

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

A company limited by guarantee

Report and Financial Statements

Year ended 31st December 2004

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
John Andrew Midgley
Kenneth James Johnson
Ann Latham (resigned 24th April 2004)
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 those members of the parallel, unincorporated association who are also 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, Mellon Financial Centre, 160 Queen Victoria Street, London EC4V 4LA

Report of the Directors
for the year ended 31st December 2004

The directors present their report, with the financial statements of the company, for the year ended 31st December 2004.

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 and is 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 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 £5,659 and there was a gain in the value of investment assets of £21,721. The Fund increased in value by £27,380 in the course of the year.
- (b) The Manchester Unitarian Congregational Fund paid for a structural survey at one of the District churches and for advice on their building, for another at a cost of £767. It made grants to two churches of £2,000 towards the repair of a building and a pipe organ, and has assisted, to the extent of £6982, in the provision of stipends for five ministers and student pastors. General subscriptions and donations amounted to £6,819. Net income in the year was £6,361. After taking account of a gain on investment assets of £25,745, the Fund increased by £32,106 in the year.
- (c) The Manchester Domestic Mission Society Fund provided grants of £7,750 to charities which assist and advise persons resident in deprived parts of the City. Income exceeded expenditure by £1,648. The gain in the value of investment assets of £13,783 was the principal reason for an increase in the value of the Fund of £15,431.
- (d) The Leech Fund made no grants year. In this case there was a gain in the value of investment assets of £283 leading to an increase in the Fund of £476.
- (e) The sale of Flagg Unitarian Chapel of which the Company is sole trustee, was completed on 10th January 2005. The price raised at auction on 8th December 2004 was £160,000 and the net amount realised after architect's fees and legal and auction costs is £150,100. This transaction will be dealt with in the accounts of 2005.
- (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 two years. Legal fees incurred in 2003 in connection with this matter amounting to £718 were written off in the year.

(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 2004 this accumulation amounted to £321,616. 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. To mitigate risk whilst seeking some capital growth to replace the investment losses of recent years about 50% of the portfolio is invested in fixed interest securities and 50% in equity based securities mainly through unit and investment trusts.

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

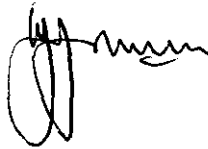
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to select suitable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

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a series of loops and a horizontal line.

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 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 2004 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

25 April 2005 

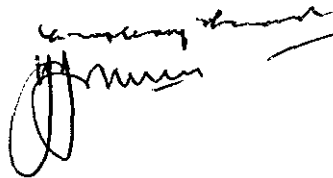
**Manchester District Association of
Unitarian and Free Christian Churches Incorporated**

Balance Sheet 31st December 2004

	<u>Note:</u>	<u>2004</u>	<u>2003</u>
		<u>£</u>	<u>£</u>
<u>Fixed Assets</u>			
Tangible fixed assets - Land held as an investment		70,000	70,000
Held for use by the charity	2	7,894	5,505
Investments	3	935,644	876,520
Loans	3	11,348	-
		<u>1,024,886</u>	<u>952,025</u>
<u>Current Assets</u>			
Debtors	4	8,684	14,035
Short term deposits		63,879	61,271
Cash at bank		19,125	13,390
		<u>91,688</u>	<u>88,696</u>
Less liabilities falling due within one year	5	-1,560	-1,100
<u>Net current assets</u>		<u>90,128</u>	<u>89,796</u>
<u>Total net assets</u>		<u>£1,115,014</u>	<u>£1,039,621</u>
<u>Unrestricted Funds</u>			
General Fund		381,545	354,165
Manchester Unitarian Congregational Fund		500,088	467,982
Manchester Domestic Mission Society Fund		228,517	213,086
Leech Fund		4,864	4,388
		<u>£1,115,014</u>	<u>£1,039,621</u>

These accounts were approved by the Directors
on 25th January 2005 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 2004**

	<u>General Fund</u>	<u>MUC Fund</u>	<u>MDMS Fund</u>	<u>Leech Fund</u>	<u>Total 2004</u>	<u>Total 2003</u>
Incoming Resources						
Subscriptions from member churches	1,025				1,025	1,030
Investment income	15,756	29,670	9,942	204	55,572	56,336
Total incoming resources	<u>16,781</u>	<u>29,670</u>	<u>9,942</u>	<u>204</u>	<u>56,597</u>	<u>57,366</u>
Resources expended						
Investment manager's fee	857	1,016	544	11	2,428	2,959
Grants	1,245	22,268	7,750		31,263	29,332
Clerical/Computer services	3,567				3,567	3,499
Administration	5,453	25			5,478	3,554
Total resources expended	<u>11,122</u>	<u>23,309</u>	<u>8,294</u>	<u>11</u>	<u>42,736</u>	<u>39,344</u>
Net incoming resources- net income for the year	5,659	6,361	1,648	193	13,861	18,022
Loan, accumulated interest and legal costs re Chorlton Church written off						-11,116
Gain on investment assets	21,721	25,745	13,783	283	61,532	52,474
Net movement in Funds	<u>27,380</u>	<u>32,106</u>	<u>15,431</u>	<u>476</u>	<u>75,393</u>	<u>59,380</u>
Funds 1st January 2004	354,165	467,982	213,086	4,388	1,039,621	980,241
Funds 31st December 2004	<u>£381,545</u>	<u>£500,088</u>	<u>£228,517</u>	<u>£4,864</u>	<u>£1,115,014</u>	<u>£1,039,621</u>

Notes forming part of the financial statements for the year ended 31st December 2004

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 or its investment manager.

(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 2004	7,065	1,980	6,133
<u>Add Acquisitions in the year</u>	-	<u>4,908</u>	-
		6,888	
<u>Less Fully depreciated assets written off</u>	-	<u>1,689</u>	<u>4,965</u>
	<u>7,065</u>	<u>5,199</u>	<u>1,168</u>
Depreciation at 1 st January 2004	2,086	1,980	5,607
<u>Depreciation charged in the year</u>	<u>1,245</u>	<u>1,040</u>	<u>234</u>
	3,331	3,020	5,841
<u>Less fully depreciated assets written off</u>		<u>1,689</u>	<u>4,965</u>
Depreciation at 31 st December 2004	<u>3,331</u>	<u>1,331</u>	<u>876</u>
Net value at 31 st December 2004	<u>£7,894</u>	<u>£3,734</u>	<u>£3,868</u>
			<u>£292</u>

3 Investments

(a) Quoted investments.	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Balance at 1st January 2004	837,679	739,778
Add acquisitions in the year, at cost	<u>27,262</u>	<u>830,201</u>
	864,941	1,569,979
Less sales		<u>768,237</u>
	864,941	801,742
Unrealised gain in the year	<u>61,532</u>	<u>35,937</u>
	926,473	837,679
Add cash held within the Portfolio	<u>9,171</u>	<u>38,841</u>
	<u>£935,644</u>	<u>£876,520</u>

The Portfolio is managed on a discretionary basis by Newton Investment Management Limited. The custodian of the stocks and shares is The Bank of New York Inc. Its Cost value at 31st December 2004 was £829,004 (2003 £801,742).

(b) Loans.	<u>Queen's Road</u>	<u>Car Loan</u>
	<u>£</u>	<u>£</u>
Loans made in the year	4,500	7,000
Add interest	<u>64</u>	<u>24</u>
	4,564	7,024
Less repayments	<u>290</u>	
	<u>£11,348</u>	<u>£7,024</u>

4. Debtors

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Income tax recoverable	-	118
Dividends and interest held by Newton Investors	3,314	5,154
Rents due re King Street / Queen Street site	1,921	5,977
Architect's and planning fees paid re Flagg chapel	3,449	2,068
Legal costs re Swinton property covenant		<u>718</u>
	<u>£8,684</u>	<u>£14,035</u>

5. Liabilities falling due within one year.

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Creditor for audit fee	940	500
Creditor for Investment Manager's fee	<u>620</u>	<u>600</u>
	<u>£1,560</u>	<u>£1,100</u>

6. Investment Income

	<u>Income from</u>	<u>Rents etc.</u>	<u>Total</u>	<u>Total</u>
	<u>investments</u>	<u>less charges</u>	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
General Fund	15,667		15,667	16,173
MUC Fund	18,570	11,100	29,670	29,742
MDMS Fund	9,942		9,942	10,222
Leech Fund	<u>204</u>		<u>204</u>	<u>169</u>
	<u>£44,383</u>	<u>£11,110</u>	<u>£55,483</u>	<u>£47,132</u>

7. Net Incoming Resources for the year are stated after charging:

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Depreciation	2,518	2,435
Management committee remuneration	-	-
Auditors' remuneration for Audit services.	469	370

8. Staff costs and numbers

Staff costs were as follows:	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Salary	3,618	3,450
Social security costs	<u>51</u>	<u>50</u>
	<u>£3,567</u>	<u>£3,500</u>

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

	<u>2004</u>	<u>2003</u>
Administration and support	0.4	0.4

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>MUC</u>	<u>MDMS</u>	<u>Leech</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Tangible fixed assets	7,894	70,000			77,894
Investments (including interest-bearing bank current account and COIF deposit account)	366,527	430,088	228,517	4864	1,029,996
Current assets (debtors)	8,684				8,684
Current liabilities	<u>(1,560)</u>				<u>(1,560)</u>
	<u>£381,545</u>	<u>£500,088</u>	<u>£228,517</u>	<u>£4,864</u>	<u>£1,115,014</u>