

**Manchester District Association of Unitarian
And Free Christian Churches Incorporated**

A company limited by guarantee

Report and Financial Statement

Year ended: 31 December 2001

Charity number 503753
Company number 1029607



Manchester District Association of Unitarian And Free Christian Churches

Legal and administrative information

Status

The organisation is a charitable company limited by guarantee, incorporated on 3rd November 1971. It is registered as a charity. It was granted Trust Corporation status on 18th January 1973.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Directors

Geoffrey Head
George Harrison
John Andrew Midgley
Freda Margaret Ellis
Angela Nicolette Harrison
Kenneth James Johnson
Jane Anne Deacon
Ann Latham
Celia Midgley
Elsie Deas
Marion Nuttall
Enid Johnson
Ann Sonja Peart
Aled Wyn Jones
Jeffrey Lane Gould
Arthur John Long
Judith Crompton
Penelope Frances Johnson

The directors are appointed by the unincorporated association but must be members of the company.

Secretary

Rev. Penelope Frances Johnson, Fairfield, London Road, Adlington, Macclesfield, Cheshire SK10 4NA

Registered office

Cross Street Chapel, Cross Street, Manchester, M2 1NL

Bankers:

Royal Bank of Scotland plc, Manchester St Ann Street Office, St Ann Street, Manchester, M 60 2SS

Solicitors:

Mace and Jones, 14 Oxford Court, Bishopsgate, Manchester, M2 3WR

Auditors:

Hanley and Co, Registered Auditors, Chartered Accountants, Spring Court, Spring Road, Hale, Cheshire, WA14 2UQ

Investment managers:

Henderson Global Investors, 4 Broadgate, London, EC2M 2DA

Manchester District Association of Unitarian and Free Christian Churches
Incorporated

Report of the directors
for the year ended 31st December 2001

The directors present their report, with the financial statements of the company, for the year ended 31st December 2001.

1. Principal activities: The company, which is limited by guarantee, whose registered number under the Companies Acts is 1029607 and whose Charity Commission number is 503753, administers and accounts as sole trustee for four charities:

General Account Fund. (Charity Commission number ~~234584~~ ⁵⁰³⁷⁵³).
Manchester Unitarian Congregational Fund (Charity Commission No 1032203)
Manchester Domestic Mission Society Fund (Charity Commission No. 253233)
Leech Fund. (Charity Commission reference L3 (E) 602094)

By virtue of its status as a Trust Corporation, it acts as sole trustee of seven churches in the Manchester District; of the Provincial Assembly of Lancashire and Cheshire; it is custodian trustee for another church, and with other trustees is a trustee of two further churches.

The General Accounts Funds were derived from legacies, sale of Unitarian properties in the Manchester District and other funds which have been vested in it.

The Manchester Unitarian Congregational Fund was created by the amalgamation of seven existing charities and the assets arising on the closure of a church.

The clear income from these funds is to be applied towards the upkeep, repair and improvement of churches whose congregations are members of the Manchester District Association, and in and towards the maintenance of services and otherwise furthering the religious, educational and charitable work of the Association.

The object of the Manchester Domestic Mission Society Fund is the diffusion of religious and other elevating influences by Ministry among the poor in Manchester. In the 19th century the Society employed a missionary and set up schools. Nowadays grants are made to charities which operate in deprived parts of Manchester.

The Leech Fund makes grants for the provision of books to ministers and students in the district.

2. The Memorandum of Association allows for the investment of money not immediately required for the company's purposes in or upon such investments, securities or property as may be thought fit, subject, nevertheless, to such conditions (if any) and such consents (if any) as may be for the time being imposed or required by law.

The company invests in stock exchange securities and deposits at interest. Its portfolio is managed at the discretion of the investment manager. The company also holds a plot of land which is leased for car parking purposes.

3. The objects of the constituent trusts are set out at paragraph 1 above.

The General Fund has for many years employed a District Minister, provided a car and met expenses, as well as providing for the administration costs and audit of the constituent charities. In the previous year, the District Minister retired and was not replaced, which resulted, in the year under review, in net incoming resources to the Fund, of £8,741.

The Manchester Unitarian Congregational Fund has paid for a structural survey at a church, and has made grants to churches in the district for repairs and maintenance to buildings and to assist with the stipend of a minister. It also provided clerical and computer systems to the District. Expenditure exceeded income by £92.

The Manchester Domestic Mission Society Fund provided grants to charities which assist and advise persons resident in deprived parts of the City. Expenditure exceeded income by £7,500.

The Leech Fund provided books to students and ministers and its expenditure exceeded its income by £188

4. The executive committee meets six times a year to decide policy, receive reports, and authorise grants. The honorary officers meet with members of constituent congregations to advise and assist them, and the treasurer carries out independent examinations of the accounts of some of the district churches and assists in accounting matters. The charity is associated with twelve Unitarian churches in the Manchester area which send delegates, two per church plus its minister, to meetings of the parallel unincorporated body. Matters of general interest are discussed and the Churches support each other in their religious and social activities.

5. The charity is associated with the General Assembly of Unitarian and Free Christian Churches, which is the national body in the United Kingdom for Unitarians. It is not financially connected, but the company's treasurer collects cash quotas which are made on a voluntary basis by the churches in the District, and passes them to the General Assembly.

The Association is essentially a religious organisation meeting for mutual support which, over many years, has acquired through legacies, gifts and the demise of churches and similar bodies in a area, considerable resources, the income from which it can use to assist, when necessary, its constituent churches and other Unitarian bodies. One of its Charities makes grants by way of mission to the poor of the City of Manchester. The association does not undertake fund raising activities. Apart from one part-time employee, it is administered by volunteers. It is indebted to its president, hon secretary, and hon treasurer for a great deal of work undertaken on its behalf in administration and accounting and in its involvement with bankers, solicitors and investment managers as the need arises. It also has a publicity officer, religious education co-ordinator, an editor and administrator of its publication "The Unitarian". The latter two persons receive small honoraria. The Association is represented on Greater Manchester Churches Together, Manchester Council of Christians and Jews, and the Manchester Inter Faith Forum. The Oldham Congregation continues its work with Traidcraft and third-world concerns.

6. Over many years income has accumulated to become part of the capital base from which the Association's income arises. At 31st December 2001, this accumulation of income amounted to £281,272, against a capital base of £882,655. The association is in a position to draw on this "reserve" to any extent which may be required to further the interests of its members and other constituents.

7. Investment policy over recent years has been to invest in a mixture of growth and income stocks such as would raise a safe but greater total return than would have been achieved from investment entirely in income stocks. The directors have been advised that, taking one year with another, total returns of about six to seven percent, after allowing for inflation, could be achieved on capital employed. After two full years of considerable capital losses, there have been negative total returns and the current policy is to retrench, and to aim to spend only the income from investments and other small sources of income, and to review the situation from year to year.

8. The deficit for the year on all the funds is attributable to:

(a) A planned overspend, (run-down of reserves), on the Manchester Domestic Mission Society Fund. (This is the only active grant-making fund, the others reacting mainly to requests for assistance from member churches). The spending was based, in this case, on approx. six and a half percent of capital employed as outlined above.

(b) The poor performance of the company's investments. The investment manager provided a rather better return than the median for the charitable investment funds index. It is hoped that the investment in premium companies, trusts etc will bear fruit in future as it has in the past, though with the decline in inflation and interest rates it is unlikely that previous levels of total return will be achieved in future.

9. The risks to which the investment assets are exposed are covered in paragraph 7.
It is now seen as unlikely that the loan to Chorlton Church can be repaid except on a sale of the church land and building. The borrower is not in a very strong financial condition currently, and can service the debt with difficulty. A decision on the status of this debt will be taken in 2002.

10. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

Select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

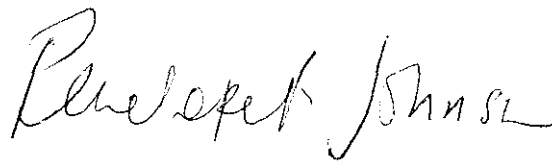
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

11. Auditors

The auditors, Hanley and Co, will be proposed for reappointment, at the annual general meeting, in accordance with section 385 of the Companies Act of 1985 .

On behalf of the board,

Penelope F. Johnson
Director.
28th May, 2002.

A handwritten signature in dark ink, appearing to read 'Penelope Johnson', written in a cursive style.

Report of the auditors

To the members of the Manchester District Association of Unitarian and Free Christian Churches, Incorporated

We have audited the financial statements set out on pages 6 to 10 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of the management committee and auditors

As described on page 1, the members of the management committee, who are directors for the purpose of company law and trustees for the purpose of charity law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

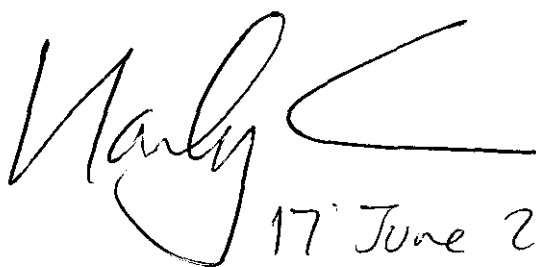
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the management committee in the preparation of financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31st December 2001 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hanley and Co
Registered Auditors
Chartered Accountants
Spring Court
Spring Road
Hale
Cheshire.
WA14 2UQ



17 June 2002

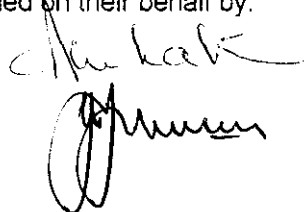
**Manchester District Association of
Unitarian and Free Christian Churches Inc.**

Balance Sheet 31st December 2001

	<u>2001</u> £	<u>2000</u> £
<u>Fixed Assets</u>		
Tangible fixed assets - Land held as an investment	70,000	70,000
- Held for use by the charity	4,503	5,221
Investments	1,026,358	1,163,837
Loans	12,116	14,707
	<u>1,112,977</u>	<u>1,253,765</u>
<u>Current Assets</u>		
Debtors	5,422	10,659
Short term deposits	30,667	29,213
Cash at bank	15,566	7,064
	<u>51,655</u>	<u>46,936</u>
Less liabilities falling due within one year	705	5,149
<u>Net current assets</u>	<u>50,950</u>	<u>41,787</u>
<u>Total net assets</u>	<u>1,163,927</u>	<u>1,295,552</u>
<u>Unrestricted Funds</u>		
General Fund	405,521	442,900
Manchester Unitarian Congregational Fund	509,675	564,386
Manchester Domestic Mission Society Fund	243,878	282,600
Leech Fund	4,853	5,666
	<u>1,163,927</u>	<u>1,295,552</u>

These accounts were approved by the Directors
on 28th May 2002 and are signed on their behalf by:

Ann Latham
Kenneth Johnson



President
Treasurer

**Manchester District Association of Unitarian and
Free Christian Churches (Incorporated)**

**Statement of Financial Activities (including Income and
Expenditure Act.) for the year ended 31 December 2001**

	General Fund £	MUC Fund £	MDMS Fund £	Leech Fund £	Total 2001 £	Total 2000 £
Incoming Resources						
Subscriptions from member Churches	1,080				1,080	905
Contributions for pastoral care						2,795
Investment income	16,103	23,810	10,313	207	50,433	67,536
Total incoming resources	<u>17,183</u>	<u>23,810</u>	<u>10,313</u>	<u>207</u>	<u>51,513</u>	<u>71,236</u>
Resources expended						
Investment manager's fee	2,013	2,384	1,363	28	5,788	4,299
Grants	1,407	15,891	16,450	367	34,115	36,438
Cost of District Minister						15,941
Clerical/Computer services to member churches		5,340			5,340	4,206
Administration	5,022	287			5,309	3,770
Total resources expended	<u>8,442</u>	<u>23,902</u>	<u>17,813</u>	<u>395</u>	<u>50,552</u>	<u>64,654</u>
Net incoming resources- net income for the year	8,741	-92	-7,500	-188	961	6,582
Loss on investment assets	-46,120	-54,619	-31,222	-625	-132,586	-89,186
Net movement in funds	-37,379	-54,711	-38,722	-813	-131,625	-82,604
Total funds 1 January 2001	<u>442,900</u>	<u>564,386</u>	<u>282,600</u>	<u>5,666</u>	<u>1,295,552</u>	<u>1,378,156</u>
Total funds 31 December 2001	<u>405,521</u>	<u>509,675</u>	<u>243,878</u>	<u>4,853</u>	<u>1,163,927</u>	<u>1,295,552</u>

Manchester District Association of Unitarian And Free Christian Churches.

Notes forming part of the financial statements for the year ended 31st December 2001

1. Accounting Policies

(a) The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed assets investments at market value, and in accordance with the Financial Reporting Standards for Smaller Entities (effective March 2000), the Companies Act 1985 and follow the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* issued in October 2000.

(b) Investment land is included in the balance sheet at Professional Valuer's estimate of market value at 31st December 1997. It is the Directors' opinion that there has been no material change in value since that date.

(c) The motor vehicle, office equipment and computing equipment are valued at cost less depreciation.

(d) Listed investments are included in the balance sheet at their middle market value at the accounting date.

(e) The unsecured interest-bearing loan to a church has been written down to an amount which, it is considered, is within the capability of that church to service and to repay over time. There is no specific agreement as to repayment. The loan carries interest at five per cent per annum.

(f) The loan to a minister, for car purchase, is to be repaid at the rate of £200 per month and carries interest at six per cent per annum.

(g) Grants and donations receivable and payable are accounted for when received or paid by the charity. Income from investment land is brought into account on an accruals basis. Dividends and interest on securities and bank deposits are brought into account when received by the charity.

(h) Fixed Assets are depreciated:

- (i) The motor vehicle by 25 per cent of its book value of the previous year end.
- (ii) The computer equipment by equal amounts over five years.
- (iii) Office equipment by equal amounts over three years.

2. Tangible Fixed Assets held for use by the Charity.

	Motor vehicle	Office equipment	Computer
	£	£	£
Cost at 1st January 2001	6,813	1,980	4,965
Add: acquisitions of the year	<u>6,813</u>	<u>1,980</u>	<u>1,167</u>
	6,813	1,980	6,132
Depreciation at 1st January 2001	4,178	1,980	2,379
Depreciation of the year	<u>659</u>	<u>1,980</u>	<u>1,226</u>
	4,837	1,980	3,605
Net value at 31st December 2001	<u>£4,503</u>	<u>£1,976</u>	<u>£2,527</u>

3. Investments

(a) Quoted investments.	<u>2001</u>	<u>2000</u>
	£	£
Balance at 1st January 2001	1,062,146	1,198,587
Add acquisitions in the year, at cost	<u>145,958</u>	<u>436,485</u>
	1,208,104	1,635,072
Less sales	<u>97,130</u>	<u>516,044</u>
	1,110,974	1,119,028
Unrealised loss in the year	<u>129,960</u>	<u>56,882</u>
	981,014	1,062,146
Add cash held within the Portfolio	<u>45,344</u>	<u>101,691</u>
	<u>£1,026,358</u>	<u>£1,163,837</u>

The Portfolio is managed on a discretionary basis by Henderson Global Investors. The custodian of the stocks and shares is Cogent Investment Operations, an associate of the manager. Its Cost value at 31st December, 2001 was £1,016,014 (2000 £1,013,287).

(b) Loans.	Wilbraham Road Chorlton.	Queen's Road. Urmston.	Car purchase Loan.
	£	£	£
Balances at 1st January 2001	8,969	2,000	3,738
Repaid in the year		<u>2,000</u>	<u>591</u>
Balances 31st December 2001	<u>£8,969</u>	<u>-</u>	<u>£3,147</u>

4. Debtors

	<u>2001</u>	<u>2000</u>
	£	£
Income tax recoverable	1,768	2,307
Loan interest due by Queens Road Chapel, Urmston	-	825
Due for pastoral care	-	833
Dividends and interest held by Henderson Investors	116	2,994
Rents due re King Street / Queen Street site	3,000	3,700
Subscriptions in arrear	90	-
Interest on Church loan in arrear	<u>448</u>	<u>-</u>
	<u>£5,422</u>	<u>£10,659</u>

5. Liabilities falling due within one year.

	<u>2001</u>	<u>2000</u>
	£	£
Rent received in advance	-	3,237
Creditor for audit fee	705	382
Creditor for Investment Manager's fee	<u>-</u>	<u>1,530</u>
	<u>£705</u>	<u>£5,149</u>

6. Investment Income

	Income from listed invests	Rents etc. less charges	Total	2000
	£	£	£	£
General Fund	15,365	-	15,365	18,485
MUC Fund	18,041	5,769	23,810	35,051
MDMS Fund	10,313	-	10,313	12,923
Leech Fund	<u>207</u>	<u>-</u>	<u>207</u>	<u>245</u>
	<u>£43,926</u>	<u>£5,769</u>	<u>£49,695</u>	<u>£66,704</u>

7. Net Incoming Resources for the year

This stated after charging :

	<u>2001</u>	<u>2000</u>
	£	£
Depreciation	1,687	1,952
Management committee remuneration	-	-
Auditors' remuneration for Audit services.	1,028	411

8. Staff costs and numbers

Staff costs were as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Salary	5,100	4,005
Social security costs	<u>240</u>	<u>200</u>
	<u>£5,340</u>	<u>4,205</u>

The average weekly number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	<u>2001</u>	<u>2000</u>
Administration and support	0.5	0.5

9. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

10. Analysis of net assets between funds:

	General Fund £	MUCF Fund £	MDMS Fund £	Leech Fund £	Total Funds £
Tangible fixed assets	4,503	70,000	-	-	74,503
Investments	379,741	420,723	233,366	4,644	1,038,474
Current assets	21,982	18,952	10,512	209	51,655
Current liabilities	<u>-705</u>				<u>-705</u>
	<u>£405,521</u>	<u>£509,675</u>	<u>£243,878</u>	<u>£4,853</u>	<u>£1,163,927</u>