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The Methodist Church in Ireland

Report and Financial Statements

31 December 2022

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Conference report

With the delegated authority of The Members of Conference the Governance Board presents their report and the audited group financial statements for the Methodist Church in Ireland for the year ended 31 December 2022. The group financial statements have been prepared in accordance with current statutory requirements and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

a. Objectives and activities of the Methodist Church in Ireland

The Methodist Church in Ireland is established for the advancement of the Christian religion by promoting, through the work of Districts, Circuits, Societies, Departments and Projects, the whole mission of the Methodist Church within Ireland.

This mission is promoted by the worship of God, by bearing witness through word and action to God's love in and for the world, and by providing opportunities for Christian fellowship and support. The Methodist Church seeks to fulfil these objectives through the life and work of over two hundred congregations (termed 'Societies'), which are grouped into 58 Circuits throughout Ireland, both in Northern Ireland and the Republic of Ireland.

These Circuits are joined together in one 'Connexion', which is overseen by the Annual Conference. The Connexion provides a means whereby Societies can support each other in financial or other appropriate means.

The Methodist Church in Ireland is now constituted as a single charity in both jurisdictions.

Strategic goals

The vision statement for the Church is "Living wholeheartedly as followers of Jesus for the transformation of the world"

The Church aims to enable those in the Methodist community to worship God in a manner which will support and enrich their faith. It aims to share with others the message of God's love for the whole of humanity and to serve the community in which it is placed. It also aims to give voice, as opportunity arises, to Christian standards and insights on matters which affect the nation. It does so in partnership with other Christian churches in Ireland, with other agencies which share its concerns and in solidarity with Christian communities in other parts of the world.

The development of a theologically aware and skilled leadership, able to adapt to new situations, is essential in developing this strategy. The Church is aware that it is called to mission at a time when traditional 'Church' has less meaning for many in society and when movement of people has changed the nature of the population in some parts of Ireland, while historic divisions are still very evident elsewhere.

Leadership and mission are managed by a combination of the ordained office holders (ministers), lay people and those whom the Church employs. All who belong in the life of the Church are called to share in these tasks. Therefore, the most significant place for undertaking the mission of the Methodist Church is the local Society. Each congregation is required to have a Mission Statement, and the Church Council is charged with setting objectives year on year to enable this mission to be further fulfilled. Volunteers, therefore, have a substantial and highly significant role in the life of the Church.

Conference Report (continued)

b. Achievements and Performance

Review of 2022

The President, Rev David Nixon, took as his theme for 2022/23 ‘God’s Lavish Love’ and his exposition of the same on the night of his installation struck a deep chord with many. With deep and fresh insights of the story, he passionately sought to remind us of the heart of God and how the story of the Lost Son is our story – all of us. Throughout the year, David’s heart for the vulnerable and silenced has been laid bare through personal stories, sermons, and visits. His first-hand experience with the World Church and his involvement with vulnerable societies and peoples in the majority world has served him well in doing this.

David’s desire for partnership and collaboration in mission was clearly demonstrated by his insistence on the President and Lay Leader working as closely together as possible. The Connexion has been very much blessed because of this collaboration during his Presidency. His qualities as a leader were brought to bear at meetings he chaired, and in the contributions he made. His humble, quiet and unassuming personality were unmistakable. With maturity and wisdom, David has served the Connexion very well.

A full and detailed review of 2022 is included in the Annual Conference Reports and Agenda for 2023.

Governance Board

The Governance Board operates under the delegated authority of the Conference and act as the body responsible for the day to day control, direction, administration and management of the affairs of the church. Board members act as the Charity Trustees for the Church. The Board met ten times during the year and in all things the Board has been mindful of the need to seek God’s guiding hand in everything that we do.

Prayer is a core value of our church and the various prayer initiatives in the past have been a vital part of our journey towards re-shaping the Methodist Church in Ireland for Mission. In addition to the annual production of ‘Prayer Focus’, several Connexional Prayer gatherings were held on Zoom. *50 Days of prayer* initiative was set up to challenge Methodists across Ireland to come before God in prayer from Easter to Pentecost Sunday. Our thanks go to Helen Sweeney and Ruth Alderdice for organising Connexional Prayer gatherings and taking a lead in the *50 Days Prayer* initiative.

Living Wholeheartedly as Followers of Jesus for the Transformation of the World

“living wholeheartedly ...”

Wholeheartedly means holding nothing back – giving all that we have to give, through the strength that Jesus gives us, for “without Him we can do nothing”.

As Methodists, this means our interactions with those in our neighbourhoods, schools, workplaces, churches, and all the different communities that we belong to, are wholehearted.

Being wholehearted in our finances, our time, and our commitments is reflected in all aspects of life – whether it is how we respond to those who are suffering from poverty, those in addition, those who differ from us, or wider societal issues such as climate change, human trafficking and the effects of war.

Conference Report (continued)

b. Achievements and Performance (continued)

Andrew Irvine continues to lead **Belfast City Centre Chaplaincy**. They now have over 20 volunteer Chaplains serving in Belfast City Centre, with each Chaplain located in a particular place where they are building long-term pastoral relationships. In 2022 they recruited their first employee, a part-time Development Officer who is now focused on growing the Chaplaincy and making it financially self-sufficient.

Breathe in Dublin has continued to meet and engage online and in person as they continue to see where God is at work in their lives.

The **Surf Project** has ceased in its current form, but the team have been working hard and discerning God's leading for a new season. The rebranding and reconfiguration as "**The Boardwalk**" will be introduced soon.

University Chaplaincy is the team that is responsible for supporting the work of University Chaplaincy throughout Ireland. The Belfast Chaplaincy is a united work between the Church of Ireland and the Methodist Church. Rev Danielle McCullagh is the Methodist and Church of Ireland Chaplain in Queens and Gail Mercer the Methodist and Church of Ireland Chaplain at Ulster University in Belfast and Jordanstown. There is an ongoing conversation about the way forward for Chaplaincy in the South.

The important on-going work of maintaining, renovating and transforming our buildings continues to be the core work of the **Property Board** in conjunction with the Plans Committee. The Property Board had a busy year, as they dealt with twelve existing applications and twenty-two new applications. The Board continues to work to ensure all Property related processes are robust and open to thorough scrutiny in the future. It is essential that we understand the Missional 'strategy' and the corresponding property strategic priorities for each District over the coming months to be able to support the missional work appropriately.

The **Irish Methodist Youth and Children's Department** ("IMYC") exists to love and serve children and young people and those who lead them, desiring to help them take their place in God's mission through the Local, Connexional and World Church. IMYC provides opportunities for young people and children to encounter God through its events, programmes and Social Media community.

IMYC also provides training, resources and support for local church youth and children's leaders, through relationships with staff, our biweekly resources newsletter and online training events. For young adults, leadership development and discipleship opportunities are provided through volunteering at events.

Conference Report (continued)

b. Achievements and Performance (continued)

The work of the **Child Care Society** continued in 2022 by supporting eighty six children within thirty nine families.

The **Prison and Healthcare Chaplaincy Committee** has both supported prisoners and ex-prisoners directly through chaplaincy and worked in partnership with Extern, Release, SSAFA and others to offer support to ex-prisoners. It is always encouraging to hear stories of people helped and lives transformed through chaplaincy ministries.

Over the past year, the **Ministries Team** has continued to support the Methodist Church's priorities for lay and ordained ministry, by equipping people across Ireland to develop their ministry in a wide variety of different roles and contexts. The team has embraced the possibilities that technology offers to gather together for learning and development, from wherever we are all across Ireland, in online settings as well as physical ones.

"... as followers of Jesus ..."

As Methodists the call to missional discipleship has been part of our story since the beginning. What this looks like has taken different forms at different times in history and may look different in the future. With newly found meaning to the call we hold as Methodists, in 2022 we began to integrate the vision statement – "Living Wholeheartedly as followers of Jesus for the transformation of the world" across the entire church.

The vision statement speaks to the level of commitment and intentionality of Methodists to mission and discipleship in everyday life. On a practical level this takes the form of equipping Methodists to reach out to those who do not yet know Jesus, and to support each other in following Him. Mission is at the heart of what Methodists do and it is reflected both in the stewardship of the finances we have been entrusted with, as well as the many initiatives which seek to support local communities.

World Mission Partnership (WMP) enables the MCI to be an active member of the Methodist family around the world, as together we join in wholehearted discipleship and evangelism. As travel opens up again, we are currently planning two-way visits between Ireland and Poland, Ghana, Togo, and southern Africa. WMP continues to support Irish Methodist Mission Partners Rev Dr Barry and Mrs Gillian Sloan in Germany and Ms Melissa Newell in Ecuador. WMP also continues to support mission associates Mr Stephen McCann and Ms Gemma Barclay in Ibiza.

The Irish Methodist **World Development & Relief (WDR)** theme for the past year was "For Such a Time as This". Over the last twelve months WDR has had the privilege of journeying with our partners as they have sought to build futures for those within their communities who are marginalised. This year, on top of the priority long-term development work and service provision with partners, Irish Methodists have been able to respond to emergencies caused by conflict in Ukraine, flooding in South Africa and HIV and AIDS, also in South Africa.

Conference Report (continued)

b. Achievements and Performance (continued)

Belfast Central Mission has continued to offer help to people of all ages, many of whom are those most radically affected by the pandemic in our society. The Mission continues to meet need through Social Care Projects such as housing support, young parent's support, therapeutic counselling, supported housing for young people, community support services, housing support for older people and residential care for older people. The economic and social effects of the pandemic, Brexit and the war in Ukraine have impacted not only on those whom we seek to support but also on our ability to do so, but BCM staff have remained committed to caring and providing support. BCM would thank all churches, individuals and other organisations who have supported them in their varied spheres of mission.

Dublin Central Mission seeks to realise its mission, to "Create inclusive, compassionate communities that make a positive difference in people's lives by providing shelter, support, space to worship and an open door to all". In 2022 DCM launched their new strategy and set out to achieve the 2022 plan which was largely around the expansion of the Executive Team, development of older persons models of care and the diversification of our income streams. This was balanced with the day-to-day operations including the management of services in a COVID environment which continued to challenge on sites with cases being detected throughout the year in staff and residents.

The demand of the cost-of-living crisis continues to be a challenge. **East Belfast Mission** estimate that £40,000 has been shared with families in the East of Belfast particularly on utilities, food and family support. While local and national governments take a "sticking plaster" approach to solving poverty, it will remain to the faith and community sector to stand in the gap. EBM would like to thank Methodists across Ireland for the support of the work this year, and the positive response to the two mail appeals was greatly appreciated.

The work of **North West Methodist Mission** continues to progress and has now enable the full integration of the Clarendon Shelter with the Men's Hostel. In doing so it follows the path of integration and improved efficiency recommended by Supporting People and thus should secure long term continued funding. Our next major development is anticipated to be developing accommodation for those who currently are in 'bed and breakfast' accommodation provided by private landlords with no other support offered.

Work of God

Across the North Eastern District there is a lot to be thankful to God for, even in the midst of very challenging circumstances. There is no doubt that the impact of the pandemic, the cost of living crisis and the church decline is refocussing many of our church councils. They are seeking to hear from God. They are asking real questions – who are we, what resources do we have, what can we do to reach out, or even what legacy can we pass on to the next generation? As a result, good creative thinking is taking place regarding future mission and developing discipleship. There is a heightened sense of local connexion as circuit amalgamations take place. These have provided an opportunity for fresh leadership, the combining of resources, expertise, and missional thinking.

Despite the challenges churches are facing, they have not grown tired of doing good. Many of our societies have been creative in providing 'warm spaces', hot food, support of baby banks and food banks. Our city missions are working at the 'coal face' of poverty.

It is encouraging to see how God is calling people into Pioneer Mission and seeking to develop fresh expressions of church. There are currently eight projects happening on the North Eastern district. These focus on seeking to connect the local community with Christ in a contemporary way, from outdoor activities to a bread church. Community choirs, meals, home hospitality, informal gatherings for worship and Bible focus, all allow for relationships to be built and spiritual conversations to take place.

Disciples making disciples continues to be a constant theme. Local churches that have strong home groups, bands, prayer gatherings, life groups are the ones that are growing. As individuals grow in their relationship with the Lord, the Spirit has impelled them into mission. It is heartening to hear of new converts, adult baptisms, and new members.

Conference Report (continued)

b. Achievements and Performance (continued)

Throughout the North Western District there are circuits embracing opportunities and addressing challenges. There are ambitious social ministry plans, creative building schemes, the re-establishment of circuit life and development of new ways of being together. Numerous circuits have responded to the national financial crisis by opening drop-in cafes to assist with warmth and friendship, and others recognising that long established activities are now even more important as they provide warm spaces, fellowship and support to many.

Initiatives in mission are vital, and these include a circuit employing a part-time evangelist, another developing a 'Irish cottage on wheels' to use at shows and markets, attempts to plant a new church and others engaging in training in evangelism. Lots of circuits are reaching out through music-based events and we have seen significant growth in a couple of our congregations.

The message from across the Southern District is one of doing the work of discipleship and being disciples of the risen Christ sharing warmth both physically and in God's warming love, despite the difficulties we are all facing. The year has not been the year after the pandemic that was anticipated. Sickness continues to affect events, church attendance, the health of volunteers and staff. However, the praxis of God's Mission did not cease. Into the mix of this post-pandemic life Russia invaded Ukraine which led to Ukrainians coming to live in our communities and we responded. Energy bills began to rise meteorically and just getting by became the norm for more, and not getting by at all began to occur for more people and we responded.

" ... for the transformation of the world"

While he had been a follower of Jesus for many years, in May 1738 at a meeting in Aldergate Street, John Wesley, through an encounter with the Holy Spirit, had a new experience of God's love. He described this experience in his journal saying, "I felt my heart strangely warmed". Wesley welcomed the ongoing work of the Spirit in the world, the church and in the life of Christians. As Methodists today we believe that every follower of Jesus can know this love of God deeply as people who are "warm-hearted, rejoicing and confident in the Gospel."

Key to this is loving and caring for the most vulnerable in society and in 2022 the poverty partnership programme was launched to highlight the growing issue that many face today. In addition to the many food banks operating independently throughout the Methodist Church in Ireland, this was an initiative between the Methodist Church, the Trussell Trust and Christians Against Poverty. Jesus said "Truly I tell you, whatever you did for one of the least of these brothers of mine, you did for me". As Methodists we are committed to transforming the world through our love for others.

Conference report (continued)

b. Achievements and Performance (continued)

Strategic Plans:

The Connexional Team believes that the ‘purpose statement’ launched at Conference 2021 - ‘Living wholeheartedly as followers of Jesus, for the transformation of the world’ is a vital expression of who we are as a Methodist people and an invaluable tool for discipleship and mission. ‘Living wholeheartedly as followers of Jesus, for the transformation of the world’ first necessitates us being a prayerful and worshipful people. Seeking God with heart, soul, mind, and strength individually and communally.

The strategic priorities for 2023 – 2028 are that “By 2028 there will be a substantial increase in the numbers of young people who are wholehearted followers of Jesus for the transformation of the world.” A substantial increase will mean the Methodist Church in Ireland will look different due to the life and vitality young people and children bring as they live as disciples of Jesus, sharing their faith and heart.

There are four key strategic priorities;

1. Every Circuit strategy – accompanying every circuit as they develop a strategy to enable them to be intentionally discipling and actively reaching young people and their families.
2. New Faith Communities – Pioneering new faith communities, whose primary goal it is to reach young people and their families.
3. Leaders who are young – Intentional passing on of leadership, engaging and releasing the under 25s into leadership that shapes the Methodist Church in Ireland.
4. Theological resourcing – We will be a church that is engaging and informing on cultural issues so that young people have safe spaces to process the issues and questions relevant to their world and stage of development.

The various departments / teams of the church report on their work to the Connexional Team and consult with the Connexional Team on key strategic matters. This is vital forum therefore for consultation, collaboration, and alignment of activity. It is significant to note the common commitment across the Teams to our vision statement ‘Living wholeheartedly as followers of Jesus for the transformation of the world’ and the many ways in which the Teams are working closely together.

Conference report (continued)

c. Financial Review

The Group Statement of Financial Activities for the year ended 31 December 2022 is set out on page 22 of the financial statements. The Methodist Church in Ireland returned a funds deficit for the year of £7.2m (2021: surplus of £4.1m) before unrealised gains and losses. This significant movement is primarily due to an increase in expenditure in the year and a significant loss on investments compared to a gain in the prior year.

Consolidated total income increased from £28.2m in 2021 to £30.9m in 2022, primarily due an increase in rental income due to more opportunities and higher rents following the COVID Pandemic reduced by a decrease in legacy and bequests as there was a number of one-off receipts in 2021. During the year, the Methodist Church in Ireland received a grant from Benefact Trust of £100,000.

Resources expended increased from £27.8m in 2021 to £34.2m in 2022, primarily due to additional repairs and maintenance work on property during the year alongside an increase in salary costs for the group.

Conference remains committed to good stewardship of funds received, a high standard of service provision and a prudent reserves policy.

Investment policy and review

At 31 December 2022 fixed assets investments with a market value of £27.8m (2021: £30.4m) were held. £20.6m (2021: £23.7m) of these investments are managed by Epworth Investment Management on behalf of the Church in their Epworth Investment Funds for Charities. These are ethical Charity Authorised Investment Funds. The Funds will seek to establish a diversified portfolio of sustainable companies to capture exposure to all significant sectors of the market. No sector will be automatically included or excluded. They will avoid investment in companies whose business is wholly or mainly involved in alcohol, armaments, gambling, pornography, tar sands, thermal coal and tobacco.

Epworth provide a managed fund for the Methodist Church in Ireland, which is a combination of the Equity Fund and Fixed Interest Fund and a Property Fund and other assets.

The Epworth UK Equity Fund for Charities seeks to provide a level of income and capital growth greater than that of the FTSE All Share by investing ethically in the shares of UK companies.

The Epworth Global Equity Fund for Charities seeks to provide a level of income and capital growth greater than that of the FTSE All World Index (measured in Sterling) by investing ethically in the shares of global companies.

The Epworth Corporate Bond Fund for Charities seeks to provide income and capital growth exceeding that of the iBoxx Corporate Bond Index by investing in bonds that are issued by corporations in Pounds Sterling.

The Epworth Sterling Sovereign Bond Fund seeks to provide income and capital growth exceeding that of the iBoxx Gilt Index by investing in bonds issued by the UK Government.

Epworth Investment Management follow the Ethical policy of the Methodist Church in Great Britain. The Trustees of the Methodist Church in Ireland are represented on the Joint Advisory Committee on Ethical Investments which handles this policy, this Advisory Committee is made up of five people nominated by the Central Finance Board of the Methodist Church in Britain and five people nominated by the British Methodist Conference, and this committee monitors the Church investments to ensure that they comply with the ethical stance of the Church.

Conference Report (continued)

c. Financial Review (continued)

Performance and holdings:

An annual review to 30 September each year is completed by the Statutory Trustees. The performance of the funds to 30 September 2022 presented by Epworth to the Statutory Trustees was as follows:

	1 year	3 years
TCMI Fixed Interest Fund (Yield 1.61%)	-22.4%	-9.0%
(Benchmark)	-24.2%	-8.8%
TCMI Equity Fund (Yield 2.98%)	-12.4%	+0.6%
(Benchmark)	-8.8%	+0.6%
TCMI Managed Fund (Yield 2.64%)	-9.0%	+1.4%
(Benchmark without ethical adjustment)	-5.2%	+1.8%
(Benchmark)	-8.4%	+0.5%

In addition, investments are held by societies, funds and Missions and these are managed by a variety of fund managers. Societies, Circuits and Connexional Funds are encouraged to invest surplus funds in the Epworth funds as opposed to investing via independent fund managers.

Risk Management

The Governance Board recognise that it is neither possible nor appropriate to seek to eliminate risk entirely. Risk-taking is inherent within the task of communicating the Gospel, John Wesley himself took risks in establishing the Methodist communities. The task of the Governance Board is therefore to embrace risks that aim to advance the Church's purposes while ensuring that those risks which might have a negative impact are avoided or minimised.

During 2022 the most significant general risks are:

- a) Risk of people leaving congregations and not passing on faith to the next generation – this is being addressed by a number of new Pioneer initiatives which seek to reach those not currently with faith through community presence and outreach.
- b) Risk to Reputation – this is monitored at Circuit, District and Connexional level through compliance with the Manual of Laws and a system of checks and balances contained therein.
- c) Failure to exercise an appropriate duty of care – this is mitigated by the Protection Guidelines in place, the training offered and compliance with the various registration requirements of the authorities.
- d) Mismanagement or Erosion of Financial Resources – this is mitigated by adherence to the Manual of Laws, external audit, the appointment of professional investment managers, Trustee meetings and oversight by responsible Boards and Committees.
- e) Failure to engage effectively in mission – this is mitigated by review by the Governance Board, effective recruitment and training of leaders, and development of strategies.
- f) Failure to make effective use of people resources – this is mitigated by promoting ministry within congregations, ongoing motivation and appraisal of staff and clear training, recruitment and employment policies.
- g) Failure to take appropriate professional advice – this is mitigated by the training of staff, having adequate insurance cover in place and seeking advice on specialist areas.
- h) Failure to handle potentially divisive issues in a positive and creative manner – this is mitigated by the wide representation of the Conference and the system of its Committees. A process of conflict mediation is being developed.

Conference Report (continued)

c. Financial Review (continued)

The Methodist Church in Ireland is a widely dispersed organisation and as such faces certain financial risks.

The key financial risks are:

- a) Dependency on limited income sources and inability to attract donations from the general public. In order to manage this risk the Church reviews its structure regularly, changing circuits when necessary to realign costs to match income.
- b) Fluctuations in investment income. In order to manage this risk the Statutory Trustees have engaged the services of professional Investment Advisors and have established benchmark criteria to monitor performance against the market. Investments are made in unitised funds as opposed to a bespoke portfolio of individual stocks and shares.
- c) An unforeseen increase in the actuarial shortfall on the defined benefit pension scheme. The pension scheme is managed by a Board of Trustees, who meet regularly and include in their discussion the liabilities and assets of the scheme. A prudent approach has been taken to funding the Scheme.
- d) A sustained fall in the value of the investments and property appearing in the balance sheet. Whilst this is a key risk it is deemed as unlikely to occur given the dispersed location of property throughout Ireland. Although there was a fall in the value of investments in the current year, this is not expected to be sustained in the future due to the working relationship with the Investment Manager.
- e) Fluctuations in the Euro/GBP exchange rate can significantly impact results.

Internal controls

Risk management is only a part of the wider system of internal control. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Church to respond to a variety of operation, legal, financial and commercial risks. These elements include:

- (a) Policies and procedures which are being written to underpin the internal control system.
- (a) A reporting structure which allows for the monitoring of key risks and their controls, allowing decisions to rectify problems to be made at regular meetings of the Governance Board if appropriate.
- (b) An annual budgeting process undertaken by the Finance and Budget Sub-Committee which is used to allocate resources.
- (c) A Risk management Policy was developed and approved during the year. In the coming year it is planned to develop Risk Registers, including a Corporate Risk Register, across MCI.
- (d) Audit & Assurance General Committee: the Audit & Assurance General Committee oversees the audit processes and when required reviews internal controls.
- (e) External Audit: external audit provides a report to the Audit & Assurance Committee on its findings.

Conference Report (continued)

c. Financial Review (continued)

Reserves policy

The Trustees reserve policy is to maintain reserves to cover the fixed assets and investments together with approximately 6 months of consolidated expenditure. At 31 December 2022 total reserves of £242m were held, of which £7.4m were restricted. No reserves were held relating to the Pension Reserve which is held to cover the pension liability arising from obligations to the defined benefit pension scheme (see note 21). Unrestricted reserves were £235m.

Going concern

Whilst there are overall pressures on the finances of the Methodist Church in Ireland as a result of the current cost of living crisis and rising inflation, the Trustees believe that at this time the Church has adequate financial resources and is able to manage the general risks. Despite the Church reporting an operating deficit of £7.2m on a consolidated basis for the year ended 31 December 2022, the overall fund balance amounted to £242m as at 31 December 2022, comprising of £24m cash, £28m in investments, and £186m of fixed assets. The cash and investment holdings alone equate to over 18 months of total spend. Planning processes including financial projections of Connexional Funds and Societies covering a period to 31 December 2024 and the impact on various sources of income and planned expenditure have been considered. The Trustees believe that there are no material uncertainties that call into doubt the Church's ability to continue in operation, and further, that the Church has sufficient resources to continue to meet its obligations for a period to 31 December 2024. Accordingly, the Methodist Church in Ireland continues to adopt the going concern basis in preparing its report and financial statements.

d. Structure, Governance and Management

The entities included in these financial statements are:

- The Circuits and Societies of the Methodist Church in Ireland ("Churches")
- The Connexional Funds (as listed in note 27); and
- The Missions, including East Belfast Mission, Belfast Central Mission, North West Methodist Mission, Dublin Central Mission and Mount Tabor Limited (each of which are separately registered charities)

Structure

The Methodist Church in Ireland applied and became a registered charity in ROI during April 2016 and became a registered charity in NI during February 2022.

The Governance and Discipline of The Methodist Church in Ireland and the management and administration of its affairs are vested in the Conference. The Conference is in charge of governance of The Methodist Church in Ireland. The Conference is a representative body of equal numbers of ministers and laypersons from the 3 districts of The Methodist Church in Ireland as well as other bodies of the Church.

The Conference meets annually and delegates responsibility for the various activities that together make up the denomination to the Committees, Boards and Missions.

The members of the Governance Board are the Trustees of the Methodist Church in Ireland. Their names are publicly available on the Charities Regulatory Authority website. The Governance Board deals with the immediate issues along with other Committees who have remits to process business necessary to keep the Church as a whole responsive to the needs of the entire membership.

Conference Report (continued)

d. Structure, Governance and Management (continued)

Conference Delegates

As provided in the Church's Constitution, the Conference in its Representative Session consists of the President of the British Conference and the representatives appointed by that Conference, together with not less than 100, nor more than 150 ministers, and an equal number of lay members, elected or appointed in accordance with the rules and regulations of the Conference. The ministers shall consist of the President of the Methodist Church in Ireland, the Secretary of the Methodist Church in Ireland, the Ex-President of the Methodist Church in Ireland, the Assistant Secretaries of the preceding Irish Conference, the Representatives to the preceding British Conference and the ensuing British Conference, the District Superintendents and the Secretaries of District Synods, the Ministerial Treasurers and Secretaries of the following Connexional Funds: Home Mission Fund, Irish Methodist Ministers' Retirement Fund, Children's Fund, Chapel Fund and Property Board Development Account, General Education Fund, World Mission Partnership, Child Care Society, Irish Methodist Youth and Children's Department, Methodist Ministers' Medical Fund and the Statutory Trustees. Also, the Registrar of Deeds and Documents (if an ordained minister), the Committee Membership Secretary, ministers who have filled the office of President of the Church prior to 1995; after 1995 ministers who have filled the office of President of the Church following the completion of their Presidential year for a period of four years, the Principal of Edgehill Theological College, the Principal of Wesley College (if an ordained minister), the Principal of Gurteen College (if an ordained minister), the minister in each Synod who has been elected to the Stationing Committee, the Senior Secretary of the Board of Examiners, any minister of the Irish Conference serving as an officer of the World Mission Partnership, the Ministerial Connexional Secretary for Local Preachers, the Precentor of the Conference, the Convenor of the Faith and Order Committee (if a minister), all superintendents of Circuits, and the ministers in full Connexion, elected by the District Synods in the Representative Session according to the allocation printed in the Minutes of Conference. The lay members shall consist of the Lay Leader of the Conference, the two Irish Lay Representatives to the preceding British Conference, the two Irish Lay Representatives to the ensuing British Conference, the Lay Treasurers of the following: The Home Mission Fund, the Irish Methodist Ministers' Retirement Fund, Ministers' Children's Fund, Chapel Fund and Property Board Development Account, General Education Fund, World Mission Partnership, Methodist Women in Ireland, Child Care Society, Ministerial Training Fund, Statutory Trustees (2), Methodist Youth and Children's Department, Council on Social Responsibility (2), General Purposes Fund and the World Development and Relief Fund. In addition, Lay Representatives to be elected at the District Synods (each Circuit with less than 500 members shall have one representative, and each Circuit with 500 or more shall have two representatives annually. The numbers of members for this purpose shall be those printed in the *Minutes* of the previous Conference, and shall not include junior members), one Youth Representative, who shall not exceed twenty-five years of age at the time of her/his election, elected by each District Synod, Lay Representatives to be elected by the Committees of the following Funds and Institutions from among their own members, after the elections have taken place in the Synods, one each by the World Mission Partnership, Methodist Youth and Children's Department, Council on Social Responsibility, Stipends and Allowances Board, Statutory Trustees, Local Preachers' Committee, World Development and Relief, Wesley College, Methodist College, Edgehill College, Gurteen College, two by the Methodist Women in Ireland, the Convenor of the Faith and Order Committee (if a layperson), the Chairperson of the Finance and Budget Sub-Committee (if a layperson), the Chairperson of the Property Board, Lay Representatives elected by the Governance Board in such numbers, with the foregoing, to complete the number required and the lay Assistant Secretary of the preceding Conference.

Conference Report (continued)

d. Structure, Governance and Management (continued)

Training of Trustees

All new trustees are encouraged to familiarise themselves with the aims and work of the charity, and to ensure they understand fully their responsibilities as Trustees and the organisational expectations in terms of their commitment. During the year a training course was provided for new Trustees.

Related Parties

The various parts of the legal framework within which The Methodist Church in Ireland is governed to allow for the setting up of separate bodies all reporting into the Governance Board to handle specific aspects of the Church's work and/or to discharge a specific power of the Church. The Church has regular dealings with the Retirement Benefit Scheme. Ministers and lay employees who receive a stipend may be members of Conference. Full details of transactions with these related parties and any outstanding balances at the year-end are provided under note 28 to the accounts.

The Methodist Church in Ireland Governing document

The Methodist Church Acts of 1915 and 1928 grant authority to the Conference to hold finance and property through its Trustees, both Statutory and Local.

The Constitution of the Methodist Church in Ireland was registered in 1927 by Deed Poll both in the Court of Chancery in Northern Ireland and the High Court of Justice in what is now the Republic of Ireland. Any changes to the Constitution may only be approved after one year's notice of motion has elapsed and two successive Conferences have passed them by at least a 75% majority.

The Manual of Laws and Discipline, which contains the regulations of the Church, can be altered by a majority vote of the Conference. A year's notice of motion must be given for the alteration of the constitution of any Connexional Committee or Court of the Church. The Manual of Laws is available on the Church's website.

The Governance Board

The Governance Board of the Methodist Church operates under the delegated authority of Conference to act as the body responsible for the day-to-day control, directions, administration and management of the affairs of the Church.

Audit Risk and Budget Committee

The Audit Risk and Budget Committee is the principal vehicle through which the Governance Board seeks assurance on, and oversight of, all things financial and on the processes and procedures involved in the running of the Church. The work of the Audit Risk and Budget Committee is split between three sub-committees, The Audit and Assurance Sub-Committee, The Finance and Budget Sub-Committee and the General Assurance Sub-Committee. The Audit and Assurance Sub-Committee is responsible for the review and approval of the Financial Statements and for liaison with the Auditors, who when they have approved the Financial Statements can request the Governance Board to approve and for the President and Secretary of Conference to sign the Financial Statements on behalf of Conference.

Conference Report (continued)

d. Structure, Governance and Management (continued)

The Statutory Trustees of the Methodist Church in Ireland

The Manual of Laws restricts the ability of Societies, Circuits and Connexional Funds to hold property and hence with a small number of exceptions, instead property is controlled and monitored centrally via the Statutory Trustees.

The Statutory Trustees of the Methodist Church in Ireland (36 in number, appointed by Conference) hold the title deeds to the properties owned for the benefit of the Church and investments on behalf of Circuits and Connexional Funds throughout the Church. The Statutory Trustees are therefore in effect the custodian of the vast majority of Church property, tangible and intangible, on behalf of the Methodist Church in Ireland.

Through a combination of the Governance Board, Audit & Assurance Committee, Finance and Budget Sub-Committee, and other Committees there is oversight of the Connexional Fund budgets and financial resourcing needs which are met and controlled via the comprehensive assessment system. Actual performance against budget is monitored on an annual basis. Trustee office staff seek advice from professionals in areas such as investment management, actuarial, legal, property management and accounting as required.

The Audit and Assurance Sub-Committee

The Audit and Assurance Sub-Committee meets a number of times per year and reports to the Governance Board. The remit of the AAC is:

- a) to review management's annual financial statements and reports to ensure they reflect best practice;
- b) to discuss with the External Auditors the nature and scope of each forthcoming audit and to ensure that the Auditors have the full cooperation of staff;
- c) to consider the adequacy of the processes used to prepare relevant reports, including Strategic Plans; Risk Registers; Budgets; Management Accounts; the Annual Accounts; and, if so applicable and any other reports including responses by Management, issued by the Auditors, and to consider the implications of such reports with respect to governance and risk monitoring and to make recommendations to Governance Board;
- d) to review the effectiveness of the internal control system and risk management processes to ensure that the aims, financial results and key performance targets are achieved in the most accurate, efficient and timely manner possible across the organisation to consider in conjunction with management and the external auditors the appropriateness of the key accounting policies; the impact of any changes to accounting policies; the basis for arriving at any significant estimates and judgments applied in the financial statements, to give consideration to the appropriateness of the going concern concept conclusions and the key overall financial and operational risks to which the organisation is exposed.;
- e) to consider the completeness and accuracy of all financial returns prepared by Churches, Missions and Connexional Fund personnel in conjunction with management and the training arrangements operated by management to train treasurers to prepare accurate and complete pro-forma returns;
- f) to consider the adequacy of systems maintained by management to ensure compliance with laws and regulations (including, but not restricted to, environmental; health & safety; fire regulations, data protection, employment; pension; child protection, taxation and charity laws);

The Finance and Budget Committee

The Finance and Budget Sub-Committee is responsible for the day-to-day finances of the Methodist Church in Ireland and supports the work of the Finance Department. The committee met regularly over the course of the year and oversaw the continuing implementation of the new Connexion-wide accounting system.

Conference Report (continued)

d. Structure, Governance and Management (continued)

Remuneration policy

The Finance and Budget Sub-Committee is also responsible for setting the stipend structure for ministers throughout the Church. The individual Committees for Home Missions, and the Standing Committee of the Trustees of the Methodist Church in Ireland are responsible for the stipends for the Home Missions Secretary and Secretary of Conference respectively. The Standing Committee of the Trustees of the Methodist Church is responsible for the salary of the Chief Financial Officer. There is no performance related pay.

e. Reference and administrative details

The Church applied and became a registered charity in April 2016 in the Republic of Ireland (reference number 20000578) and in February 2022 with the Charity Commission in Northern Ireland (reference number 108435). The principal address for correspondence is The Office of the Secretary of Conference, Edgehill House, 9 Lennoxvale, Belfast, BT9 5BY. The charity's Trustees are the members of conference who served during the previous two Conferences and are listed on the Charities Regulatory Authority website.

f. Exemptions from Disclosure

No exemptions from disclosure have been taken.

Volunteers

Whilst not quantified in these financial statements, this report would be incomplete without an acknowledgement of the immeasurable contribution of volunteers giving their time and expertise freely to serve at Conference, various committees and working groups and all through the Connexion at district, circuit and local church levels.

Disclosure of information to the auditors

So far as each person who was an Audit and Assurance Sub-Committee member at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing its report, of which the Auditor is unaware. Having made enquiries of fellow committee members and the charity's Auditor, each Audit and Assurance Sub-Committee Member has taken all the steps that he/she is obliged to take as a Audit and Assurance Sub-Committee Member in order to make himself/herself aware of any relevant audit information and to establish that the Auditor is aware of that information.

On behalf of the Governance Board on behalf of Conference


Secretary

16 October 2023

Conference Members' responsibilities statement

The Conference Members have delegated the responsibility for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom/Ireland Generally Accepted Accounting Practice to the Governance Board.

The Governance Board are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Funds and of their financial activities for that year. Under Company law the Governance Board have elected to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards, including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Under company law the Governance Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the profit and loss of the group and the charity for that period.

In preparing the financial statements the Governance Board are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and charity financial position and financial performance.
- observe the methods and principles in the applicable Charities SORP
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Governance Board are responsible for keeping adequate accounting records that are sufficient to show and explain the group and charity's transactions and which disclose with reasonable accuracy at any time the financial position of the Funds to enable them to ensure that the financial statements comply with the Statement of Recommended Practice "Accounting and Reporting by Charities (Revised 2015)". They are also responsible for safeguarding the assets of the Funds and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Governance Board are also responsible for preparing a strategic report, directors report that comply with that law and those regulations. The Governance Board are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report

to the Conference Members of The Methodist Church in Ireland

Opinion

We have audited the financial statements of The Methodist Church in Ireland for the year ended 31 December 2022 which comprise the Group Statement of Financial Activities, the Group and Charity *Statement of Financial Position*, the Group Statement of Cash Flows and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Group and Charity's affairs as at 31 December 2022 and of its incoming resources and application of resources for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the Charities Act (Northern Ireland) 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Conference Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Charity's ability to continue as a going concern until 31 December 2024.

Our responsibilities and the responsibilities of the Conference Members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Charity's ability to continue as a going concern.

Independent auditors' report

to the Conference Members of The Methodist Church in Ireland

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Conference Members are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 requires us to report to you if, in our opinion:

- ▶ the information given in the financial statements is inconsistent in any material respect with the Conference Members' Annual Report; or
- ▶ sufficient accounting records have not been kept; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Conference Members' responsibilities statement set out on page 18, the Conference Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Conference Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Conference Members are responsible for assessing the Group and Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 65(2) of the Charities Act (Northern Ireland) 2022 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report

to the Conference Members of The Methodist Church in Ireland

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Charity and determined that the most significant are those relating to The Charities Regulator in Ireland and The Charities Commission for Northern Ireland; and those that relate to the reporting framework, Charities SORP (FRS 102), Charities Act (Northern Ireland) 2022, the Charities (Accounts and Reports) regulations (Northern Ireland) 2015, and the Companies Act 2006. In addition, the Group and Charity has to comply with laws and regulations relating to its operations, including the Coronavirus Job Retention Scheme rules, health and safety and the UK General Data Protection Regulation (GDPR).
- We understood how Group and Charity is complying with those frameworks by making inquiries of management and those charged with governance to understand how the Group and Charity maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the Group and Charity's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming income recognition to be a fraud risk. Where this risk was considered higher, we performed the audit procedures set out below to address each identified fraud risk to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing manual journal entries recorded during management's financial statement close process. We read the minutes of various Board and Committee meetings to identify any non-compliance with laws and regulations. We also made enquiries with those charged with governance and of management of the Group and Charity regarding compliance with laws and regulation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Conference Members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015. Our audit work has been undertaken so that we might state to the charity's Conference Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, and the Charity's Conference Member as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
19 October 2023

Group Statement of Financial Activities

for the year ended 31 December 2022

		<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>2022 Total funds</i>	<i>2021 Total funds</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Income and endowments:					
Donations and legacies	2	13,724	2,921	16,645	16,315
Charitable activities	3	-	2,960	2,960	4,890
Other trading activities	4	7,612	831	8,443	4,994
Investments	5	702	100	802	590
Other	6	2,067	1	2,068	1,380
Total		24,105	6,813	30,918	28,169
Expenditure:					
Raising Funds	7	21	6	27	40
Charitable activities	8	20,215	6,911	27,126	21,882
Other	9	7,046	8	7,054	5,906
Total		27,282	6,925	34,207	27,828
Net gains/(losses) on investments	13	(3,911)	-	(3,911)	3,768
Net income/(expenditure)		(7,088)	(112)	(7,200)	4,109
Transfers between funds		(688)	688	-	-
Other Recognised Gains and Losses:					
Actuarial (losses)/gains on defined benefit pension schemes	21	2,122	-	2,122	3,921
Other unrealised gains/(losses)	10	1,462	(613)	849	(1,737)
Net movement in Funds		(4,192)	(37)	(4,229)	6,293
Reconciliation of funds:					
Total funds brought forward		239,142	7,523	246,665	240,372
Total funds carried forward		234,950	7,486	242,436	246,665

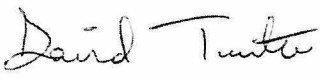
The results for the year are represented by the net movement in funds in the group statement of financial activities. There are no recognised gains or losses in the current or preceding year other than those shown in the group statement of financial activities above. All amounts derive from continuing operations. There is no material difference between the net expenditure for the financial year above and their historical cost equivalents.


Statement of Financial Position

at 31 December 2022

		<i>Group</i>		<i>Charity</i>	
	<i>Notes</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets					
Tangible assets	11	186,481	188,415	174,609	176,321
Investment property	12	3,382	3,382	3,382	3,382
Investments	13	27,841	30,389	22,535	24,439
Total fixed assets		217,704	222,186	200,526	204,142
Current assets					
Property held for disposal	14	760	-	760	-
Stocks	15	13	10	-	-
Debtors	16	2,623	2,434	1,130	1,647
Cash at bank and in hand	17	23,851	27,064	18,796	20,405
Total current assets		27,247	29,508	20,686	22,052
Creditors					
Amounts falling due within one year	18	2,408	3,835	701	678
Net current assets		24,839	25,673	19,985	21,374
Total assets less current liabilities		242,543	247,859	220,511	225,516
Creditors					
Amounts falling due after more than one year	19	107	190	107	190
Pension liability	21	-	1,004	-	1,004
Net assets		242,436	246,665	220,404	224,322
Funds					
Restricted funds	25	7,486	7,523	5,763	6,116
Unrestricted funds	25	234,950	240,146	214,641	219,210
Pension Reserve	25	-	(1,004)	-	(1,004)
Total funds	26	242,436	246,665	220,404	224,322

The financial statements were approved by Governance Board who authorised the following to sign on its behalf on 16 October 2023:

 David Tuttle President of the Methodist Church in Ireland

 Aoife Morris Secretary of Conference

Group Statement of cash flows

for the year ended 31 December 2022

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Cash flows from operating activities		
Net incoming/(outgoing) resources for the year	(7,200)	4,109
Adjustments for:		
Depreciation	2,696	2,714
Unrealised (Gains)/Losses on investments	3,911	(3,768)
Impairment of Fixed Assets	-	(30)
Dividends received	(722)	(534)
(Profit)/Loss on sale of fixed assets	(580)	(201)
Decrease in property held for disposal	760	-
(Increase)/Decrease in stocks	(3)	3
(Increase)/Decrease in debtors	(189)	271
(Decrease)/Increase in creditors	(1,440)	912
Foreign exchange arising on consolidation	849	(1,737)
Net cash (outflow)/ inflow from operating activities	(1,918)	1,739
Cash flows from investment activities		
Proceeds from the sale of tangible assets	1,285	953
Payments to acquire tangible assets	(1,177)	(976)
Proceeds from the sale of investments	337	351
Payments to acquire investments	(1,829)	(501)
Repayment of loans	(70)	(317)
Dividends received	722	534
Net cash (used in)/from investing activities	(732)	44
Net (decrease)/ increase in cash and cash equivalents	(2,650)	1,783
Cash and cash equivalents at the beginning of the year	25,580	23,334
Foreign exchange adjustment on cash and cash equivalents	866	463
Cash and cash equivalents at the end of the year	23,796	25,580
Change in cash and bank balances for the year	(2,650)	1,783

Notes to the financial statements

at 31 December 2022

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, except for investments and certain tangible fixed assets which are at valuation. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015. The charity constitutes a public benefit entity as defined by FRS 102.

The charity financial statements include the results of all churches and circuits and all Methodist Church in Ireland Connexional Funds. The consolidated financial statements includes 100% of the results of the following entities as subsidiaries:

Subsidiary Undertaking	Company/Charity Registration no	Principal Activity
Dublin Central Mission Limited (ROI)	469649	Relief of poverty, deprivation and distress
DCM Sheltered Housing Limited (ROI)	470366	To develop and manage Sheltered Housing
Mount Tabor Limited (ROI)	288902	To develop and manage nursing accommodation
East Belfast Mission (NI)	NIC100744	The relief of poverty, deprivation and distress
North West Methodist Mission (NI)	NI614721 NIC104734	The relief of poverty, deprivation and distress
Belfast Central Mission (NI)	NI055693 NIC101271	The relief of poverty, deprivation and distress
Belfast South Network Company Ltd (NI)	NI603341 NIC101506	To develop community relations
Wesley Trust (High Street Methodist, Lurgan)	NI072101 NIC102256	Relief of poverty, unemployment, financial hardship. Advancement of education and training

All subsidiaries have a year end date of 31 December. Consolidation is on the basis of 100% control of the subsidiary entities as conference either appoints the Board of each entity or the members of the entity in which case conference approves the Board members. All subsidiary entities are registered companies and their accounts are publicly available.

Assessment of going concern

Whilst there are overall pressures on the finances of the Methodist Church in Ireland as a result of the current cost of living crisis and rising inflation, the Trustees believe that at this time the Church has adequate financial resources and is able to manage the general risks. Despite the Church reporting an operating deficit of £7.2m on a consolidated basis for the year ended 31 December 2022, the overall fund balance amounted to £242m as at 31 December 2022, comprising of £24m cash, £28m in investments, and £186m of fixed assets. The cash and investment holdings alone equate to over 18 months of total spend. Planning processes including financial projections of Connexional Funds and Societies covering a period to 31 December 2024 and the impact on various sources of income and planned expenditure have been considered. The Trustees believe that there are no material uncertainties that call into doubt the Church's ability to continue in operation, and further, that the Church has sufficient resources to continue to meet its obligations for a period to 31 December 2024. Accordingly, the Methodist Church in Ireland continues to adopt the going concern basis in preparing its report and financial statements.

Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Key assumptions

The key assumption that affect the items in the accounts is:

Pensions and other post-employment benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, this is derived from yields on AA-rated corporate bonds, or yields on Government bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. Future salary and pension increases are based on CPI inflation.

Fund Accounting

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees at their discretion have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Income recognition

All income is recognised once the Church has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Member Contributions are accounted for when received.

Legacy gifts are accounted for when received or earlier if there is reasonable certainty that it will be received and its value can be measured with sufficient reliability. If the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Other income is accounted for when received.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Services provided by volunteers are not included in the Statement of Financial Activities but are disclosed in the Conference report.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Costs of raising funds

The costs of generating funds consist of investment management costs and certain legal fees.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first date of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Exchange rates

The presentation currency of the financial statements is GB pounds. Transactions in other currencies are initially recorded in the individual entity's function currency and monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year end.

Revenue grants

Revenue grants are recognised when notified.

Fixed assets

Fixed assets are recorded at cost. As the organisation did not have records of the costs of land and buildings a valuation was performed as at 31 December 2012 and the valuations obtained have been deemed as the cost of the land and buildings going forward. Fixed assets received as gifts are capitalised at their estimated valuation and the equivalent amount included as voluntary income.

Freehold land is not depreciated. Depreciation is recorded on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Churches and Halls	–	over 50 to 100 years
Manses and other Buildings	–	over 50 years
Improvements to buildings	-	over 20 years
Fixtures, Fittings and Equipment	–	over 10 years
Motor Vehicles	–	over 4 years
Computers and audio visual equipment	–	over 5 years

Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Investment Properties

Investment properties are recorded at open market value based on existing use as assessed by the Trustees.

Financial instruments

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing market price. The statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. The main form of financial risk faced by the Church is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risks and changes in sentiment concerning equities and within particular sectors or sub sectors.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hard and in short term deposits. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activity in other operating expenses.

Reserves

Reserves are primarily held:

- In the form of investments and fixed assets to assist with the charitable activities of the organisation
- In the form of cash to assist with the charitable activities of the organisation

Pension

The Methodist Church in Ireland operates a defined benefit scheme which requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the statement of financial activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the statement of financial activities. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The net interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the statement of financial activities as finance costs within other resources expended.

Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Pension (continued)

Actuarial gains and losses are recognised immediately in full in the Statement of Financial Activity in the period in which they occur.

The defined benefit pension liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on mid-price where available.

The pension liability also includes the liabilities for two unfunded pension arrangements which the organisation operates. The liability relating to unfunded pension arrangements has been disclosed separately within note 21.

The Church also operates a defined contribution scheme. Contributions to this schemes are recognised in the Statement of Financial Activity in the period in which they become payable.

The Methodist Church in Ireland is the sponsoring employer of the defined benefit scheme as it has legal responsibility for the plan. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual group entities and therefore the charity has recognised the entire net defined benefit cost and relevant net defined benefit liability of the scheme in its individual financial statements.

Notes to the financial statements

at 31 December 2022

2. Donations and legacies

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Donations and legacies to:				
Societies	8,954	602	9,556	9,524
Missions	4,770	2,035	6,805	6,534
Connexional funds	-	284	284	257
Total	13,724	2,921	16,645	16,315

There were no legacies which have been notified which have not been included in the Statement of Financial Activities.

3. Charitable Activities

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Project specific income within Missions	-	2,864	2,864	4,584
Project specific income within Connexional Funds	-	96	96	306
Total	-	2,960	2,960	4,890

4. Other trading activities

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Missions sale of goods and services	-	-	-	-
Rents	7,612	831	8,443	4,994
Total	7,612	831	8,443	4,994

Notes to the financial statements

at 31 December 2022

5. Investment income

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Epworth investments	552	92	644	474
Other investments	78	-	78	60
Bank interest received	72	8	80	56
Total	702	100	802	590

6. Other incoming resources

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Profit/(Loss) on disposal of fixed assets	580	-	580	201
Methodist insurance	53	-	53	6
Other income from:				
Societies	1,310	1	1,311	516
Connexional funds	124	-	124	227
Missions	-	-	-	430
Total	2,067	1	2,068	1,380

7. Expenditure on raising funds

			2022	2021
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000	£000	£000	£000
Fundraising Costs	21	6	27	40

Notes to the financial statements

at 31 December 2022

8. Charitable Activities

			2022	2021
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>funds</i>	<i>funds</i>	<i>Total funds</i>	<i>Total funds</i>
<i>By sector within the organisation:</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
East Belfast Mission	823	1,628	2,451	1,789
Belfast Central Mission	3,693	3,147	6,840	5,753
Dublin Central Mission	3,814	111	3,925	3,569
North West Methodist Mission	449	990	1,439	1,282
Connexional activities	3,187	556	3,743	2,075
Church charitable activities	8,249	479	8,728	7,414
Total	20,215	6,911	27,126	21,882

			2022	2021
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>funds</i>	<i>funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Direct activities:				
Project expenses – Missions	-	-	-	-
Mission support payments	157	111	268	245
	157	111	268	245
Support costs:				
Staff costs	15,084	3,471	18,555	15,302
Property costs excluding repairs	2,838	67	2,905	2,790
Other support costs	1,075	2,866	3,941	2,696
	18,997	6,404	25,401	20,788
Grant making:				
Donations to Methodist and other charities	742	396	1,138	557
Grants to related parties	319	-	319	292
	1,061	396	1,457	849
Total	20,215	6,911	27,126	21,882

Notes to the financial statements

at 31 December 2022

8. Charitable activities (continued)

Included within charitable activities are the following costs in respect of personnel:

	2022 £000	2021 £000
Stipends, salaries and allowances	17,281	14,253
National insurance	557	356
Pension contributions	717	693
	18,555	15,302
	2022 No.	2021 No.
The average number of personnel during the year was	743	720
The average number of personnel who are members of the defined benefit pension scheme	90	96

No employee received benefits of more than £60k. The total employee benefit (excluding employer national insurance and pension contributions) received by the President, Secretary of Conference and Chief Financial Officer was £115k (2021 - £120k).

Auditors' remuneration of £72k (2021 – £68k) included within legal and professional fees above relates to the audit of financial statements. Fees were incurred during the year in respect of non-audit work amounting to £-k (2021 – £-k).

9. Other expenditure

	<i>Unrestricted funds</i> £000	<i>Restricted funds</i> £000	2022 <i>Total funds</i> £000	2021 <i>Total funds</i> £000
Governance costs	1	-	1	178
Finance costs	226	2	228	195
Church depreciation	2,696	-	2,696	2,714
Property expenses	2,183	-	2,183	1,054
Other	1,940	6	1,946	1,765
	7,046	8	7,054	5,906

10. Other unrealised gains/(losses)

	<i>Unrestricted funds</i> £000	<i>Restricted funds</i> £000	2022 <i>Total funds</i> £000	2021 <i>Total funds</i> £000
Foreign exchange on consolidation	1,462	(613)	849	(1,737)

Notes to the financial statements

at 31 December 2022

11. Fixed assets

Group

	<i>Freehold land and buildings £000</i>	<i>Leasehold land and buildings £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:					
At 1 January 2022	207,665	140	5,539	73	213,417
Foreign Exchange	4	-	237	-	241
Reclassification	166	(140)	(135)	399	290
Additions	955	-	206	16	1,177
Disposals	(814)	-	-	(13)	(827)
At 31 December 2022	207,976	-	5,847	475	214,298
Depreciation:					
At 1 January 2022	20,372	135	4,440	55	25,002
Foreign Exchange	-	-	-	-	-
Reclassification	135	(135)	(172)	-	(172)
Disposals	(109)	-	-	(13)	(122)
Charge for the year	2,501	-	600	8	3,109
At 31 December 2022	22,899	-	4,868	50	27,817
Carrying amount:					
At 31 December 2022	185,077	-	979	425	186,481
At 1 January 2022	187,293	5	1,099	18	188,415

The total value of land included above which is not depreciated is £35,049,345 (2021 - £34,412,932).

The Carrying amount of fixed assets consists of:

	<i>Freehold land and buildings £000</i>	<i>Leasehold land and buildings £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
At 1 January 2022:					
Societies	170,149	-	393	-	170,542
Connexional funds	5,770	-	6	4	5,780
Missions	11,374	5	700	14	12,093
Total	187,293	5	1,099	18	188,415
At 31 December 2022:					
Societies	168,764	-	360	-	169,124
Connexional funds	5,465	-	3	17	5,485
Missions	10,848	-	616	408	11,872
Total	185,077	-	979	425	186,481

11. Fixed assets (continued)

Charity

	<i>Freehold land and buildings</i> £000	<i>Fixtures, fittings and equipment</i> £000	<i>Motor vehicles</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2022	190,078	1,732	24	191,834
Additions	955	97	16	1,068
Disposals	(813)	-	(13)	(826)
Foreign exchange	5	-	-	5
At 31 December 2022	190,225	1,829	27	192,081
Depreciation:				
At 1 January 2022	14,161	1,332	20	15,513
Charge for the year	1,944	134	3	2,081
Disposals	(109)	-	(13)	(122)
At 31 December 2022	15,996	1,466	10	17,472
Carrying amount:				
At 31 December 2022	174,229	363	17	174,609
At 1 January 2022	175,917	400	4	176,321

The total value of land included above which is not depreciated is £35,049,345 (2021-£34,412,932).

12. Investment property

	<i>Group</i> £000	<i>Charity</i> £000
At 1 January 2022	3,382	3,382
Total	3,382	3,382

Notes to the financial statements

at 31 December 2022

13. Investments

The investments held at 31 December 2022 were as follows:

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Epworth Funds	20,562	23,745	19,174	22,119
Quoted securities	7,279	6,644	3,361	2,320
Total	27,841	30,389	22,535	24,439

	<i>Group</i>	<i>Charity</i>
	<i>2022</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
At 1 January	30,389	24,439
Foreign exchange movement	121	6
Additions	1,829	1,807
Disposals	(337)	(337)
Fair value adjustment	(4,161)	(3,380)
Carrying amount at 31 December	27,841	22,535

	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Analysed:</i>				
Societies	5,443	6,209	5,443	6,209
Connexional funds	17,092	18,230	17,092	18,230
Missions	5,306	5,950	-	-
Total	27,841	30,389	22,535	24,439

All investments were listed on recognised stock exchanges and can be analysed as follows:

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Investment assets in the UK	23,409	26,125	21,980	19,931
Investment assets outside the UK	4,432	4,264	555	4,508
Total	27,841	30,389	22,535	24,439

Notes to the financial statements

at 31 December 2022

13. Investments (continued)

There were no individual shareholdings or investments which are considered to be material with regard to their market values and proportion of the portfolio as at 31 December 2022. The Trustees have set 5% of the year end market value of the investment portfolio as the threshold for reporting material investments.

FRS 102 requires the disclosure of investments under the following hierarchy.

- Category A – Quoted price for an identical asset in an active market
- Category B – When quoted prices are not available, the price of a recent transaction for an identical asset as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place
- Category C - If the market for the asset is not active and recent transactions on their own are not a good estimate of fair value, fair value is determined based on valuation techniques.

	2022	2021
	£000	£000
Category A	26,927	29,448
Category B	914	941
	27,841	30,389

Investment Risk Disclosures

Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this comprises currency risk interest rate risk and other price risk.
- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Statutory Trustees determine their investment strategy after taking advice from a professional investment adviser. The Statutory Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the strategic investment objectives. These investment objective and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Statutory Trustees by annual reviews of the investment portfolio.

Notes to the financial statements

at 31 December 2022

13. Investments (continued)

Further information on the Statutory Trustees' approach to risk management, credit and market risk is set out below.

Credit risk

The Statutory Trustees' investment portfolio is subject to credit risk because the fund manager directly invests in bonds and has cash balances. The fund manager also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Statutory Trustees' investment portfolio is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Credit risk arising on bonds held directly is mitigated by investment in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rates which is the position at the year-end. Cash is held within financial institutions which are at least investment grade credit rates which is the position at the year-end.

Currency risk

The Statutory Trustees' investment portfolio is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Statutory Trustees have a set a benchmark limit to overseas currency exposure of less than 1% of the total portfolio value. This was the net currency exposure at the year-end.

Interest rate risk

The Statutory Trustees' investment portfolio is subject to interest rate risk because some of the investments are held in bonds, interest rate swaps, either as segregated investments or through pooled vehicles, and cash.

Other price risk

Other price risk arises principally in relation to the Statutory Trustees' investment portfolio return which includes directly held equities, equities held in pooled vehicles, equity futures, hedge funds, private equity and investment properties.

The fund manager manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

14. Property held for disposal

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Former churches	<u>760</u>	<u>-</u>	<u>760</u>	<u>-</u>

15. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Consumables (all missions)	<u>13</u>	<u>10</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2022

16. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	703	330	57	44
Gift aid receivable	136	141	136	141
Prepayments and accrued income	705	742	4	481
Other debtors	1,079	1,221	933	981
	2,623	2,434	1,130	1,647

	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Analysed:</i>				
Societies	994	1,565	994	1,565
Connexional funds	136	82	136	82
Missions	1,493	787	-	-
	2,623	2,434	1,130	1,647

17. Cash and cash equivalents

	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash in hand	23,851	27,064	18,796	20,405
Bank overdrafts	(55)	(64)	(54)	(64)
Loans	-	(1,420)	-	-
	23,796	25,580	18,742	20,341

Cash in hand	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Societies	11,072	11,700	11,072	11,700
Connexional funds	7,724	8,705	7,724	8,705
Missions	5,055	6,659	-	-
	23,851	27,064	18,796	20,405

Notes to the financial statements

at 31 December 2022

17. Cash and cash equivalents (continued)

Bank overdrafts	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Societies	54	64	54	64
Missions	1	-	-	-
	55	64	54	64

18. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	465	309	9	34
Taxation and social security	123	218	1	1
Bank overdrafts	55	1,484	54	64
Current instalments due on loans	13	-	13	-
Accruals	695	889	118	97
Other creditors	1,057	935	506	482
	2,408	3,835	701	678

<i>Analysed:</i>	<i>Group</i>		<i>Charity</i>	
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Societies	98	71	98	71
Connexional funds	603	607	603	607
Missions	1,707	3,157	-	-
	2,408	3,835	701	678

Notes to the financial statements

at 31 December 2022

19. Creditors: amounts falling due after more than one year

	<i>2022</i>	<i>Group</i> <i>2021</i>	<i>2022</i>	<i>Charity</i> <i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Loans	107	190	107	190
	107	190	107	190
		<i>Group</i>		<i>Charity</i>
	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Analysed:</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Societies	107	190	107	190
Connexional funds	-	-	-	-
	107	190	107	190

20. Loans

Loans repayable included within creditors are analysed as follows:

	<i>2022</i>	<i>Group</i> <i>2021</i>	<i>2022</i>	<i>Charity</i> <i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Wholly repayable within five years	13	-	13	-
Not wholly repayable within five years	107	190	107	190
	120	190	120	190

Details of loans not wholly repayable within five years are as follows:

Term loan advanced during 2010 and repayable over 19 years 8 months with an interest rate of 4% above base rate. A letter of comfort has been provided to the bank by The Methodist Church in Ireland.

Notes to the financial statements

at 31 December 2022

21. Pensions

Group and Charity

The Methodist Church in Ireland operates a defined benefit pension scheme (the “Scheme”), a defined contribution pension scheme and also has two unfunded pension arrangements, the Irish Methodist Ministers’ Retirement Fund (IMMRF) and the In-Lieu of SERPS fund.

The Scheme is a funded plan, providing retirement benefits based on final salaries. The Scheme has assets held in a separately administered fund managed by a board of Trustees. The Church and the Scheme Trustees have agreed a funding plan to ensure the Scheme is sufficiently funded to meet current and future obligations. The current schedule of contributions states that the Church will pay 20.3% of Stipends from 1 January 2020 to 30 July 2029 to cover accrual of benefits for future service, administration expenses and death-in-service benefits.

Additionally, the Church agreed to pay 5.8% of stipend from 1 January 2020 to 30 July 2029 to fund the Scheme deficit.

Church contributions to the Scheme in 2022 are estimated to be £667k. Additional Church contributions may be required if there are any augmentations during the year.

The valuation has been based on a full assessment of the liabilities of the Scheme as at 1 July 2018. The present values of the defined benefit obligation, the related current service costs and any past service costs were measured using projected unit credit method.

The assets and liabilities of the scheme are as follows (including unfunded obligations):

	2022 £000	2021 £000
<i>Scheme assets at fair value</i>		
Equities	7,912	14,716
Gilts	-	-
Corporate Bonds	-	-
LDI Pooled funds	4,672	3,776
Annuity Policies	3,670	4,935
Property	2,054	2,230
Other	1,838	1,746
Fair value of assets	20,146	27,403
Present value of funded scheme liabilities	(18,021)	(27,369)
	2,125	34
Present value of unfunded scheme liabilities	(812)	(1,038)
Scheme funds	1,313	(1,004)
Net asset / (liability)	1,313	(1,004)

Notes to the financial statements

at 31 December 2022

21. Pensions (continued)

The principal assumptions used were as follows:

	<i>2022</i>	<i>2021</i>
	%	%
Discount rate	4.95	1.9
Inflation	3.15	3.35
General stipend increase	2.75	2.9
Pension increases post 30 June 1992 and pre 1 July 2010	2.70	2.85
Pension increases post 30 June 2010	1.90	2.0

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently 65 will live on average for a further 23 years if they are male (2021: 23 years) and for a further 25 years if they are female (2021: 24 years).

For a member who retires in 2041 at age 65 the assumptions are that they will live on average for a further 25 years (2021: 25 years) after retirement if they are male and for a further 26 years (2021: 26 years) after retirement if they are female.

Amounts chargeable to charitable activities – support costs (staff costs):

	<i>2022</i>	<i>2021</i>
	£000	£000
Current service cost	756	797
Administration expenses	133	121
Net interest cost	12	62
Total recognised in the Statement of Financial Activities	<u>901</u>	<u>980</u>

The following amounts have been recognised in the Statement of financial activities – other recognised gains and losses:

	<i>2022</i>	<i>2021</i>
	£000	£000
Actual return / (deficit) on scheme assets	(7,891)	1,527
(Losses)/gains on assumptions	10,918	703
Experience (losses)/gains on Scheme liabilities	(905)	1,691
Total (losses)/gains	<u>2,122</u>	<u>3,921</u>

Notes to the financial statements

at 31 December 2022

21. Pensions (continued)

Changes in the fair value of assets:

	<i>2021</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Opening fair value of Scheme assets	27,403	25,372
Interest income of Scheme assets	519	328
Remeasurement gains	(7,891)	1,527
Employer contributions	667	697
Member contributions	187	214
Insured pension contributions	429	506
Benefits paid	(1,168)	(1,241)
Closing fair value of Scheme assets	<u>20,146</u>	<u>27,403</u>

Changes in the present value of the defined benefit obligations:

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Opening defined benefit obligation valuation	28,407	30,520
Current service cost	756	797
Administration expenses	133	121
Interest cost	531	390
Member contributions	187	214
Actuarial (gains)/losses on Scheme liabilities in respect of assumptions	(10,918)	(703)
Actuarial losses/(gains) on Scheme liabilities in respect of experience	905	(1,691)
Benefits paid	(1,168)	(1,241)
Closing defined benefit obligation valuation	<u>18,833</u>	<u>28,407</u>

22. Taxation

The Methodist Church in Ireland is registered with HM Revenue and Customs and the Revenue Commissioners as a Charity. Certain missions are also registered for Value Added Tax. There were no activities during the year which gave rise to any liability to Corporation Tax.

23. Capital commitments and contingencies

There were no capital commitments contracted for, or contingencies at 31 December 2022 which are not otherwise disclosed in these financial statements other than immaterial operating leases.

In order to provide support in the event of a deficiency in the Methodist Church in Ireland Retirement Benefit Scheme, the Statutory Trustees of The Methodist Church in Ireland have agreed to provide, if required, properties at 16 and 22 Donegall Place, Belfast.

24. Events since the balance sheet date

There are no post balance sheet events which are required to be disclosed in these financial statements.

Notes to the financial statements

at 31 December 2022

25. Statement of Funds

	<i>Balance at 1 January</i>	<i>Incoming Resources</i>	<i>Outgoing resources</i>	<i>Recognised gains/ (losses)</i>	<i>Movement on foreign exchange</i>	<i>Transfer from unrestricted</i>	<i>Balance at 31 December</i>
	£000	£000	£000	£000	£000	£000	£000
Restricted Funds							
Edgehill Theological College	605	1	(1)	-	(28)	(256)	321
World Mission Partnership	3,095	239	(230)	-	(425)	436	3,115
Methodist Child Care Society	737	69	(73)	-	(121)	266	878
World Development and Relief Fund	1,298	167	(262)	-	(23)	269	1,449
East Belfast Mission	246	1,660	(1,628)	-	-	(15)	263
Belfast Central Mission	513	2,997	(3,147)	-	-	(107)	256
Northwest Methodist Mission	58	906	(990)	-	-	95	69
Dublin Central Mission Societies	388	171	(114)	-	(16)	-	429
	583	603	(480)	-	-	-	706
Total restricted funds	7,523	6,813	(6,925)	-	(613)	688	7,486
Unrestricted Funds							
Pension Reserve	(1,004)	-	(1,118)	2,122	-	-	-
Unrestricted Reserves	240,146	24,105	(26,164)	(3,911)	1,462	(688)	234,950
Total Funds	246,665	30,918	(34,207)	(1,789)	849	-	242,436

26. Analysis of Funds

				2022	2021
	<i>Unrestricted funds</i>	<i>Pension Reserve</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	£000		£000	£000	£000
Fixed Assets	186,481	-	-	186,481	188,415
Investment Property	3,382	-	-	3,382	3,382
Investments	27,841	-	-	27,841	30,389
Current Assets	19,761	-	7,486	27,247	29,508
Current Liabilities	(2,395)	-	-	(2,395)	(3,835)
Creditors after one year	(120)	-	-	(120)	(190)
Pension Liability	-	-	-	-	(1,004)
	234,950	-	7,486	242,436	246,665

Notes to the financial statements

at 31 December 2022

27. Connexional funds and Missions

The following funds have been included within the consolidation:

The Trustees of the Methodist Church in Ireland
World Mission Partnership
Ministers' Children's Fund
Home Mission Department
Belfast Methodist Student Chaplaincy
Methodist Child Care Society
General Purposes Fund
World Development and Relief Fund
General Education Fund
Edgehill Theological College
Edgehill Candidates Grant Fund
Edgehill Development Fund
Irish Methodist Youth & Children's Department
Irish Methodist Ministers' Retirement Fund
1984 Retirement Scheme
Property Board and Church Development Board
Ministers' Medical Fund and Ministers' Spouses Fund
Local Preachers' Fund
Council on Social Responsibility
Dublin District Student Chaplaincy
Surf Project
Well.com
Methodist Women in Ireland
Ardfallen Grove Sheltered Housing
Newtownabbey Methodist Mission

The following entities have also been included within the consolidation:

Belfast Central Mission
Dublin Central Mission
East Belfast Mission
Northwest Methodist Mission
Belfast South Network Company Limited
Trinity Community Initiatives
Wesley Trust (High Street Methodist, Lurgan) Limited

Notes to the financial statements

at 31 December 2022

28. Related party transactions

The majority of stationed Ministers and some employees serve as voting members of Conference and some serve on Boards or Committees. The majority of stationed ministers are remunerated from the central funds of the Church in the form of a stipend and other allowances usually paid for by Societies/Circuits/Missions who benefit from their teaching and leadership. The employees who serve as voting members of Conference will be remunerated by the Society/Circuit/Mission which benefits from their services. The aggregate total emoluments including pension contributions for this work and not in their role as trustees amounted to £3,001k (2021: £3,088k). A full list of the trustees, being the members of the Conference is available on request from the registered office and on the Charity Regulatory Authority website.

Outlined below is a list of those bodies considered to be the main related parties of The Methodist Church in Ireland. Details of the transactions occurring during the year and amounts owing by or to the related parties as at 31 December are stated for each one as appropriate. The charity has not disclosed transactions between fellow group undertakings which are eliminated on consolidation.

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Methodist Ministers Pension Scheme		
Income from	-	-
Payments to	(889)	(697)
Grants to	-	-
Amount owed from related party at 31 December	-	-

Whilst there are transactions with other parties where members of conference are also directors/trustees of those parties, there are over 200 members of Conference and therefore each individual member does not have significant control over the decisions of MCI. For completeness the parties who meet the definition of related party and who have members of conference as directors/trustees and transactions with the Methodist Church in Ireland are Irish Methodist Ministers Housing Society, Methodist Publishing Company, Wesley College Dublin, Gurteen College, Methodist College Belfast, Methodist Church in Britain, Churches together in Britain and Ireland, Irish Council of Churches, Irish School of Ecumenics, Forthspring Inter Community Group, Youthspirit, Presence in Portaferry Ltd, LHK Insurance, Wesley Trust, Arrow Ireland, Youth Link NI, Christian Aid Ireland, Scripture Union (NI), The Big House (Ireland), 4 Corners Festival, All We Can (The Methodist Relief and Development Fund), Trinity Community Initiatives and St Patricks Gateway Centre Waterford.

Notes to the financial statements

at 31 December 2022

29. Financial Instruments

	<i>Total funds</i>	<i>Group</i>	<i>Total funds</i>	<i>Charity</i>
	<i>2022</i>	<i>Total funds</i>	<i>2022</i>	<i>Total funds</i>
	<i>£000</i>	<i>2021</i>	<i>£000</i>	<i>2021</i>
		<i>£000</i>		<i>£000</i>
Financial assets at fair value through Statement of Financial Activities:				
Listed investments	27,841	30,389	22,535	24,439
Financial assets at amortised cost:				
Debtors	2,623	2,434	1,130	1,647
Financial liabilities at amortised cost				
Bank overdraft	55	1,484	54	64
Trade Creditors	465	309	9	34
Loans	120	190	120	190
Other Creditors	1,057	935	506	482