

NEWCASTLE UPON TYNE DISTRICT
OF THE METHODIST CHURCH
TRUSTEES ANNUAL REPORT
AND ACCOUNTS

CHARITY NO. 1127637

FOR THE YEAR ENDED
31ST AUGUST 2017

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**REFERENCE AND ADMINISTRATIVE INFORMATION****CHARITY NO. 1127637****FOR THE YEAR ENDED 31ST AUGUST 2017****TRUSTEES**

Dr I A S Edwards		Miss G McAloon (retired 31st August 2017)
Revd S J Lindridge	(Chairman)	Rev K Stephens
Mr S Morrison		Miss G Harrison
Mrs C Armstrong		Mr C Horton (District Treasurer)
Mr I E M Farquhar		Mr R Varley
Mr D A Stabler		Rev J Sewell
Rev E Lindridge		Rev C S Quenet (retired 31st August 2017)
Mr R Gordon		Rev T Thorpe (retired 31st August 2017)
Mrs G E Stonley		Mrs S Gibbon
Rev S Earl		Miss A Ilderton
Mr C Stephens	(retired 31st August 2017)	Dr A Lishman (appointed 1st September 2016)
Revd G Phillips		Deacon T Hume

All trustees are deemed to be key management personnel of the charity

PRINCIPAL ADDRESS 246 Wingrove Road North
 Fenham
 Newcastle upon Tyne
 NE4 9EJ

INDEPENDENT EXAMINER RSM UK Tax and Accounting Limited
 1 St James' Gate
 Newcastle upon Tyne
 NE1 4AD

BANKERS	Lloyds Bank Plc Wallsend Branch Royal Chambers High Street East Wallsend Tyne & Wear NE28 8PR	Central Finance Board of the Methodist Church 9 Bonhill Street London EC2A 4PE
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**INVESTMENT MANAGERS
AND CUSTODIAN TRUSTEES** **Trustees for Methodist Church Purposes**
 Central Buildings
 Oldham Street
 Manchester
 M1 1JQ

SOLICITORS Sinton LLP
 The Cube
 Barrack Road
 Newcastle upon Tyne
 NE4 6DB

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017

1 **Objectives and activities**

In setting our objectives and planning our activities, the District Synod (under the leadership of the District Trustees) meets twice in each year, has given careful consideration to the Charity Commissioners' general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing our objectives and conforms to the Charities Act 2011.

The trustees present their annual report together with the financial statements and independent examiners report of the District for the period 1st September 2016 to 31st August 2017.

Newcastle upon Tyne District of the Methodist Church is a registered charity number 1127637.

Aims and Objectives

The aim of the Newcastle upon Tyne District of the Methodist Church is to respond to the gospel of God's love in Christ and to work in partnership with others to fulfil our calling.

Thus the District will seek to support, encourage, challenge and equip Circuits, Local Churches and individuals to:-

- a) underpin all activities with God-centred worship and prayer:
- b) promote a culture in the Church which is people-centred and flexible:
- c) make and nurture disciples who have confidence in speaking about their faith and in engaging in evangelism:
- d) engage in community development, acts of loving service and action for justice: and
- e) venture into fresh ways of being church.

2 **Achievements and performance**

The principle purpose of the District is to act as a supporting body between Circuits and the Connexion. The District does not seek and, in large measure, does not attain direct contact with the public. The direct contact is by Churches and Circuits and it is these that the District supports in their desire to provide benefit to the public.

Under the heading "Collaborative arrangements with connected charities" (3.3 below) there is information on how we obtained our funds. In this paragraph we show how they were spent. The money collected or available for dissipation, was used as grants to support Churches and Circuits throughout the District with their work in their local communities and to subsidise the administrative costs of the District.

The policy of the trustees on grant making is to ensure that all applications can demonstrate public benefit, pass a test of sustainability, show that there is commitment from the applicant organisation and show imagination and creativity as well as a perceived need for that for which the grant is being applied.

The grants were of several kinds, including:

- Grants for the adaption of buildings so that they could more easily meet the modern needs of Churches and help Churches provide services to the community
- Grants which supported part time or full time workers attached to Circuits or Local Churches
- Grants for young people to attend conferences such as 3Generate
- Grants to individuals to help pay for the cost of studying.

Circuits and Churches that have received grants from the District will show in their own Trustees Annual Reports (where these are required to be prepared) details of the outcome of the activities undertaken as a result of receiving the grant.

During the year, work has continued on developing links with the neighbouring Darlington District including joint training for local preachers in training. We have been pleased to support candidates for ministry and the probationer presbyters and deacons who serve in the District.

Familiarisation sessions have been offered for those involved in Ministerial Development Reviews, and the leadership module for creating safer space has been rolled out across the District.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017**

Cont.....

2.1 Plans for future years

- i Ensure that any local issues emanating from the Past Cases Review are dealt with sympathetically, fully and timeously
- ii Ensure that all those within the District that should attend the safeguarding Leadership Module do so
- iii Encourage attendance at 3Generate
- iv Encourage initiatives for mission in Circuits and Churches within the District

3 Financial review

During the year the District received total income of £335K (2015/16 - £250K) and dispersed £294K (2015/16 - £291K). The resulting excess of income was £41K (2015/16 deficit £41K) and total reserves carried forward of £818K (2015/16 - £777K).

The trustees of the District have every reason to believe that the District is a going concern, principally because Circuits continue to meet their assessment and the District has adequate reserves to cover a shortfall in anticipated income. There are no subsidiary undertakings. Trustees do not foresee any factors that will significantly affect the financial performance or position in the next year or two

The District continues to hold the one freehold property being the Chair's Manse in Newcastle upon Tyne.

The District has the following principal sources of funds:

- Interest on investments
- Levies on the Circuit Model Trust Funds of Circuits within the District
- Contributions from Connexional Advance & Property Fund
- Assessments on Circuits within the District

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.

3.1 Investment Policy and Performance

To comply with Methodist Standing Orders, monies for long term investment are lodged with the Trustees for Methodist Church Purposes (TMCP). TMCP acts as custodian trustee for all real estate held by Districts and for all large (over 20K) bequests and for the proceeds of sale of any property formerly owned by the District. These sums are invested in unitised investments or held on deposit. The investment returns are close to tracking the movements in the FTSE100 index. The deposit income mirrors the deposit rates available elsewhere. Newcastle District trustees' investment policy is aligned with that of the CFB and TMCP because these organisations take into consideration the social, environmental and ethical considerations, both negatively and positively, that make investments suitable for the Methodist Church.

Short term deposits are lodged directly with the Central Finance Board (CFB) and attract good rates of interest.

There are no bench marks for the expected returns or appreciation on investments at TMCP and CFB. It is the District's policy to manage the cash and investment resources of the District so that a rate of return on investment - both by way of dividend and capital appreciation - is obtained at least as good as market rate considering the District's low appetite for risk.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017****3.2 Reserves level and policy**

It should be noted that the unrestricted reserves have funded the purchase cost of the manse £170k and, as a result, the unrestricted reserves readily available total is £95k.

The District has a reserves policy covering all its unrestricted funds which is reviewed annually.

The minimum policy level of the readily available part of the General Fund is such as to pay for six months payroll costs and closing costs of staff redundancies, rent and other costs on leased equipment. At 31st August 2017 this sum amounted to £90k against actual reserves of £92k as stated above.

The reserves held at the end of the year were as follows:

<u>Unrestricted Funds</u>	
General Fund	£264,837
<u>Designated Funds</u>	
Capital Fund	£383,693
District Aid Fund	£100,000
Mission Together Fund	£106
International Fund	£20
University Chaplain	£30,496
Ignite	£4,598
	<u>£518,913</u>
<u>Restricted Funds</u>	
District Advance Fund	£ 7,755
Benevolence Fund	£4,397
Training Fund	£1,857
MSM Fund	£16,261
Regional Training Forum	£900
	<u>£ 31,170</u>
Total	<u>£814,920</u>
Total Undesignated Funds	£264,837
Less: Invested in the Manse	£169,840
Uncommitted reserves, readily available	<u>£94,997</u>

All funds are separately invested either with CFB or TMCP. No money is directly invested in property, securities or other forms of investments.

3.3 Collaborative arrangements with connected charities

The District's main source of funding is the assessments obtained from each Circuit within the District based on the membership and staffing levels of the Circuit and this was used to defray most of the cost of administering the District. The sum amounted to £51439 (2016 - £47191).

The District obtained from each Circuit with a reserve, known as a Circuit Model Trust Fund (CMTF), a levy based on the size of the Circuits' CMTFs at the start of the connexional year (1st September). In 2016/17 this sum was £60875 and was credited to the District Advance Fund. The District also obtained an allocation from the Connexional Advance and Property Fund of £145469. This fund is obtained from a levy on all property sales of Methodist property.

The District holds no funds as custodian Trustee. It does, however, quarterly receive from Circuits within the District the Circuits' contributions to the Methodist Church Fund (MCF). These sums are collected as agent for the MCF and are passed to the MCF later in the same quarter. Funds received by the District as agent are not recognised as an asset in the financial statements because the funds are not within its control. No fee is earned in respect of this agency arrangement and the District incurs no cost through this arrangement.

4 Trustees' responsibilities

For each financial year ending on 31st August the Trustees are required to prepare financial statements that give a true and fair view of the District's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the Trustees must:

- select suitable accounting policies and applied them consistently using the accruals method
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards
- prepare accounts to comply with the Charities SORP
- UK Accounting Standards 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 District will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the District and enables them to ensure that the financial statements comply with the law. They are also responsible for safeguarding the assets of the District and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Training in the responsibilities of trustees is offered to all new trustees soon after their appointment.

4.1 Risk

The District is largely risk averse but, especially in making grants to entities embarking on new and imaginative initiatives, the District is prepared to underwrite considered risks.

Risks are managed by being aware of them, quantifying their impact not only in cost terms but in possible reputational or structural damage, laying them off through an insurer and minimising them by not taking them or by setting up control systems that timeously report any significant change in the risk

5 Structure, governance and management

The District is an unincorporated association and is governed by the Methodist Church Act 1976, the Deed of Union and the Model Trust Deeds of the Methodist Church and was registered with the Charity Commissioners on 21st January 2009.

The Trustees are appointed from within the District as and when the need arises and appointments are approved by District Synod.

5.1 Structure

Circuits are the coordinating charities for local groups of Churches; Circuits pay the stipends of the ministers and employ lay staff to serve the Churches in the Circuit; most decisions are made at or ratified by the half yearly Circuit Meeting. A District is the coordinating charity for a group of contiguous Circuits and makes its decisions at half yearly synods. The Methodist Conference meets once each year as the supreme denominational body for all Methodist Churches.

1. Overall regulatory authority rests with the Methodist Conference.
2. The Connexional Office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) in individual Circuits within the District.
3. Connexional decisions are passed to the Chair of the District and the appropriate officers of the District for implementation.
4. The District passes regulatory control down to Circuit level for local implementation by the Superintendent Minister, ministerial staff and Circuit Stewards, and authority is delegated to the Circuit Meeting for certain matters.
5. The Circuit Meeting passes regulatory control down to Church Councils for local implementation by the presbyter, the Church Stewards, and other officers, and this regulatory authority is then exercised by Church Councils as Managing Trustees of their Charity.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017

5.2 Purpose of the District

The District is an expression, over a wider geographical area than any Circuit, of the Connexional character of the Church.

The purposes of the Methodist Church are and shall be deemed to have been since the date of the union the advancement of:

- a. the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church, and
- b. any charitable purposes for the time being of any connexional, District Circuit, local or other organisation of the Methodist Church, and
- c. any charitable purpose for the time being of any society or institution subsidiary or ancillary to the Methodist Church, and
- d. any purpose for the time being of any charity being a charity subsidiary or ancillary of the Methodist Church.

The primary purpose of this District is to advance the mission of the Church in Northumberland Tyne & Wear and the Northern part of Durham.

- by providing opportunities for Circuits to work together and support each other
- by offering to Circuits resources of finance, personnel and expertise.

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.

5.3 Governance

The District operates within a statutory framework of regulation and seeks to ensure that it follows Methodist Standing Orders. It relies on the Connexional Office at 25 Marylebone Road, London, NW1 5JR to provide guidance on changes that could affect the District.

The members of the District Policy Committee (DPC) are annually appointed by a vote of the Synod for a continuous term not normally exceeding six years. The Chair of District is *ex officio* chair of the DPC. When a position becomes vacant on the District Policy Committee, nominations are invited from ministers and lay members of Circuits within the District. The Chair of the District then shares with nominees what the roles involve. If they wish to be considered for a role, their names are taken to the District Policy Committee and the District Synod for appointment. Members may be either ministers or lay people attending Churches in the area covered by the District. Trustees are all members of the Methodist Church and through experience are aware of the workings of the charity.

The District Policy Committee normally meets four times per year and deals with routine and exceptional matters. It oversees the work of the Church and Society team, Church Life and Mission team, Servicing and Resources team, Stationing Advisory group, probationers committee and Candidates committee.

5.4 Responsibilities of the District Policy Committee

- i to formulate and promote policies which will advance the mission of the Church in the Circuits and Local Churches and, in particular, to supervise the use of resources of personnel, property and finance and to assist Local Churches and Circuits having exceptional problems.
- ii to encourage inter-Circuit and ecumenical co-operation
- iii to act in an executive capacity in matters remitted to the Committee by the Synod
- iv to keep within its purview all District concerns not dealt with elsewhere
- v to contribute and respond, as the case may be, to the development of Connexional policies as reflected in the work of the Conference and the Methodist Council, and to carry out its other responsibilities with any such development in mind
- vi to be aware that the stipend of the Chair of the District is set - currently by reference to the change over a year in the Consumer Price Index - using a formula that was agreed by the Methodist Conference for all ministers within the Connexion.
- vii constantly to be aware of the public benefit guidance issued by the Charity Commission.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017**

6.1 Trustees

The following served as Trustees throughout part or all of the year 2016/17 or were trustees at the time of this report being approved:

Dr I A S Edwards		Mr B Stephens	(appointed 1st September 2017)
Revd S J Lindridge	(Chairman)	Miss G Harrison	
Rev K Stephens		Rev D Goodall	(appointed 1st September 2017)
Mr S Morrison		Mr C Horton	(District Treasurer)
Mrs C Armstrong		Dr A Lishman	(appointed 1st September 2017)
Mr I E M Farquhar		Miss G McAloon	(retired 31st August 2017)
Mr D A Stabler		Mr R Varley	
Rev E Lindridge		Revd J Sewell	
Deacon T Hume		Rev C S Quenet	(retired 31st August 2017)
Mrs G E Stonley		Revd T Thorpe	(retired 31st August 2017)
Mrs A Cooper	(appointed 1st September 2017)		(appointed 1st September 2017)
Rev S Earl		Mrs S Gibbon	
Mr C Stephens	(retired 31st August 2017)	Miss A Ilderton	
Revd G Phillips		Mr R Gordon	
Mrs M Graham	(appointed 1st September 2017)		

6.2 Salaries of District employees are reviewed by the Servicing and Resources committee and confirmed by the subsequent District Policy Committee.

6.3 A resolution to reappoint RSM UK Tax and Accounting Limited as independent examiners will be put to the trustees and the Synod.

Approvals

The Trustees' Report and the Financial Statements were approved by the District Policy Committee on

Signed on behalf of the DPC, as authorised:

Stephen Lindridge (signed)

Christopher Horton (signed)

District Chair Date:

District Treasurer Date:

INDEPENDENT EXAMINERS REPORT TO THE
TRUSTEES OF NEWCASTLE UPON TYNE DISTRICT OF
THE METHODIST CHURCH FOR THE YEAR
ENDED 31ST AUGUST 2017

I report to the trustees on my examination of the accounts of Newcastle Upon Tyne District of the Methodist Church for the year ended 31st August 2017 which are set out on pages 3 to 14

Respective responsibilities of trustees and examiner

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 all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair view' and my report is limited to those specific matters set out in the examiner's statement.

Independent examiner's statements

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

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me reasonable 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.

Name: Lucy Robson

Relevant professional qualification or body: ACA

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants
 1 St James' Gate
 Newcastle upon Tyne
 NE1 4AD

Date

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST AUGUST 2017**

	Notes	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Totals This Year £	Totals Previous Year £
Income and Endowments							
Charitable activities	4a	51,439	-	206,344	-	257,783	220,662
Investments-interest		1,090	1,747	3,636	19	6,492	8,815
Donations and legacies-donations		-	98	1,589	-	1,687	2,637
Other Charitable Income	4b	28,511	40,427	-	-	68,938	18,013
Total Incoming Resources		<u>81,040</u>	<u>42,272</u>	<u>211,569</u>	<u>19</u>	<u>334,900</u>	<u>250,127</u>
Charitable Activities							
Salaries & Associated Costs	6	113,993	-	-	-	113,993	103,401
Manse Costs		4,648	-	-	-	4,648	9,206
Administration		23,121	-	-	-	23,121	19,567
Grants & Donations	4c	30,000	26,525	79,583	-	136,108	146,456
Other Expenditure		8,714	6,344	1,006	3	16,067	12,639
Total Charitable Activities		<u>180,476</u>	<u>32,869</u>	<u>80,589</u>	<u>3</u>	<u>293,937</u>	<u>291,269</u>
Net Expenditure		<u>(99,436)</u>	<u>9,403</u>	<u>130,980</u>	<u>16</u>	<u>40,963</u>	<u>(41,142)</u>
Transfers Between Funds		<u>108,010</u>	<u>15,332</u>	<u>(123,328)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Sub Total		<u>8,574</u>	<u>24,735</u>	<u>7,652</u>	<u>2</u>	<u>40,963</u>	<u>(41,142)</u>
Other gains		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		<u>8,574</u>	<u>24,735</u>	<u>7,652</u>	<u>2</u>	<u>40,963</u>	<u>(41,142)</u>
Reconciliation of Funds							
Total funds brought forward from Last Year		<u>256,263</u>	<u>494,178</u>	<u>23,518</u>	<u>2,926</u>	<u>776,885</u>	<u>818,027</u>
Total Funds Carried Forward at End of Year		<u><u>264,837</u></u>	<u><u>518,913</u></u>	<u><u>31,170</u></u>	<u><u>2,928</u></u>	<u><u>817,848</u></u>	<u><u>776,885</u></u>

The statement of financial activities includes all gains and losses recognised in the year

All incoming resources and resources expended derive from continuing activities

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**BALANCE SHEET AS AT 31ST AUGUST 2017**

	Notes	Totals This Year £	Totals Previous Year £
Fixed Assets	7	<u>169,840</u>	<u>169,840</u>
Current Assets			
Debtors & Prepayments	8	55,897	20,823
Cash at Bank		<u>1,093,740</u>	<u>1,116,582</u>
Total Current Assets		<u>1,149,637</u>	<u>1,137,405</u>
Creditors	9	<u>260,597</u>	<u>228,784</u>
Net Current Assets		<u>889,040</u>	<u>908,621</u>
Total Assets less			
Net Current Liabilities		<u>1,058,880</u>	<u>1,078,461</u>
Creditors: amounts due			
after one year		<u>241,032</u>	<u>301,576</u>
Net Assets		<u><u>817,848</u></u>	<u><u>776,885</u></u>
Funds of the District			
General Fund (Unrestricted)		264,837	256,263
Designated Funds	12	518,913	494,178
Restricted Funds	11	31,170	23,518
Endowment Funds	10	<u>2,928</u>	<u>2,926</u>
Total Funds		<u><u>817,848</u></u>	<u><u>776,885</u></u>

The financial statements on pages 3 - 13 were approved by the board of trustees on and signed on its behalf by:

S J Lindridge

C Horton

Trustees

These unaudited financial statements have been subject to independent examination. See report on page 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

1 Accounting policies**Basis of preparation of financial statements**

The financial statements have been prepared 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 (FRS102) (effective 1 January 2015) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The address of the District's registered office and principal place of business is 246 Wingrove Road North, Fenham, Newcastle upon Tyne, NE4 9EJ.

Newcastle upon Tyne District of the Methodist Church 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.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £

Going concern

Financial Reporting Standard 102 requires, if appropriate, the District's financial statements are prepared on a going concern basis, which means that the District is able to operate for the foreseeable future on the basis of known and reasonable projected resources. After reviewing financial and other information available, the Trustees consider that there are no material uncertainties in respect of the District's ability to continue as a going concern. Newcastle upon Tyne District of the Methodist Church has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

2 Fund accounting

The funds held constitute: General Funds held for any purpose of the District which are Unrestricted, Designated Funds and Restricted Funds which are held for a narrower purpose and Endowment Funds which represent gifts, the capital normally being unavailable for spending, and the income from which is either Restricted or Unrestricted. Details of each material fund are disclosed in notes 11-14 to these accounts.

Income

Income is recognised in the period in which the District is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the District has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Voluntary income received by way of donations and gifts to the District is included in full in the statement of financial activities when received. Intangible income is not included unless it represents goods or services which would have otherwise been purchased. Gifts in kind are valued and brought in as income and the appropriate expenditure. There were no gifts in kind in the year ended 31st August 2017.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST AUGUST 2017**

Accounting policies continued

Expenditure

Expenditure is recognised when a liability is incurred or a constructive obligation arises that result in the payment being unavoidable. Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Debtors

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

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.

Liabilities and provision

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 District 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 within interest payable and similar charges.

Tangible fixed assets and depreciation

Fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Depreciation is not charged on freehold buildings as under normal circumstances the residual values are considered to be greater than cost. However, the carrying values of freehold buildings are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Assets having an initial cost of £1,000 or less are written off on acquisition.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the District after deducting all of its liabilities. The District has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, in full to all of its financial instruments.

All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

3 Investments

Investments are stated at market value less any provision for permanent diminution in value.

Gains/(losses) on investments

Realised and unrealised capital gains and losses on investments are dealt with in the Statement of Financial Activities in the year in which they arise, based on the brought forward valuations or cost of subsequent additions.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Employees are only entitled to carry forward unused holiday entitlement in exceptional circumstances, and only by agreement with management. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

Agency arrangements

The district acts as an agent in the collection and payment of Methodist Church Fund. Related payments received from the Circuits are paid over to the Connection and excluded from the statement of financial activities and are shown separately in note 20

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The District makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the District as lessee, or the lessee, where the District is a lessor.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

4a. Income from Charitable Activities

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Assessment on circuits	51,439	-	-	-	51,439	47,191
From Circuit Model Trust Funds	-	-	60,875	-	60,875	63,278
Connexional Advance & Property Fund	-	-	145,469	-	145,469	110,193
	<u>51,439</u>	<u>-</u>	<u>206,344</u>	<u>-</u>	<u>257,783</u>	<u>220,662</u>

Income from charitable activities for 2016 was £220662 of which £47191 was unrestricted and £173471 was restricted.

4b. Other Income

	Un-Restricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Grants Received	-	30,000	-	-	30,000	-
Workplace Chaplain	13,145	-	-	-	13,145	4,855
Training	-	6,084	-	-	6,084	-
MSM Fees	-	-	-	-	-	-
Sundry Income	15,366	4,343	-	-	19,709	13,158
	<u>28,511</u>	<u>40,427</u>	<u>-</u>	<u>-</u>	<u>68,938</u>	<u>18,013</u>

4c. Expenditure

	Staff costs £	Direct costs £	Support Costs £	Total 2017 £	Total 2016 £
Salaries and associated costs	113,993	-	-	113,993	103,401
Manse costs	-	4,648	-	4,648	9,206
Administration	-	-	23,121	23,121	19,567
Grants and donations	-	136,108	-	136,108	146,456
Other expenditure	-	5,927	10,140	16,067	12,639
	<u>113,993</u>	<u>146,683</u>	<u>33,261</u>	<u>293,937</u>	<u>291,269</u>

Expenditure for the year was £293,937 (2016: £291269) of which £80589 (2016: £140176) was restricted, £180476 (2016: £143271) was unrestricted, £32,869 (2016: £7216) was designated and £3 (2016: £6) was endowment.

Grants and donations are	2017	2016
made up as follows:	£136,108	£146,456

Support costs are	2017	2016
made up as follows:	£33,261	£32,206

During the year expenses were reimbursed to trustees of the charity totalling £12,534 (2016: £12592)

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

5 Trustees

None of the trustees, or persons connected with them, received any remuneration or other benefits from the District or any connected organisation as a result of their office during the year ended 31st August 2017 (2016 £nil). Trustees are allowed to reclaim certain expenses incurred as a result of them fulfilling their duties. The amount claimed during the year ended 31st August 2017 was:

	2017	2016
Number of trustees who were paid expenses	8	7
Reimbursement of expenses		
Total reimbursement of expenses	<u>£12,534</u>	<u>£12,592</u>

6 Staff costs and the cost of key management personnel

The aggregate payroll costs during the year were:

	2017	2016
	£	£
Wages and Salaries	78,776	73,940
Social Security Costs	5,467	3,895
Other Pension Costs	8,567	7,395
	<u>92,810</u>	<u>85,230</u>

No employee earned in excess of £60,000 during the year (2016: nil)

Particulars of employees:

The average number of staff employed by the District during the financial year amounted to:

	2017	2016
	No	No
Total	<u>7</u>	<u>5</u>

Key management personnel

No salaries as employee benefits are paid to the key management personnel for the year (2016: nil)

Net outgoing resources

Net outgoing resources are stated after charging:

	2017	2016
	£	£
Staff pension contributions	8,567	7,395
Independent examiners fee	<u>2,940</u>	<u>2,580</u>

7 Tangible fixed assets

	Freehold Buildings £
Cost	
1st September 2016 & 31st August 2017	<u>175,516</u>
Depreciation	
1st September 2016 & 31st August 2017	5,676
Net book value	
31st August 2016 & 31st August 2017	<u>169,840</u>

All tangible fixed assets are held for charitable purposes.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST AUGUST 2017**8 Debtors**

	2017 £	2016 £
Prepayments and accrued income	55,987	20,823

9 Creditors:

	2017 £	2016 £
Accruals and deferred income		
Due within twelve months	260,597	228,784
Creditors due over twelve months	241,032	301,576
	<u>501,629</u>	<u>530,360</u>

10 Endowment funds

	Balance 1 September 2016 £	Incoming Resources £	Charitable Activities £	Transfers £	Outgoing Resources £	Balance 31 August 2017 £
Permanent endowments:						
The W H Scott Memorial Trust	2,926	19	-	14	3	2,928
	<u>2,926</u>	<u>19</u>	<u>-</u>	<u>14</u>	<u>3</u>	<u>2,928</u>
	Balance 1st September 2016 £	Incoming Resources £	Charitable Activities £	Transfers £	Outgoing Resources £	Balance 31st August 2016 £
Permanent endowments						
The WH Scott Memorial Trust	2926	23	6	17		2926
	<u>2926</u>	<u>23</u>	<u>6</u>	<u>17</u>		<u>2926</u>

The W H Scott Memorial Trust was established in 1924 for the benefit of Wesleyan Methodist Ministers Widows. This was subsequently amended due to the lack of beneficiaries and the income only is now paid to the District Benevolent Fund. The fund is represented by investments.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2017

11 Restricted funds

2017	Balance			Investment		Balance
	1 September			Gains		31 August
	2016	Income	Expenditure	(Losses)	Transfers	2017
District Advance Fund	(715)	209,911	72,434	-	(129,007)	7,755
Education and Youth Fund	(750)	9	1,480	-	2,221	-
Benevolent Fund	4,149	331	97	-	14	4,397
MSM Fund	16,201	60	-	-	-	16,261
Training Fund	3,733	1,258	6,578	-	3,444	1,857
Regional Training Forum	900	-	-	-	-	900
	23,518	211,569	80,589	-	(123,328)	31,170

2016	Balance			Investment		Balance
	1 September			Gains		31 August
	2015	Income	Expenditure	(Losses)	Transfers	2016
District Advance Fund	7,912	178,310	133,437		(53,500)	(715)
Education and Youth Fund	1,496	13	2,259			(750)
Benevolent Fund	2,654	1,646	168		17	4,149
MSM Fund	16,199	85	83			16,201
Training Fund	7,556	1,006	4,829			3,733
Regional Training Forum	900					900
	36,717	181,060	140,776		(53,483)	23,518

12 Designated funds

2017	Balance			Investment		Balance
	1 September			Gains		31 August
	2016	Income	Expenditure	(Losses)	Transfers	2017
University Chaplaincy	-	30,000	18,280		18,776	30,496
Capital Fund	394,052	1,747	8,662	-	(3,444)	383,693
International Fund	20	-	-	-	-	20
District Aid Fund	100,000	-	-	-	-	100,000
Mission Together Fund	106	-	-	-	-	106
Ignite		10,525	5,927			4,598
Total Designated Funds	494,178	42,272	32,869	-	15,332	518,913

2016	Balance			Investment		Balance
	1 September			Gains		31 August
	2015	Income	Expenditure	(Losses)	Transfers	2016
University Chaplaincy						
Capital Fund	412,937	3,331	7,216		(15,000)	394,052
International Fund	20					20
District Aid Fund	100,000					100,000
Mission Together Fund	106					106
Ignite						
Total Designated funds	513,063	3,331	7,216		(15,000)	494,178

These unaudited financial statements have been subject to independent examination. See report on page 2

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST AUGUST 2017**

12 Designated funds (continued)

The income funds of the charity include designated funds, which has been set aside out of unrestricted funds by the Trustees for specific purposes:

The Capital Fund is a fund to which all members and circuits have subscribed. The investment income only will be used for “people” based projects and any funding granted will be on a pump-priming basis. Several grants have been made. The fund is represented by bank balances and is fully subscribed to.

The Cuba Fund is a fund begun by donations to a sponsored walk and used to fund close links between the District and that country. It has been decided to rename it ""International Fund."

The District Aid Fund has been set up to make loans to aid completion of projects.

The Mission Together Fund is receiving donations to fund the District Wide Mission.

The University Chaplaincy fund provides a chaplaincy service to higher and further education institutions within the Newcastle District

The Ignite programme promotes leadership training courses run in connection with the Pioneer Connexion Church (as a partner)

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

The Benevolent Fund represents funds designated for benevolent purposes as laid down by Standing Order 527(2). The income of the fund includes transfers from W H Scott Memorial Trust.

The fund is represented by cash and bank balances.

The District Advance Fund is a fund set up and administered under the standing orders of the Methodist Church. It receives income from Circuit Model Trust Funds within the District together with an allocation from Connexional Advance & Property Fund for property and people based projects to further the work of this charity in the Newcastle District. Surplus funds are held with the Trustees for Methodist Church Purposes.

The Education and Youth Fund was administered by a sub-committee which has now ceased. All grants are now administered by the grants sub-committee and the separate fund has been closed.

The transfer to un-restricted funds is a grant made to finance the Stipend and expenses of the District Evangelism Enabler and the District Resourcing Mission Adviser.

The MSM Fund was set up to enable the District Evangelism Enabler to organise “Mission Shaped Ministry” courses in an area extending beyond the boundaries of the Newcastle District and covering the North of England. It is also open to other denominations. It is now under the stewardship of the Newcastle District.

Training Fund receives donations from the Connexion and Circuits and makes donations to lay and ordained members of churches undertaking training.

The Regional Training Forum Fund is a grant made from the North East Training Forum.

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

14 Charitable commitments

At 31st August 2017 there were no commitments which are to be funded out of the District Capital Fund:
(2016-£5000)

15 Ultimate controlling party

The ultimate controlling party of the District is considered to be the Annual Conference of the Methodist Church.

16 Related parties

The related parties of the District are twelve Circuits, their Chapels and Manses, which are all based in the North-East of England. They are contactable via the principal address of the Charity. Funds are transferred on a quarterly basis.

No related party transactions took place during the current or previous year.

17 Capital commitments

	2017	2016
	£	£
13a		
At 31st August 2017 the District		
had the following Capital Commitments:		
Amount Authorised but not contracted for	-	-

18 Analysis of net assets between funds

	Un-Restricted	Designated	Restricted	Endowment	Total
2017	Fund	Funds	Funds	Funds	2017
	£	£	£	£	£
Tangible fixed assets	169,840	-	-	-	169,840
Current assets	102,122	518,913	525,674	2,928	1,149,637
Current liabilities	(7,125)	-	(494,504)	-	(501,629)
	<u>264,837</u>	<u>518,913</u>	<u>31,170</u>	<u>2,928</u>	<u>817,848</u>
	Un-Restricted	Designated	Restricted	Endowment	Total
2016	Fund	Funds	Funds	Funds	2017
	£	£	£	£	£
Tangible fixed assets	169,840				169,840
Current assets	109,328	494,257	530,894	2,928	1,137,405
Current liabilities	(22,905)	(79)	(507,376)		(530,376)
	<u>256,263</u>	<u>494,178</u>	<u>23,518</u>	<u>2,928</u>	<u>776,885</u>

These unaudited financial statements have been subject to independent examination. See report on page 2.

NEWCASTLE UPON TYNE DISTRICT OF THE METHODIST CHURCH**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST AUGUST 2017**19 Taxation**

The District is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the District.

20 Amounts disbursed as agent

	2017	2016
	£	£
Methodist Church Fund assessments received	479,561	473,055
Methodist Church Fund assessments paid	<u>479,561</u>	<u>473,055</u>

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