

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

A company limited by guarantee

**Report and Financial Statements**

Year ended 31st December 2003



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 (ceased to be a director 26<sup>th</sup> April 2003)  
John Andrew Midgley  
Kenneth James Johnson  
Jane Anne Couper (ceased to be a director 26<sup>th</sup> April 2003)  
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  
Alexander Bradley  
Amanda Birchenough

The directors are members of the parallel, unincorporated association who are also 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:

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

Report of the Directors  
for the year ended 31st December 2003

The directors present their report, with the financial statements of the company, for the year ended 31st December 2003.

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. During the year it became custodian trustee and administrator of the will of Sir C. C. Grundy dec'd.

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, President Elect, 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 Company. 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 to the churches in the District. The Fund generated a net income of £7,430 and there was a gain in the value of investment assets of £18,796. The Chorlton Congregation has decided to stay in its Wilbraham Road premises and the District is committed to giving it support. In view of the fact that the congregation is not in a position to repay a long-standing loan of £8,969 with outstanding interest of £897, these amounts, together with legal fees for clarifying the title to the land, amounting to £1,250, have been written off. The Fund increased in value by £15,110 in the course of the year.
- (b) The Manchester Unitarian Congregational Fund paid for a structural survey at one of the District churches at a cost of £411. It made grants to two churches this year, of £2,600 for repairs and maintenance of buildings and the provision of a loop system, and has assisted, to the extent of £7,869, in the provision of stipends for four ministers and student pastors. General subscriptions and donations amounted to £6,836. Net income in the year was £10,774. After taking account of a gain on investment assets of £21,562, the Fund increased by £32,336 in the year.
- (c) The Manchester Domestic Mission Society Fund provided grants of £9,920 to charities which assist and advise persons resident in deprived parts of the City. Expenditure exceeded income by £368. The gain in the value of investment assets of £11,885 was the principal reason for an increase in the value of the Fund of £11,517.
- (d) The Leech Fund made no grants this year. In this case there was a gain in the value of investment assets of £231 leading to an increase in the Fund of £416.
- (e) During the year the situation of Flagg Unitarian Chapel, Derbyshire, of which the Association is trustee, has undergone little change. Plans have been drawn up for the chapel's conversion to a dwelling house, and planning permission has been sought for the change of use. The Planning Authority has required that the Trustee should determine whether there is an alternative use in the areas of local community provision, affordable housing or rural industry before it will consider granting the required permission. Our agent is working on these matters. Costs so far incurred have amounted to £2068, which will be recovered in due course from the proceeds of sale.

- (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. There has been no development on this matter in the last twelve months.
- (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 2003 this accumulation amounted to £307,735. 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 any adverse effect this could have on the capital value of its investments and of the income derived from them. During the year the very large number of individual equity stocks have been sold and the proceeds reinvested in a small number of high income unit trusts, British Treasury Stocks and Fixed Interest unit trusts. About 50% of the portfolio is invested in fixed interest securities and 50% in equity based securities.

#### 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.

Grants from the Manchester Domestic Mission Society Fund are recommended by a sub-committee. Its members actively monitor and visit 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

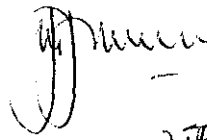
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make 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.

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,



Director.

27<sup>th</sup> January 2007

## 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 4, the members of the executive 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 2003 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



23 April 2004

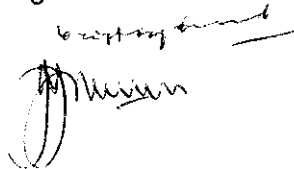
**Manchester District Association of  
Unitarian and Free Christian Churches Incorporated**

**Balance Sheet 31st December 2003**

|                                                    | <u>Notes</u> | <u>2003</u><br>£  | <u>2002</u><br>£ |
|----------------------------------------------------|--------------|-------------------|------------------|
| <b><u>Fixed Assets</u></b>                         |              |                   |                  |
| Tangible fixed assets - Land held as an investment |              | 70,000            | 70,000           |
| Held for use by the charity                        | 2            | 5,505             | 7,940            |
| Investments                                        | 3            | 876,520           | 827,411          |
| Loans                                              | 3            | -                 | 9,831            |
|                                                    |              | <u>952,025</u>    | <u>915,182</u>   |
| <b><u>Current Assets</u></b>                       |              |                   |                  |
| Debtors                                            | 4            | 14,035            | 4,348            |
| Short term deposits                                |              | 61,271            | 31,811           |
| Cash at bank                                       |              | 13,390            | 30,750           |
|                                                    |              | <u>88,696</u>     | <u>66,909</u>    |
| Less liabilities falling due within one year       | 5            | 1,100             | 1,850            |
| <b><u>Net current assets</u></b>                   |              | <u>87,596</u>     | <u>65,059</u>    |
| <b><u>Total net assets</u></b>                     |              | <u>£1,039,621</u> | <u>£980,241</u>  |
| <b><u>Unrestricted Funds</u></b>                   |              |                   |                  |
| General Fund                                       |              | 354,165           | 339,056          |
| Manchester Unitarian Congregational Fund           |              | 467,982           | 435,645          |
| Manchester Domestic Mission Society Fund           |              | 213,086           | 201,569          |
| Leech Fund                                         |              | 4,388             | 3,971            |
|                                                    |              | <u>£1,039,621</u> | <u>£980,241</u>  |

These accounts were approved by the Directors  
on 27th January 2004 and were signed on their  
behalf by:

Geoffrey Head  
Kenneth Johnson



**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 2003**

|                                                                                      | <u>General<br/>Fund</u> | <u>MUC<br/>Fund</u> | <u>MDMS<br/>Fund</u> | <u>Leech<br/>Fund</u> | <u>Total<br/>2003</u> | <u>Total<br/>2002</u> |
|--------------------------------------------------------------------------------------|-------------------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Incoming Resources</b>                                                            |                         |                     |                      |                       |                       |                       |
| Subscriptions from member churches                                                   | 1,030                   |                     |                      |                       | 1,030                 | 895                   |
| Investment income                                                                    | 16,173                  | 29,742              | 10,222               | 199                   | 56,336                | 47,132                |
| <b>Total incoming resources</b>                                                      | <b>17,203</b>           | <b>29,742</b>       | <b>10,222</b>        | <b>199</b>            | <b>57,366</b>         | <b>48,027</b>         |
| <b>Resources expended</b>                                                            |                         |                     |                      |                       |                       |                       |
| Investment manager's fee                                                             | 1,061                   | 1,215               | 670                  | 13                    | 2,959                 | 5,241                 |
| Grants                                                                               | 1,660                   | 17,752              | 9,920                |                       | 29,332                | 25,328                |
| Clerical/Computer services to member churches                                        | 3,499                   |                     |                      |                       | 3,499                 | 4,064                 |
| Administration                                                                       | 3,554                   |                     |                      |                       | 3,554                 | 4,932                 |
| <b>Total resources expended</b>                                                      | <b>9,774</b>            | <b>18,967</b>       | <b>10,590</b>        | <b>13</b>             | <b>39,344</b>         | <b>39,565</b>         |
| <b>Net incoming resources -<br/>net income for the year</b>                          | <b>7,429</b>            | <b>10,775</b>       | <b>-368</b>          | <b>186</b>            | <b>18,022</b>         | <b>8,462</b>          |
| <b>Introduction of Capital</b>                                                       |                         |                     |                      |                       |                       | <b>2,808</b>          |
| <b>Loan, accumulated interest and legal<br/>costs re Chorlton Church written off</b> | <b>-11,116</b>          |                     |                      |                       | <b>-11,116</b>        |                       |
| <b>Gain on investment assets</b>                                                     | <b>18,796</b>           | <b>21,562</b>       | <b>11,885</b>        | <b>231</b>            | <b>52,474</b>         | <b>-194,956</b>       |
| <b>Net movement in Funds</b>                                                         | <b>15,109</b>           | <b>32,337</b>       | <b>11,517</b>        | <b>417</b>            | <b>59,380</b>         | <b>-183,686</b>       |
| <b>Funds 1st January 2003</b>                                                        | <b>339,056</b>          | <b>435,645</b>      | <b>201,569</b>       | <b>3,971</b>          | <b>980,241</b>        | <b>1,163,927</b>      |
| <b>Funds 31st December 2003</b>                                                      | <b>£354,165</b>         | <b>£467,982</b>     | <b>£213,086</b>      | <b>£4,388</b>         | <b>£1,039,621</b>     | <b>£980,241</b>       |

**Notes forming part of the financial statements for the year ended 31st December 2003**

**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) Grants and donations receivable and payable are accounted for when received or paid by the charity. Rent from investment land is brought into account on a day-to-day basis as earned. Dividends and interest on securities and bank deposits are brought into account when received by the charity.

(f) 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 and 31 <sup>st</sup> December 2003 | <u>7,065</u>   | <u>1,980</u>      | <u>6,133</u> |
| Depreciation at 1st January 2003                       | 426            | 1,980             | 4,832        |
| Depreciation charged in the year                       | <u>1,660</u>   | <u>-</u>          | <u>775</u>   |
| Depreciation at 31st December 2003                     | <u>2,086</u>   | <u>1,980</u>      | <u>5,607</u> |
| Net value at 31st December 2003                        | <u>£5505</u>   | <u>£4979</u>      | <u>£526</u>  |

**3 Investments**

| (a) Quoted investments.               | 2003            | 2002             |
|---------------------------------------|-----------------|------------------|
| Balance at 1st January 2003           | 739,778         | 981,014          |
| Add acquisitions in the year, at cost | <u>830,201</u>  | <u>19,618</u>    |
|                                       | 1,569,979       | 1,000,632        |
| Less sales                            | <u>768,237</u>  | <u>80,275</u>    |
|                                       | 801,742         | 920,357          |
| Unrealised gain in the year           | <u>35,937</u>   | <u>180,579</u>   |
|                                       | 837,679         | 739,778          |
| Add cash held within the Portfolio    | <u>38,841</u>   | <u>87,633</u>    |
|                                       | <u>£876,520</u> | <u>£ 827,411</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 2003 was £840,583 (2002 £935,655).

| (b) Loans.                                | <u>Total</u> | <u>Wilbraham Road<br/>Chorlton.</u> | <u>Loan for car<br/>purchase</u> |
|-------------------------------------------|--------------|-------------------------------------|----------------------------------|
|                                           | £            | £                                   | £                                |
| Balance at 31 <sup>st</sup> December 2002 | 9,831        | 8,969                               | 862                              |
| Amount written off (1); repaid (2);       | <u>9,831</u> | <u>(1) 8,969</u>                    | <u>(2) 862</u>                   |
| Balance at 31 <sup>st</sup> December 2003 | -            | -                                   | -                                |

| <b>4. Debtors</b>                                  | <u>2003</u>    | <u>2002</u>   |
|----------------------------------------------------|----------------|---------------|
|                                                    | £              | £             |
| Income tax recoverable                             | 118            | 456           |
| Dividends and interest held by Newton Investors    | 5,154          | -             |
| Rents due re King Street / Queen Street site       | 5,977          | 2,775         |
| Interest on Church loan                            | -              | 897           |
| Architect's and planning fees paid re Flagg chapel | 2,068          | 220           |
| Legal costs re Swinton property covenant           | <u>718</u>     | <u>-</u>      |
|                                                    | <u>£14,035</u> | <u>£4,348</u> |

| <b>5. Liabilities falling due within one year.</b> | <u>2003</u>   | <u>2002</u>   |
|----------------------------------------------------|---------------|---------------|
|                                                    | £             | £             |
| Creditor for audit fee                             | 500           | 600           |
| Creditor for Investment Manager's fee              | <u>600</u>    | <u>1,250</u>  |
|                                                    | <u>£1,100</u> | <u>£1,850</u> |

| <b>6. Investment Income</b> | <u>Income from<br/>listed invests</u> | <u>Rents etc.<br/>less charges</u> | <u>Total<br/>2003</u> | <u>Total<br/>2002</u> |
|-----------------------------|---------------------------------------|------------------------------------|-----------------------|-----------------------|
|                             | £                                     | £                                  | £                     | £                     |
| General Fund                | 16,173                                | -                                  | 16,173                | 14,030                |
| MUC Fund                    | 18,544                                | 11,198                             | 29,742                | 24,384                |
| MDMS Fund                   | 10,222                                | -                                  | 10,222                | 8,549                 |
| Leech Fund                  | <u>199</u>                            | <u>-</u>                           | <u>199</u>            | <u>169</u>            |
|                             | <u>£45,138</u>                        | <u>£11,198</u>                     | <u>£56,336</u>        | <u>£47,132</u>        |

| <b>7. Net Incoming Resources for the year are stated after charging:</b> | <u>2003</u> | <u>2002</u> |
|--------------------------------------------------------------------------|-------------|-------------|
|                                                                          | £           | £           |
| Depreciation                                                             | 2,435       | 1,828       |
| Management committee remuneration                                        | -           | -           |
| Auditors' remuneration for Audit services.                               | 370         | 600         |

#### **8. Staff costs and numbers**

| Staff costs were as follows: | <u>2003</u>   | <u>2002</u>   |
|------------------------------|---------------|---------------|
|                              | £             | £             |
| Salary                       | 3,450         | 4,087         |
| Social security costs        | <u>50</u>     | <u>60</u>     |
|                              | <u>£3,500</u> | <u>£4,147</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><br><u>Fund</u><br>£ | <u>MUC</u><br><u>Fund</u><br>£ | <u>MDMS</u><br><u>Fund</u><br>£ | <u>Leech</u><br><u>Fund</u><br>£ | <u>Total</u><br><u>Funds</u><br>£ |
|----------------------------------------------------------------------------------------|------------------------------------|--------------------------------|---------------------------------|----------------------------------|-----------------------------------|
| Tangible fixed assets                                                                  | 5,505                              | 70,000                         |                                 |                                  | 75,505                            |
| Investments (including interest-bearing bank current account and COIF deposit account) | 335,726                            | 397,981                        | 213,086                         | 4,388                            | 951,181                           |
| Current assets (debtors)                                                               | 14,035                             |                                |                                 |                                  | 14,035                            |
| Current liabilities                                                                    | (1,100)                            |                                |                                 |                                  | (1,100)                           |
|                                                                                        | <u>£354,166</u>                    | <u>£467,981</u>                | <u>£213,086</u>                 | <u>£4,388</u>                    | <u>£1,039,621</u>                 |