISTRICT OF THE METHODIST CHURCH

I report to the Trustees on my examination of the financial statements of the Yorkshire North and East District of the Methodist Church ("the Charity") for the year ended 31 August 2020.

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 154 of the Charities Act 2011. My independent examination 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 independent examination work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

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

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

Your attention is drawn to the fact that the charity has prepared the financial statements in accordance with the relevant version of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

I understand that this has been done in order for the accounts to provide a true and fair view in accordance with UK Generally Accepted Accounting Practice.

Independent examiner's statement

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

I have completed my examination. I confirm that no material 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 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the applicable requirements concerning the form and content of financial statements set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the financial statements 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 financial statements to be reached.

Robert W Woolley BA (Hons) BFP FCA MAAT DChA MCMI
HPH, Chartered Accountants, 54 Bootham, York, YO30 7XZ

14 May 2021

**YORKSHIRE NORTH AND EAST DISTRICT
OF THE METHODIST CHURCH**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2020**

	Unrestricted Funds £	Restricted Funds £	2020 £	2019 £	
Notes					
Income and endowments from:					
Donations and grants	2a	169,435	234,457	403,892	444,704
Charitable activities	2b	-	39,299	39,299	32,246
Other activities	2c	73,743	178,820	252,563	215,219
Investments - interest receivable		782	8,216	8,998	8,370
Total income		243,960	460,792	704,752	700,539
Expenditure on:					
Raising funds	4	27,684	48,120	75,804	85,792
Charitable activities	5	218,158	312,848	531,006	582,768
Total		245,842	360,968	606,810	668,560
Net income/(expenditure) before investment gains/(losses)	6	(1,882)	99,824	97,942	31,979
Net gains/(losses) on investments	8	-	-	-	54
Net income/(expenditure)		(1,882)	99,824	97,942	32,033
Transfers between funds		-	-	-	-
Net movement in funds		(1,882)	99,824	97,942	32,033
Reconciliation of funds:					
Total funds brought forward at 1 September 2019		678,156	1,260,464	1,938,620	1,906,587
Total funds carried forward at 31 August 2020		£ 676,274	£ 1,360,288	£ 2,036,562	£ 1,938,620

The notes on pages 14 to 23 form part of these financial statements.

**YORKSHIRE NORTH AND EAST DISTRICT
OF THE METHODIST CHURCH**

BALANCE SHEET AS AT 31 AUGUST 2020

	Notes	Unrestricted Funds	Restricted Funds	2020 £	Total 2019 £
Fixed assets:					
Tangible assets	9	595,123	256,821	851,944	856,485
Investments	8	-	-	-	-
<i>Total fixed assets</i>		<u>595,123</u>	<u>256,821</u>	<u>851,944</u>	<u>856,485</u>
Current assets:					
Debtors	10	28,275	2,034	30,309	9,258
Cash at Bank and in hand		66,330	1,105,947	1,172,277	1,089,430
<i>Total current assets</i>		<u>94,605</u>	<u>1,107,981</u>	<u>1,202,586</u>	<u>1,098,688</u>
Liabilities:					
Creditors: Amounts falling due within one year	11	13,454	4,514	17,968	16,553
<i>Net current assets</i>		<u>81,151</u>	<u>1,103,467</u>	<u>1,184,618</u>	<u>1,082,135</u>
Total net assets		<u>£ 676,274</u>	<u>£ 1,360,288</u>	<u>£ 2,036,562</u>	<u>£ 1,938,620</u>
The funds of the charity:					
Unrestricted - General fund	15	676,274	-	676,274	678,156
Restricted - Other funds	14	-	1,360,288	1,360,288	1,260,464
<i>Total charity funds</i>		<u>£ 676,274</u>	<u>£ 1,360,288</u>	<u>£ 2,036,562</u>	<u>£ 1,938,620</u>

The financial statements were approved by the Trustees on 13 May 2021 and signed on its behalf by:

Malcolm Lucas
Trustee

The notes on pages 14 to 23 form part of these financial statements.

**YORKSHIRE NORTH AND EAST DISTRICT
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	13	82,847	34,553
Cash flows from investing activities:			
Purchase of property, plant and equipment		-	(7,824)
Proceeds from sale of investments		-	3,553
Net cash used in investing activities		-	(4,271)
Change in cash and cash equivalents in the reporting period		82,847	30,282
Cash and cash equivalents at the beginning of the reporting period		1,089,430	1,059,148
Cash and cash equivalents at the end of the reporting period		£ 1,172,277	£ 1,089,430

The notes on pages 14 to 23 form part of these financial statements

