

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

A company limited by guarantee

Report and Financial Statements

Year ended 31st December 2002

Company number 1029607



Manchester District Association of Unitarian
And Free Christian Churches Incorporated.

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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 that established the objects and powers of the charitable company and is governed by its Articles of Association.

Directors

Geoffrey Head

George Harrison

John Andrew Midgley

Freda Margaret Ellis Resigned 18th July 2002

Angela Nicolette Harrison Resigned 18th July 2002

Kenneth James Johnson

Jane Anne Couper (nee 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

Alex Bradley Appointed 31st August 2002

Amanda Birchenough Appointed 31st July 2002

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

Secretary

Revd. 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:

Newton Investment Management Limited, 71 Queen Victoria Street, London EC4V 4DR

Report of the Directors
for the year ended 31st December 2002

The directors present their report, with the financial statements of the company, for the year ended 31st December 2002.

1. Structure and objects of the company and its constituent trusts.

The company, which is limited by guarantee, whose registered number under the Companies Acts is 1029607, administers and accounts as sole trustee for four charities:

General Fund. (Charity Commission number 503753).

Manchester Unitarian Congregational Fund. (Charity Commission number 1032203)

Manchester Domestic Mission Society Fund. (Charity Commission number 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.

2. Origin and objects of the funds

(a) The General Fund is derived from legacies, sale of Unitarian properties in the Manchester District and other funds which have been vested in it.

(b) 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 both 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".

(c) 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 that operate in deprived parts of Greater Manchester.

(d) The Leech Fund was set up for the benefit of Ministers in the counties of "Northumberland, Lancashire and Cheshire". In practice, it makes grants to ministers and students for the provision of books.

The company invests the financial assets of these Funds in stock exchange securities and deposits at interest. Its portfolio is managed by an investment manager, Newton Investment Management Limited, on a discretionary basis. The company also holds a plot of land, leased for car parking purposes, on behalf of the Manchester Unitarian Congregational Fund.

3. Organisational and decision-making structure.

The Executive Committee consists of the President, Vice-President, Treasurer, General Secretary and eight other members. Members other than the officers serve for three years. They are elected at the Annual General Meeting of the Unincorporated Association. They are all directors of the Company. They meet six times a year, to decide policy, receive reports, and authorise grants. All are unpaid. The Company is associated with fourteen Unitarian churches in the Manchester area which send delegates, two per church plus its minister, to meetings of the parallel Unincorporated Association which also meets six times a year. That body, to which the Executive Committee reports, discusses matters of general interest and aims to support the constituent churches in their religious and social activities. The Organisation also elects a Publicity Officer, and a Religious Education Co-ordinator, and appoints

members to represent it on bodies with which it is associated. It publishes a monthly magazine, The Unitarian, which is distributed to Unitarian Churches throughout the Country. The manager and editor of the magazine receive small honoraria.

4. Association with related parties, charities etc.

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, on its behalf, cash quotas that are made on a voluntary basis by Congregations in the District. The Association is also 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.

5. Review of activities

- (a) The General Fund provided for the administration costs and audit of the constituent charities. It also paid for the services of a part-time receptionist/secretary who is skilled in information technology. She provides assistance to the secretary and the churches in the District. Income, derived chiefly from the returns from investments, has been reduced again this year. While the Fund generated a net income of £3,368, a loss on investment assets of £69,833 resulted in a decline in the value of the Fund of £66,465 in the year.
- (b) The Manchester Unitarian Congregational Fund has paid for structural surveys at nine of the District churches at a cost of £5,229. It made grants to two churches totalling £5,750 for repairs and maintenance of buildings and has assisted, to the extent of £3,875 in the provision of stipends for a minister and a student pastor. General subscriptions and donations amounted to £4,225. Net income in the year was £3,075. There was an injection of capital, amounting to £2,808, which arose as compensation for road widening, many years ago, at the now defunct Swinton Church. After taking account of losses on investment assets of £79,913, the Fund declined by £74,030 in the year.
- (c) The Manchester Domestic Mission Society Fund provided grants of £5,333 to charities which assist and advise persons resident in deprived parts of the City. Income exceeded expenditure by £2,024. The loss on investment assets of £44,333 was the principal reason for the decline in the Fund by £42,309.
- (d) The Leech Fund provided books to a student costing £150 and its expenditure exceeded its income by £5. In this case there was a loss on investment assets of £877 leading to a decline in the fund of £882.
- (e) During the year the situation of Flagg Unitarian Chapel, Derbyshire, of which the Association is trustee, was reviewed. An Anglican congregation currently uses it, under licence. In lieu of a rental, that congregation had undertaken to maintain the building in an acceptable state of repair. It proves unable to do so. Since repairs, which would cost some £8,000, are urgently necessary, it has been decided to sell the property by public auction, with planning permission, for conversion to a dwelling house. The auction will take place in 2003.
- (f) The Association is residual trustee for Swinton Unitarian Church, which was closed some twenty years ago and demolished. The site was sold to the local authority. Because of the existence of graves on the site, most of the area was grassed over. The then trustees inserted a covenant in the sale agreement that the land should not be used for building development. The present owners of the land wish to develop it and have asked the Association to withdraw the covenant. Legal advice has been taken, the views of former members of the congregation sought, and a surveyor has been appointed who considers it possible to negotiate with the developer for a higher figure than the £25,000 currently on offer.
- (g) The Association does not undertake fund raising activities.

6. Policy relating to reserves

Over many years, income has accumulated which has been invested to become part of the capital base from which the Association's income arises. At 31st December 2002, this accumulation amounted to £289,734, against total capital funds of £690,507. 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. However, it would not be prudent to regard the reserve as readily expendable, in view of the need for the maintenance of the income that arises from these invested reserves, to pursue the Association's objects.

7. Statement concerning major risks

The main risk to the assets of the charity derives from the uncertain world economic situation and the further adverse effect this could have on the capital value of its investments and of the income derived from them. The investment managers have been made aware of the fears of the trustees that matters might deteriorate further, despite three years of losses which have reduced the charity's invested assets from £1,286,462 at the end of 1999 to £827,411 at the end of 2002. The managers are to change the portfolio emphasis to contain more "value" stocks, which provide good, well-covered dividends, derived from companies which operate in relatively safe sectors of the economy.

It is now seen as unlikely that the loan to Chorlton church of £8,969 (plus accumulated interest of £896) can be repaid. The borrower is not in a very strong financial position and has not paid the interest on the loan for the last two years. Its building is in a condition which requires considerable expenditure to maintain, which the congregation is unable and the District unwilling, to provide. The land and buildings are owned by the Company, as trustee. Consideration is being given to a sale of the site for re-development. The asset value should exceed the amount of the outstanding loan and consequently no provision for its write-off is being made in this year's accounts.

8. Grant-making policy

The General Fund makes no grants.

The Manchester Unitarian Congregational Fund makes grants in aid of the stipends of ministers and for the repair and maintenance of church buildings. Donations are made, mainly to national Unitarian bodies. Grants are considered by the executive committee on their merits, and within the income of the fund.

Recommendations for grants by the Manchester Domestic Mission Society Fund are made by a sub-committee that actively oversees the charities to which the grants are made. Grants from this Fund are intended to improve the lot of the poorer and more disadvantaged residents of Greater Manchester.

The Leech Fund now makes grants to students or ministers for the purchase of books.

9. Directors' responsibility for financial statements

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 judgements 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

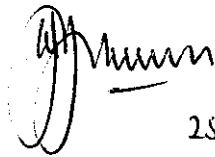
and other irregularities.

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10. 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 1985.

On behalf of the board,



28/1/03

Director.

Report of the auditors

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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 7 to 11 which have been prepared on the basis of the accounting policies set out on page 9.

Respective responsibilities of the management committee and auditors.

As described on page , 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 judgments 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 2002 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



13th March 2003

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
<u>Fixed Assets</u>			
Tangible fixed assets - Land held as an investment		70,000	70,000
Held for use by the charity	2	7,940	4,503
Investments	3	827,411	1,026,358
Loans	3	9,831	12,116
		<u>915,182</u>	<u>1,112,977</u>
<u>Current Assets</u>			
Debtors	4	4,348	5,422
Short term deposits		31,811	30,667
Cash at bank		30,750	15,566
		<u>66,909</u>	<u>51,655</u>
Less liabilities falling due within one year	5	1,850	705
		<u>65,059</u>	<u>50,950</u>
<u>Net current assets</u>		<u>65,059</u>	<u>50,950</u>
<u>Total net assets</u>		<u>£980,241</u>	<u>£1,163,927</u>
<u>Unrestricted Funds</u>			
General Fund		339,056	405,521
Manchester Unitarian Congregational Fund		435,645	509,675
Manchester Domestic Mission Society Fund		201,569	243,878
Leech Fund		3,971	4,853
		<u>£980,241</u>	<u>£1,163,927</u>

These accounts were approved by the Directors on 28th January 2003 and were 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 Account) for the year ended 31st December 2002**

	<u>General</u> <u>Fund</u> £	<u>MUC</u> <u>Fund</u> £	<u>MDMS</u> <u>Fund</u> £	<u>Leech</u> <u>Fund</u> £	<u>Total</u> <u>2002</u> £	<u>Total</u> <u>2001</u> £
Incoming Resources						
Subscriptions from member Churches	895				895	1,080
Investment income	14,030	24,384	8,549	169	47,132	50,433
Total incoming resources	14,925	24,384	8,549	169	48,027	51,513
Resources expended						
Investment manager's fee	1,877	2,148	1,192	24	5,241	5,788
Grants	684	19,161	5,333	150	25,328	34,115
Clerical/Computer services to member churches	4,064				4,064	5,340
Administration	4,932				4,932	5,309
Total resources expended	11,557	21,309	6,525	174	39,565	50,552
Net incoming resources- net income for the year	3,368	3,075	2,024	-5	8,462	961
Introduction of Capital		2,808			2,808	
Loss on investment assets	-69,833	-79,913	-44,333	-877	-194,956	-132,586
Net movement in Funds	-66,465	-74,030	-42,309	-882	-183,686	-131,625
Total Funds 1st January 2002	405,521	509,675	243,878	4,853	1,163,927	1,295,552
Total Funds 31st December 2002	339,056	435,645	201,569	3,971	980,241	1,163,927

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

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Notes forming part of the financial statements for the year ended 31st December 2002

1. Accounting Policies

(a) The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset 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 Wilbraham Road Church, Chorlton is stated at the amount of the original loan, less repayments and an amount written off. There is no specific agreement as to repayment. The loan carries interest at five per cent per annum. It is doubtful that the congregation has the capacity to repay it. The loan is associated with land and buildings occupied by the Congregation, which are likely to be sold for development. The sale proceeds should exceed the amount of the loan, hence no further write-down is made in this year.

(f) The loan to a minister, for car purchase, is being 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 2002	6,813	1,980	6,133
Add: aquisition of the year	<u>7,065</u>		
	13,878	1,980	6,133
Less: disposal of the year	<u>6,813</u>		
Cost at 31 st December 2002	<u>7,065</u>	<u>1,980</u>	<u>6,133</u>
Depreciation at 1st January 2002	4,837	1,980	3,605
Less: depreciation on disposal of the year	<u>5,207</u>		
	-371	1,980	3,605
Depreciation charged in the year	<u>796</u>	-	<u>1,227</u>
Depreciation at 31 st December 2002	<u>426</u>	<u>1,980</u>	<u>4,832</u>
Net value at 31st December 2002	<u>£7,940</u>	<u>£6639</u>	<u>£1,301</u>

3. Investments

(a) Quoted investments.	2002	2001
Balance at 1st January 2002	1,026,358	1,062,146
Add acquisitions in the year, at cost	<u>19,618</u>	<u>145,958</u>
	1,045,976	1,208,104
Less sales	<u>80,275</u>	<u>97,130</u>
	965,701	1,110,974
Unrealised loss in the year	<u>180,579</u>	<u>129,960</u>
	785,122	981,014
Add cash held within the Portfolio	<u>87,633</u>	<u>45,344</u>
	<u>£ 827,411</u>	<u>£1,026,358</u>

The Portfolio is managed on a discretionary basis by Newton Investment Management Limited. The custodian of the stocks and shares is Cogent Investment Operations. Its Cost value at 31st December, 2002 was £935,655 (2001 £1,016,014).

(b) Loans.	<u>Wilbraham Road, Chorlton.</u>	<u>Car purchase. Loan.</u>
	£	£
Balances at 1st January 2002	8,969	3,147
Repaid in the year		<u>2,285</u>
Balances 31st December 2001	<u>£9,831</u>	<u>862</u>

4. Debtors	2002	2001
	£	£
Income tax recoverable	457	1,768
Dividends and interest held by Henderson Investors		116
Rents due re King Street / Queen Street site	2,775	3,000
Subscriptions in arrear		90
Interest on Church loan in arrear	896	448
Planning Fee paid in advance	<u>220</u>	
	<u>£4,348</u>	<u>£5,422</u>

5. Liabilities falling due within one year.	2002	2001
	£	£
Creditor for audit fee	600	705
Creditor for Investment Manager's fee	<u>1,250</u>	
	<u>£1,850</u>	<u>£705</u>

6. Investment Income	<u>Income from listed invests</u>	<u>Rents etc. less charges</u>	<u>Total</u>	2001
	£	£	£	£
General Fund	14,030	-	14,030	16,103
MUC Fund	15,410	8,974	24,384	23,810
MDMS Fund	8,549	-	8,549	10,313
Leech Fund	<u>169</u>	<u>-</u>	<u>169</u>	<u>207</u>
	<u>£38,158</u>	<u>8,974</u>	<u>£47,132</u>	<u>£50,433</u>

7. Net Incoming Resources for the year are stated after charging:	2002	2001
	£	£
Depreciation	1,828	1,687
Management committee remuneration	-	-
Auditors' remuneration for Audit services.	600	1,028

8. Staff costs and numbers

Staff costs were as follows:	<u>2002</u>	<u>2001</u>
	£	£
Salary	4,087	5,100
Social security costs	<u>60</u>	<u>240</u>
	<u>£4,147</u>	<u>£5,340</u>

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

	<u>2002</u>	<u>2001</u>
Administration and support	0.4	0.5

9. Taxation

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

10. Analysis of net assets between funds:

	<u>General</u> <u>Fund</u> £	<u>MUC</u> <u>Fund</u> £	<u>MDMS</u> <u>Fund</u> £	<u>Leech</u> <u>Fund</u> £	<u>Total</u> <u>Funds</u> £
Tangible fixed assets	7,940	70,000			77,940
Loans	9,831				9,831
Investments	296,379	339,156	188,153	3,723	827,411
Current assets	26,758	25,643	14,227	281	66,909
Current liabilities	<u>-1,850</u>				<u>-1,850</u>
	<u>£339,058</u>	<u>£434,799</u>	<u>£202,380</u>	<u>£4,004</u>	<u>£980,241</u>