

The **Methodist** Church 



The Methodist Church in Great Britain
Charity Registration Number 1132208

Consolidated Accounts for the year ended 31 August 2011

The Methodist Church in Great Britain

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Welcome from the Revd Canon Dr Martyn Atkins

In my introduction to the Consolidated Accounts last year I signalled that the Methodist Church of Great Britain was increasingly adopting a narrative about its life and continuing call from God – Father, Son and Holy Spirit – using the foci of ‘discipleship’ and ‘mission’. During 2010-11 this continued to be the case, as it is intended it will be for several years to come. Indeed the annual Methodist Conference in July 2011 adopted a “direction of travel” that focuses upon means whereby contemporary Methodism becomes increasingly a “discipleship movement shaped for mission”.

In particular the Conference committed itself, and instructed various Methodist entities such as those consolidated into these accounts, to:

- further focus upon, develop and resource ministries – lay and ordained – that enliven and deepen the life of the Methodist Church as a Christian entity ‘poured out’ for others in the name of Jesus Christ;
- challenge Methodists to regard Church properties as assets to be used for discipleship and ministry today rather than monuments to be preserved, if necessary disposing of them, resituating or reshaping them;
- renew emphasis on finding apt and appropriate ways of inviting people to become followers of Jesus Christ.

Therefore the resources of the Methodist Church outlined in these Accounts, are regarded as wherewithal for these essentially Christian and charitable purposes and foci. While our impulse is Christian, we are convinced that our resulting actions are also of public benefit.

The changed and changing contexts in which the Methodist Church seeks to be obedient to God in Christ and open to the impulse of the Holy Spirit today, present both opportunities and challenge. For example, the Joint Public Issues Team continues to enable the Methodist Church and some of its ecumenical partners to speak into debates concerning contemporary political, social and moral issues with competence and Christian conviction. More locally, hundreds of Methodist churches seek to engage, transform, and enrich their neighbourhoods and communities, alongside others of goodwill.

Another changing context is the increasingly cosmopolitan and international constituency of Methodism in Britain today. Our research team, whose work has become more focussed and professional in recent times - and therefore increasingly useful - has identified that over 120 languages are spoken in British Methodist congregations today. Working out what it means to be a healthy, increasingly multi-ethnic and multi-language Faith community, and one taking seriously issues of representation and diversity, is both urgent and potentially hugely enriching, and we are committed to this vision of being an increasingly healthy, inclusive and welcoming Christian Church.

How appropriate then that the meeting of the World Methodist Council and its Conference took place in Durban, South Africa in August 2011. The Methodist Church in Britain is a founder member and is now much smaller in membership than many Methodist Churches in other places, and the world Methodist family is currently over seventy million strong, and growing. The Council and its Conference, which meets every five years, served to reinforce our conviction that the intention of the Methodist Church in Britain – to be a discipleship movement shaped for mission – resonates with, and is shared by many other Methodist Churches around the world, alongside whom we proudly and respectfully take our place.

The Revd Canon Dr Martyn Atkins

General Secretary of the Methodist Church in Great Britain
October 2011

The Methodist Church in Great Britain

Trustees Report

Strategic objectives, aims and purposes of the Methodist Church in Great Britain

The work covered in these accounts falls within the work of the Methodist Church. The strategic objectives of The Methodist Church in Great Britain ("The Methodist Church") are directly linked to its aims. They are:

1. Worship – to increase awareness of God's presence and to celebrate God's love;
2. Learning and Caring – to help people to learn and grow as Christians, through mutual support and care;
3. Service – supporting community development and action for justice, especially among the most deprived and poor - in Britain and worldwide; and
4. Evangelism – developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved.

Public Benefit Requirement

The trustees of The Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 4 of the Charities Act 2006.

This guidance sets out two key principles:

1. The organisation must have an identifiable benefit.
2. The benefit must be to the public or a section of the public.

The Church exists, inter alia, to:

1. increase awareness of God's presence and to celebrate God's love;
2. help people to learn and grow as Christians, through mutual support and care; and
3. be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

Progress in 2010-11

As noted in the General Secretary's introduction to these accounts, work towards meeting the Church's objectives in 2010-11 increasingly focused around the motif of Discipleship. The following examples of how the plans for the year were delivered is based on the report presented to the Conference at its meeting in July 2011.

One theme has been exploring how in practice to honour the Conference's instruction in *Priorities* to "work in partnership with others wherever possible". Several opportunities outside the traditional partnerships of British Methodism have arisen. Some come from groups of worshipping communities outside the historic denominations, others from Christian agencies which work across several denominations. The Connexional Team has sought to ensure the Methodist Church has an accurate understanding of any potential partner, including their theological basis. The Team has also sought to identify where such agencies can provide expertise and resources in areas where districts, circuits and churches are looking for help but for which the Team is not equipped to respond. An example of a practical outcome of such work is the partnership with the Greenbelt Christian Arts Festival, where the Methodist presence was prominent.

Two major projects illustrate other aspects of progress. The following snapshots are from the staff members leading the respective projects.

More Than Gold 2012

More Than Gold is the ecumenical initiative designed to help local churches engage with the Olympic and Paralympic Games through Christian witness, service and hospitality. The Methodist Church is a global sponsor and active supporter of More Than Gold.

In 2011 the Methodist Conference adopted the following resolution:

“The Conference encourages the Methodist people in local Churches, Circuits and Districts to support and engage with the More than Gold campaign as an expression of their discipleship.”

This stands in good keeping with our identity as Methodists. After all, John Wesley was concerned to promote the spiritual, physical and mental wellbeing of all people. As a sponsor, the Methodist Church is involved in a number of initiatives which highlight the mission and discipleship opportunities in relation to the 2012 games.

One specific and exciting opportunity for churches is to consider the nomination of a local Gold Champion. A Gold Champion is a member of a local church who is keen to make the most of the 2012 moment within a local area. They will plan to support the mission opportunity through prayer and engagement within their local community and currently within the Methodist Church there are over 1000 Gold Champions already registered. The Methodist Church is aiming and preparing to engage with all sections of society, be it through prayer, social justice or supporting the torch relay.

Ish Lennox was appointed as Olympic and Paralympic Project Coordinator for the Methodist Church and she is working very closely with More Than Gold. Ish is committed to encouraging and supporting churches, so that every circuit and district is resourced and confident to make the most of this exciting moment in history.

To learn more about More Than Gold, please visit <http://www.morethangold.org.uk>

Belonging Together – a vision for unity in diversity

At the heart of The Methodist Church in Britain are people – all people. *Belonging Together* is a 3-year window of opportunity for the Methodist Church to listen and learn, and to engage and encourage people of different backgrounds and cultures to be part of the vibrant life and visible witness of the Church.

When Methodist Conference 2010 received the *Towards An Inclusive Church* report, it also received the framework for *Belonging Together*, a vision to affirm, bring together and celebrate the whole people of God. The 12 specific aims of *Belonging Together* are a shared agenda for challenge and change, to promote shared opportunities, shared safe spaces and shared success for the whole Connexion.

Belonging Together's budget for 2010-2013 is £500,000, and in the first year we:

- participated in training for presbyters
- facilitated seminars for lay workers, workshops for deacons and youth events
- engaged with district synods, the Connexional Leaders Forum, Methodist Council, and Methodist Conference, and
- produced publicity material including postcard, leaflet, posters and banners

Groundwork, an environmental regeneration charity with well-regarded expertise in spatial design and technologies, have been commissioned to develop the infrastructure for statistical mapping, and a 12-

The Methodist Church in Great Britain

Trustees Report (continued)

minute vocational DVD and a revised diversity monitoring form are among tools developed or piloted to help improve the processes for those coming forward for ministry.

Belonging Together recognises the contribution of past committees and groups, and we are cultivating ecumenical links, sharing insight and good practice, and exploring opportunities for collaboration for training, development and discipleship.

Our aim is to see diversity of engagement across the church as the norm, in leadership and in laity, supported by accessible structures, underpinned by clear processes embedded in the life of the Connexion .

The Revd Katei Kirby, Belonging Together Partnership Officer 2010-2013

Amongst many other areas of work in pursuit of the *Discipleship motif*, the Team has:

- developed theology and resonant policy around inclusivity and equality;
- rolled out the formative stages of the Youth Participation Strategy;
- established a sustainable initial network of trainers to deliver group leader training;
- developed the *Hope in God's Future* report and offered subsequent resources and encouragement;
- launched the *Deepening Discipleship* website with the aim of sharing stories and resources;
- developed plans based on the outcomes from the All Partners Consultation with Church leaders from around the world;
- begun the task of reimagining Methodist membership;
- produced new Safeguarding material, recognising the value of 'safe spaces' and hearing the stories of survivors and the impact of their experiences on their discipleship;
- improved the analysis and made better use of Statistics for Mission;
- initiated a 'missing generation' project to increase involvement among 25-40 year olds;
- embarked upon a new vision for the Methodist Missionary Society;
- extensively consulted about Local Preacher and Worship Leader learning and training;
- embarked on Venture FX, creating distinctive pathways for mission to never-churched young adults;
- identified criteria for assessing bids for resources in the Connexional Team budget;
- addressed some ill health or impairment challenges that affect ministers exercising their ministries;
- provided new resources for churches wanting to challenge racist political parties;
- assisted with the formation of a European Churches' position on nuclear weapons policy and made representations to the UK Government;
- provided resources to help people engage with the evolving UK nuclear policy including on Trident;
- developed a scheme for personnel files for ministers, because good, appropriate record-keeping is a time saving and enabling tool of mission;
- built more effective relationships with the Central Finance Board and Trustees for Methodist Church Purposes, as good stewardship and clear mission strategy;
- implemented the changes in connexional systems for granting consent for managing trustees to proceed with property projects, enabling a more flexible mission strategy to operate in respect of our buildings;
- assisted the Connexional Grants Committee (CGC) to deliver a unified approach to grant making within the UK and overseas, with increasing ability to focus its decision making to overall connexional strategic objectives.

The Methodist Church in Great Britain

Trustees Report (continued)

Structure and Governance

The accounts included in this report are not a record of all the financial activities of the Methodist Church in Great Britain as they do not include local church, circuit and district accounts. The names of the entities included in this report are listed in 'Note 1' of the accounts on page 28 and include:

Activities managed or administered by the Connexional Team (hereafter referred to as the Connexional Funds)

Cliff College	(a separately registered charity)
Cliff College Outreach Limited	(a separately registered company)
Cliff (Methodist) Developments Limited	(a separately registered company)
Methodist International Centre Limited	(a separately registered company)
Methodist Relief and Development Fund	(a separately registered charity)
Southlands College	(a separately registered charity)
Southlands College Enterprises Limited	(a separately registered company)
T Beckett (Saddler) Limited	(a separately registered company)
Trinity Hall Trust	(a separately registered charity)
Wesley Conference Centre Limited	(a separately registered company)
Westminster College Oxford Trust	(a separately registered charity)

For the purposes of these accounts these entities are referred to as The Methodist Church in Great Britain.

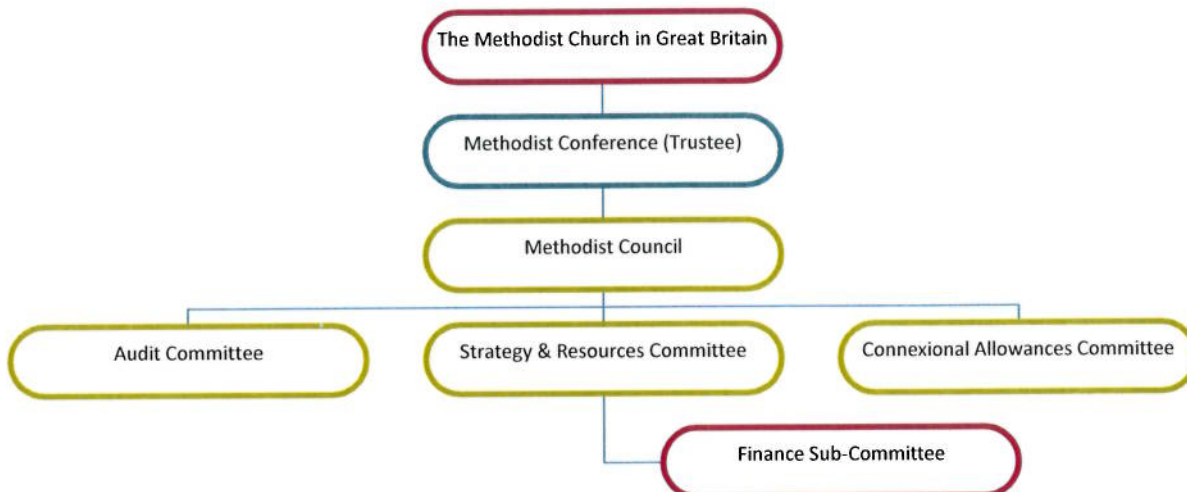
Structure

The Methodist Church applied and became a registered charity on 20 October 2009 (1132208 – “The Methodist Church in Great Britain”). The Methodist Conference is the Trustee. The names of the members of the Conference for each particular year are publically available on the Church’s website. The Methodist Council is appointed annually by the Conference. Amongst other functions it is responsible for the adoption annually of a unified statement of connexional finances, clearly distinguishing between restricted and unrestricted funds and conforming to the law and accounting regulations so as to give an overall view of those monies and other assets for which the Council is responsible. The Council is further responsible for presenting that unified statement of connexional finances to the Conference. The names of the members of the Methodist Council are appended at the end of these accounts.

The basic governance structure so far as the Consolidated Accounts are concerned is presented in the diagram below.

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Trustees Report (continued)



Methodist Conference

The government and discipline of the Methodist Church and the management and administration of its affairs is vested in the Conference. The Conference meets annually in Representative Session and Ministerial Session (and there is in addition a Conference Diaconal Committee). The Conference is a representative body of 306 members comprising ministers, deacons and laypersons from the 31 districts of the Methodist Church of Great Britain as well as other bodies of the Church.

The Methodist Council

The Conference appoints the Methodist Council each year. It consists of 54 people (see page 51 for members) most of whom hold office for four years. The Methodist Council meets at least three times a year. Its terms of reference are to:

- Continuously review the life of the Methodist Church
- Study the work of the Methodist Church and witness throughout the Connexion
- Indicate what changes are necessary or what steps should be taken to make the work of the Church more effective
- Give spiritual leadership to the Church
- Implement Conference decisions
- Report annually to the Conference, bringing to the notice of the Conference matters to which it believes the Conference ought to give urgent attention
- Protect the assets of the Methodist Church

In addition to the above it is particularly responsible for (inter alia):

- Adopting and presenting to the Conference the unified statement of connexional finances
- Recommending the budget for the Methodist Church Fund (unrestricted general reserves)
- Employing lay members of the Connexional Team and being the responsible body recommending the stationing of its ordained members
- Administering the following funds:
 - Methodist Church
 - Connexional Priority
 - World Mission
 - Mission in Britain
 - Fund for Training
 - Fund for Property
 - London Mission
 - Fund for the Support of Presbyters and Deacons
 - Sabbatical

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Trustees Report (continued)

- Making recommendations on expenditure and amounts to be contributed by the Circuits through Districts to fund the next connexional year
- Recommending minimum stipends for Presbyters, Deacons and Probationers including additional allowances to be paid to Superintendent Ministers, District Chairs and the maximum to be reimbursed from the Connexional Sabbatical Fund
- Dealing with all model trust property affairs for all Home Districts and the building, legal and financial aspects of shared schemes under the Sharing of Church Buildings Act 1969, where that act applies.
- Acting generally in relation to property affairs and constituted to discharge the responsibilities of the former Property Division.
- Ensuring that the sale, lease, rental or lending of artefacts, publications and records which are model trust property and which in the view of the Council are historically significant are scrutinised before going ahead.

Governance

Much of the day to day work for which the Methodist Council is responsible is delegated to the Connexional Team Secretaries for matters relating to the objectives of the Connexional Team and local management committees in the case of the training institutions and residential centres. Both the Connexional Team Secretaries and the local management committees report to the Methodist Council.

The following committees have an oversight / governance role in relation to the Methodist Council:

The Strategy and Resources Committee

The Conference appoints annually the Strategy and Resources Committee (SRC), a sub-committee of the Methodist Council. The SRC advises the Council in relation to all matters that are within the SRC's terms of reference, having regard to advice from non-voting members. The Committee, which met four times in the year, has specific responsibility for detailed review and subsequent reporting to the Council on the following aspects of its work:

- Detailed examination of the annual financial statements of Connexional finances;
- Recommendation to the Methodist Council of the annual budget for the Methodist Church Fund;
- Supervision of the work of the General Secretary and Connexional Team;
- Exercising oversight of the general work of the Connexional Team and report to the Council and the Conference;
- Ensuring that a collaborative style of working is adopted throughout the Connexional Team;
- Review and presentation to the Methodist Council of the Annual Trustees' Report and consolidated financial statements; and
- Identification and management of risks.

The Audit Committee

This is a committee of the Conference appointed on the nomination of the Methodist Council. To safeguard its independence members of the Methodist Council or the Connexional Team are barred from serving. This committee nevertheless has powers to require the Connexional Treasurer and any appropriate staff members of the Connexional Team to attend its meetings.

Meeting three times in the year and reporting annually to the Methodist Council, the Audit Committee has responsibility for:

- Advising the Council on the appointment of external auditors;
- Reviewing the consolidated financial statements of the Methodist Council;
- Reviewing, with the auditors, their annual report;
- Reviewing the effectiveness of the financial and other internal control systems with regards to monies and other assets for which the Council is responsible;
- Submitting an annual report to the Council; and

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Trustees Report (continued)

- Reviewing the effectiveness of procedures relating to risks.

Oversight committees

To assist the Council in discharging its duties there are a number of other committees, the key ones being the:

- Finance Sub-Committee of the Strategy and Resources Committee whose remit is to:
 - provide expert advice on financial matters to the SRC;
 - provide the core membership of the Conference Financial Committee;
 - represent as the employer in discussions with the Trustees of Connexional Pension Funds; and
 - to monitor and review the risk register.

[In addition the connexional treasurers and some members of the Connexional Team meet regularly to consider matters of Investment Management, with particular concerns for:

- Monitoring the performance of the Council's investment managers (CFB); and
 - Deciding, on the basis of the requirements of the various funds (under Connexional Team management), the most appropriate investment strategy.
- Connexional Allowances Committee which is responsible for recommending allowances for Ministers and awarding grants from the following funds:
 - Fund for Support of Presbyters and Deacons (FSPD);
 - Methodist Benevolent Fund (MBF);
 - Methodist Ministers Children's Relief Association (MMCRA); and
 - Connexional Travel Fund.
 - Connexional Grants Committee which is responsible for:
 - All Connexional grants, including the establishment of a clear published application process and award criteria
 - Monitoring all grants made by sub-committees and grant streams
 - Operating within annual budget set by Council
 - Monitoring grants made by Districts
 - Establishing clear processes for the longer term monitoring and evaluation of grant expenditure.
 - The Trustees of the Methodist Relief and Development Fund whose remit is to receive, hold and transmit monies for relief, rehabilitation and development under Methodist or, ecumenical or other appropriate oversight primarily overseas.
 - Local Governance/Managing Trustee Committees.

A comprehensive list of the self-accounting entities whose accounts are included into the Methodist Church Consolidated Accounts is provided on page 30. For each of them a local governance committee or group of managing trustees is appointed by the Council to oversee the entity, within the terms of responsibility delegated to them by the Council. Ultimate control in all these cases resides with the Methodist Council. Through a governance scrutiny process overseen by the SRC, the Council aims to monitor standards of governance in all the entities, which are accountable to the Council.

Appointments to the various trustee boards are approved by the Methodist Council on the recommendations of the existing board members, following a selection process that involves a skills audit and advertisement for trustees with the appropriate skills and expertise. Appointments are normally for a six-year period.

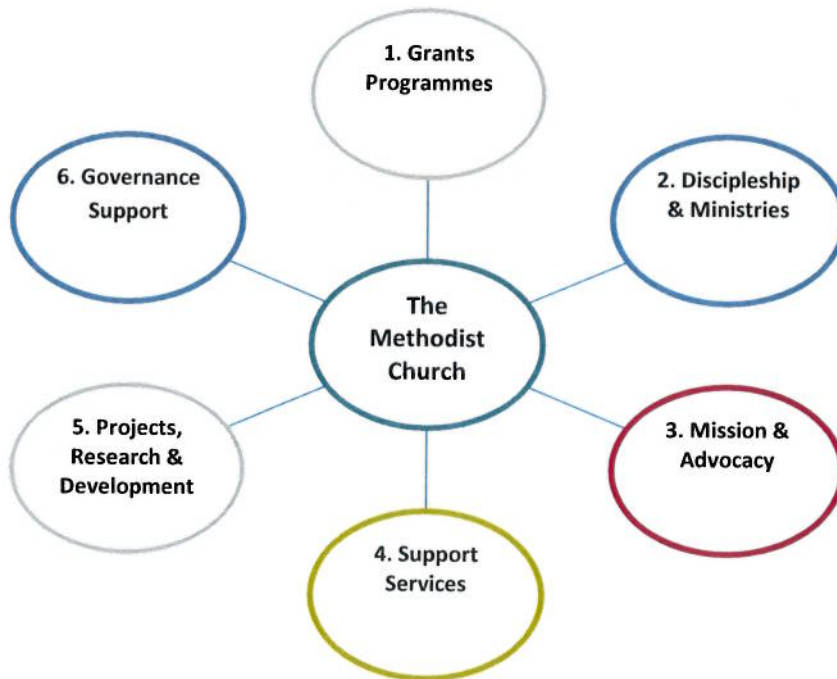
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Trustees Report (continued)

All new trustees undergo induction to familiarise themselves with the aims and work of the charity, and to ensure they understand fully their responsibilities as Board members and the organisational expectations in terms of their commitment. As part of the induction programme, trustees are provided with constitutional, governance, financial and organisational documentation. Trustees also receive regular updates and are made aware of relevant events and training opportunities.

Key Activities

In responding to the Methodist Church's Calling, the Methodist Council organises the work of the Connexional Team in six main areas as follows:



1. Grants Programmes

Three types of grants are available at a “connexional” level: grants to support personnel of the Church; grants to support mission and ministry work of the Church and student grants.

Mission and Ministry Grants

Mission and Ministry in Britain

The Connexional Grants Committee (CGC) assesses applications for funding for Mission and Ministry projects. In doing so the CGC assesses the application against two sets of criteria. The first allows the Committee to assess whether this project should be funded via CGC resources; the second helps the CGC assess how well planned the project is and the outcome it is likely to achieve. Funding for these grants is drawn from a variety of sources including the Mission in Britain, the Connexional Priority and the Epworth funds.

The Methodist Council, through the CGC, made 118 grants for specific pieces of work across the Connexion ranging from £3,000 to £150,000. Work funded includes employing a project worker for three years to work with church communities in the West Midlands and educate them to be aware of the main issues around human trafficking. This will encourage the development of a Connexional response to Human Trafficking, with the Methodist Church offering a lead to ecumenical partners and other faith groups.

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Trustees Report (continued)

A grant was awarded to Church Action on Poverty to lead a three-year strategic campaign, running from January 2011 to December 2013, titled 'Close the Gap'. This involves several Christian groups campaigning for benefit and wage policies that allow people to live and work in dignity.

Mission & Ministry in the World Church Grants

The CGC also administers the Church's international grants. These are given to Partner Churches and organisations overseas to support mission and ministry in their communities. These grants are drawn from the World Mission Fund and the entire cost of a multi-year grant, where there is no break clause, is committed in the year it is approved.

Personnel Support Grants

Small grants are made to Methodist presbyters, ministers, deacons, lay employees and local preachers and their families towards the education of their children, during times of ill health and for one-off financial support. Giving for this purpose draws on a variety of funds including the Fund for the Support of Presbyters and Deacons, Trinity Hall Trust and several benevolent funds.

Westminster College Oxford Trust (WCOT) Grants

Westminster College Oxford Trust holds endowment funds for the benefit of students studying at Oxford Brookes University. Income from these funds is allocated in accordance with the appropriate terms of reference and the restrictions imposed by the donors.

All other grants are made via applications to the Connexional Grants Committee (CGC), whilst a number of grants are made to overseas development projects via the Methodist Relief and Development Fund (MRDF).

Methodist Relief & Development Fund (MRDF) Grants

MRDF awards grants through local partners in their priority countries which are registered non-governmental organisations (NGOs), community based organisations (CBOs) or development offices of Methodist Churches. Humanitarian aid is only allocated through organisations which are existing MRDF partners, Methodist Churches, or through Action by Churches Together (ACT).

Property Grants

The CGC assesses applications for funding by circuits and churches for property projects which have mission aims. Grants are drawn from the Fund for Property, the Connexional Priority Fund and a number of endowment funds.

2. Discipleship & Ministries

Working in conjunction with Districts, Circuits, Training Institutions, and all other responsible bodies, this programme aims to maintain and develop ministry (lay, diaconal and presbyteral) which will assist the whole Connexion in fulfilling all its calling, by:

- Developing and maintaining pathways of initial training that are ecumenical, integrated, flexible and authentically Methodist, and which lead to the appropriate recognition or accreditation and/or provide relevant training opportunities for that form of ministry. Much of this work is undertaken through the maintenance, management and staffing of Methodist theological colleges such as Wesley Study Centre Durham, Cliff College and Hartley Victoria College; and contributions towards the costs of the joint theological colleges and courses as well as the provision of maintenance grants for persons undergoing such training and their dependants.

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Trustees Report (continued)

- Advising on, maintaining and supporting continuing development among those in ordained and lay ministries;
- Work continues on the Fruitful Field project which is analysing the needs of the Church in relation to the pathways, people, and places it utilises to ensure that training and learning are available to all the Methodist people
- 34 individuals completed their pre-ordination training and were received into Full Connexion and Ordained at the 2011 Conference.
- Pre-ordination training takes place at a number of ministerial training institutions or schemes across the country. Fulltime training takes place only at Wesley House Cambridge, Wesley Study Centre Durham and The Queen's Foundation Birmingham. Other institutions and programmes offer part-time training, such as the York Institute for Community Theology which offers a part-time training pathway in partnership with the Urban Theology Unit in Sheffield. The institutions also offer other training opportunities. Specialist staff supported the work of the Church with children and young people and those who volunteer to work with them in communities across the country
- Chaplaincy across nine disciplines was advocated and encouraged through networks of volunteers and paid personnel
- The Church's commitment to evangelism was kept to the fore by ground breaking initiatives in social media and support for local events to celebrate the 'Year of the Bible'

3. Mission & Advocacy

The responsibilities of the Mission and Advocacy staff, which includes Methodist Publishing and the Joint Public Issues Team, include:

- Developing, updating and maintaining the Church's official website at www.methodist.org.uk;
- Promoting advocacy through the publication of educational and informative material on the work of the Methodist Church including specific information on the Methodist Church Fund and the Mission in Britain and World Mission funds;
- Lobbying politicians and other public figures on issues on which the Church has particular views; and
- Publishing and distributing Mission Matters, our quarterly mission journal.
- Through the World Church Relationships staff, engaging with at least 70 countries through Partner Churches.
- Through the National Missions in Appointment scheme, providing funding for a Partner Church to develop appointments of strategic mission significance by employing a member of their own church to carry out the work. The appointments are normally for a period of five years. In 2010-11 twenty five appointments were funded committing a total of almost £800k.
- Sending Mission Partners across the world. Their areas of work are varied including education, agriculture and medicine, as well as pastoral and theological responsibilities. This work costs about £1.4 million per year.

£350,000 is spent per year on scholarship grants for Partner Churches with twenty-three accepted during the year to study in the UK, study elsewhere ('South to South') or as part of a training group in Nigeria.

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Trustees Report (continued)

- The Methodist Church has appointed three people as part of the 'Companions' scheme to Churches in Zimbabwe, Guatemala and South Korea. These volunteers are building up a relationship with a particular Partner Church.

4. Support Services

This area of work includes:

- Safeguarding work which is shared with the Church of England, and provides expert advice and support to all levels of the Church.
- Providing the payroll service for over 2,500 ministers, 700 lay employees and 65 personnel working overseas and paying expenses of the Conference and its committees;
- Administering the funds that are under the managing trusteeship of the Methodist Council;
- Collecting gift aid on behalf of individual churches, circuits and districts;
- Administering a system of capital property project consents that maintain the Church's ecclesiastical exemption regarding its buildings that are listed or in conservation areas;
- Providing managing trustees (at district, circuit and church level) with a wide range of guidance and support to enable them to fulfil their responsibilities.

5. Projects, Research & Development

In addition to the Olympics and Belonging Together projects featured above, the team have been engaged and working on a portfolio of research and projects to support the Connexion which includes:

- The annual collection and distribution of information relating to Statistics for Mission across the Connexion
- The Missing Generation Research project
- The Venture FX Pioneering Ministries project
- The Inspire Project
- The Interfaith Relations project
- The development and sharing of information relevant to Carbon Reduction

6. Governance Support

Staff in the Governance Support cluster enable the proper functioning of the Methodist Church's legal and constitutional responsibilities as laid out in its foundational documents and subsequent constitutional materials approved by the Conference. It assists the Church to develop continually its governance arrangements, enabling it to live out 'Our Calling', and 'Priorities' in new and innovative ways.

Future plans

In the light of the decisions of the 2011 Conference and especially the centrality of the Discipleship motif for future work, the following plans have been accepted by the Methodist Council as areas for work in the year 2011-12 and beyond. The broad headings under which the work is grouped are from the General Secretary's keynote report to the Conference.

- (i) Contemporary Methodism: a discipleship movement shaped for mission...**ministries**

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Trustees Report (continued)

- a bold and radical re-imagining of the ministries required by our Connexion today with enabling strategies and processes brought to future Conferences;
 - new staffing and energy in the support of chaplaincies
 - high quality resources to deepen the discipleship of all ages, stages, and particularly those groupings least evident in our Connexion;
 - partnerships with a variety of groupings and organisations that deliver our focus on discipleship and mission;
 - continuing reflection upon appropriate training of local leaders, story sharing, etc.
- (ii) Contemporary Methodism: a discipleship movement shaped for mission...**advocacy and evangelism**
- support projects giving expression to the foci of discipleship and mission: London Institute for Contemporary Christianity, Inspire, Hope Together, Greenbelt, etc;
 - plan the idea of 'Festivals' to take throughout the Connexion opportunities to engage the discipleship movement shaped for mission in a variety of ways and means;
 - provide time and space to reflect on the radically different approaches to making disciples to those with no Church background at all, and the timelines and resources required to make this a sustainable driver of change;
 - continue our commitment to formal and informal, national and local, established and new patterns for ecumenism and partnerships in mission and ministry;
 - work out new patterns of partnership and ministry with Methodists and United Churches around the world, enabling UK Methodists to live their discipleship on a larger map;
 - sustain the Methodist commitment as a Connexion of Christian disciples to speak prophetically, clearly, courageously, affirmatively and critically to the decision-makers and structures that shape our contemporary society and its communities.
- (iii) Contemporary Methodism: a discipleship movement shaped for mission...**development and personnel**
- continue to roll out professional and inspirational Safeguarding and wellbeing material;
 - ensure the Safeguarding past cases review pilot is undertaken, and in a way demonstrating transparency;
 - shape with greater urgency the Conference decisions about Equality and Diversity issues.
- (iv) Contemporary Methodism: a discipleship movement shaped for mission...**financial and structural**
- develop three-year budgets
 - retain within the budget identified capacity for grasping opportunities to promote and resource a discipleship movement shaped for mission;
 - further clarify CGC grant-making criteria, particularly in relationship to discipleship/mission;
 - improve the Gift Aid service to promote financial aspects of Discipleship;
 - provide a 'discipleship/mission' focus to Conference projects that will help them flourish, through clear purposes, outcomes and evaluation mechanisms
- (v) Contemporary Methodism: a discipleship movement shaped for mission...**property**
- establish jointly with the United Reformed Church a Buildings Group to inspire new energy in the creative use of the Church's physical assets;
 - improve support for Districts and Circuits in dealing with property questions and issues, especially as part of the *Regrouping for Mission* initiative;
 - create the new staff posts agreed by the 2011 Conference.

The Methodist Church in Great Britain

Trustees Report (continued)

Financial Review

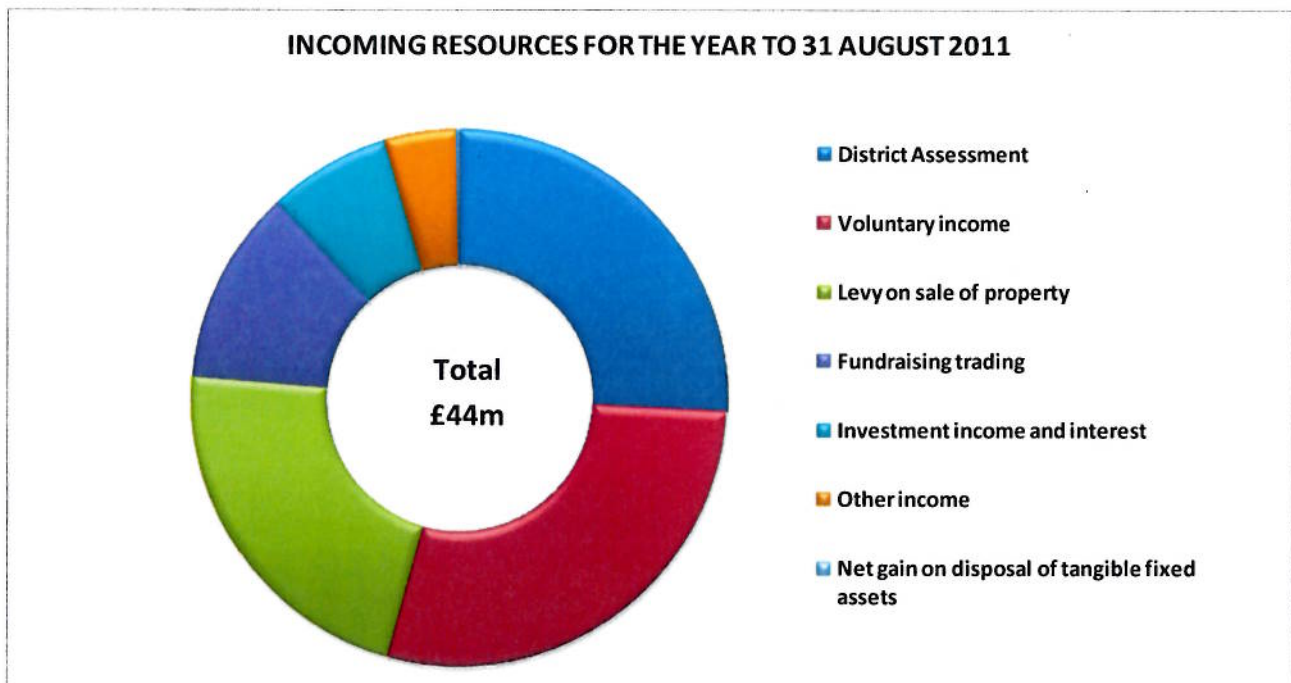
The activities covered in these consolidated accounts are those under the oversight of the Methodist Council. The Methodist Church in Great Britain is the registered charity and the Charity Commission have agreed that these accounts can properly serve as the accounts of the charity.

The funds covered in these consolidated accounts ended the year to 31 August 2011 with net incoming resources before transfers and revaluations of £1 million (2010: £13 million deficit). Total incoming resources for the year were £44 million, up 2% on the previous year. Like for like expenditure increased by 5% to £42m. In 2010, the costs included a one off write down of the net assets of Southlands College totalling £15 million for a grant of a lease of the College by the Methodist Council to Roehampton University for a term of 125 years for a yearly rent of a peppercorn as approved by Conference 2010.

Charitable income

The main sources of charitable income are donations (including legacies), and the district assessment, and together these accounted for 55% of all incoming resources.

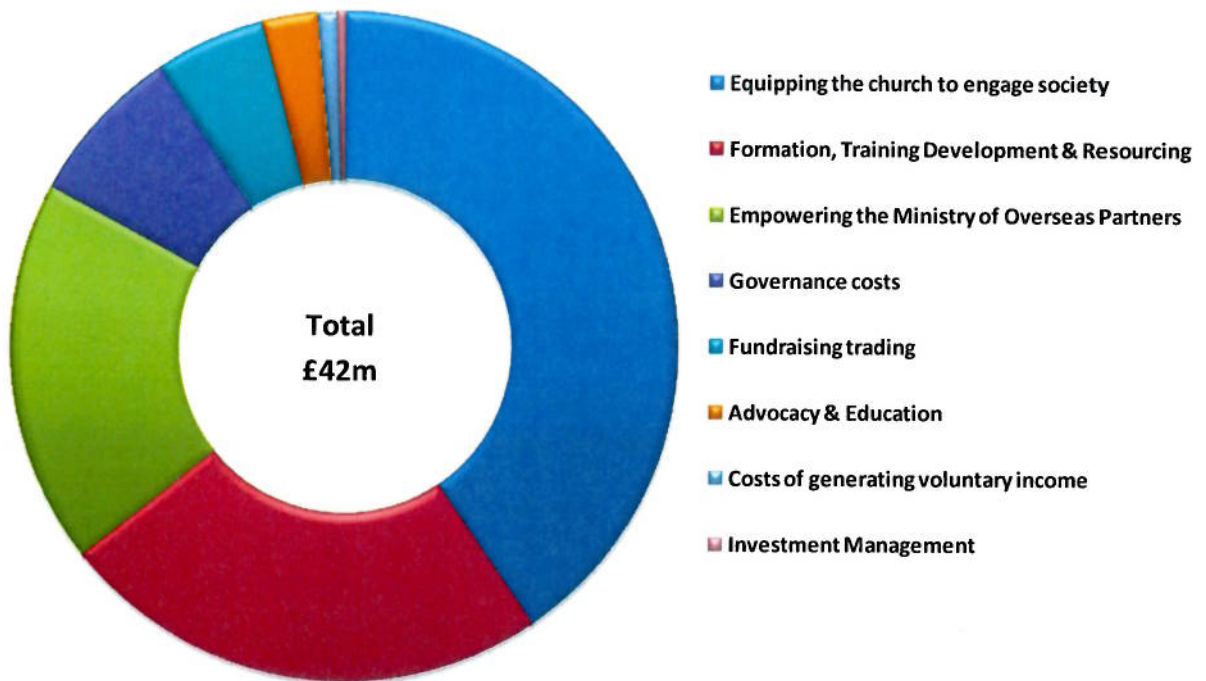
Total income increased by 2% to £44 million (2010: £43 million) primarily due a growth in voluntary income. The increase in voluntary income includes the impact of the consolidation of a new entity, Westminster College Oxford Trust for the first time. Levy income on property sales also increased by over 46% despite the national slump in the property market.



Charitable Expenditure

The underlying increase in total resources expended was 5% after stripping out the impact of the grant of the lease of Southlands College to Roehampton University of £15 million in 2010. Charitable expenditure includes a planned draw-down on restricted and designated funds (the Training Assessment and Connexional Priority Funds).

OUTGOING RESOURCES FOR THE YEAR TO 31 AUGUST 2011

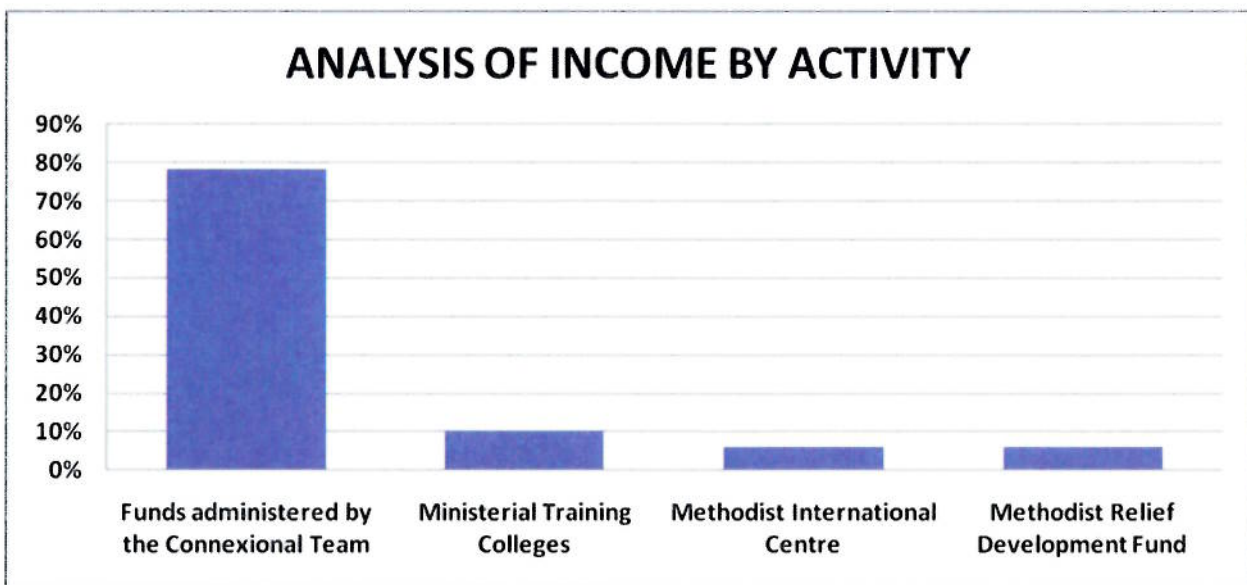
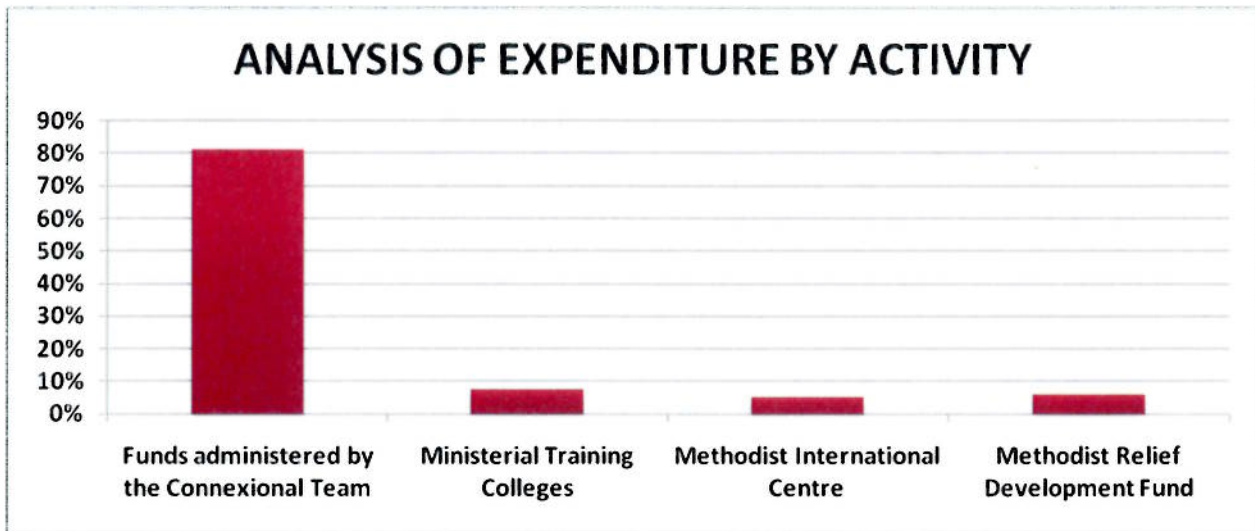


Segmental information

The accounts of the Methodist Church in Great Britain are composed of different entities as set out in note 1 (d) on page 30. These entities are engaged in different activities as follows:

- The “Funds administered by the Connexional Team” include the Methodist Church Fund, the main restricted funds (Mission in Britain, Property Fund, World Mission Fund, the Fund for the Support of Presbyters and Deacons) as well as the Connexional Priority Fund. These funds are applied towards a number of activities including the grants programme, Discipleship and Ministries work, governance, key projects of the Methodist Church (such as Belonging Together, Venture FX , District Development Enablers and Youth Participation Scheme)and Mission and Advocacy work.
- Ministerial training (Cliff College, Hartley Victoria, the Guy Chester Centre, and Wesley College Bristol);
- Supporting international and home students studying in London (Methodist International Centre);
- Empowering people to change structures that are oppressive and unjust, supporting long term development, disaster relief, building the capacity of its local partners, education and advocacy (Methodist Relief Development Fund);
- Advancement of education, in particular teacher training and advancement of further and higher education (Westminster College Oxford Trust, Southlands College (2010 only));

A summary of the income and expenditure is set out in the two graphs below:



The Methodist Church in Great Britain managed reserves

The Methodist Church in Great Britain does not have a blanket reserves policy to cover its operations. Rather, the policies are set locally by the relevant trustee bodies and take into account the unique risk factors faced by each entity. These policies in relation to reserves of material amounts are outlined below.

Methodist Church Fund

The target level of general unrestricted reserves for the Methodist Church Fund operations can be broken down into working capital (£4.5m) and contingencies (£4.5m). As at 31 August 2011 the liquid assets associated with this fund were £7.0m (2010 - £9.3m).

Designated Funds (see note 16 of the accounts for details)

These are funds set aside by the Conference to support the work of the Methodist Church not met through district assessments. The purposes of these funds range from providing training monies, supporting local churches through property grants, funding specific initiatives such as the Youth Participation Scheme (YPS), district development enabler officers and Venture FX to setting aside monies to maintain Methodist Church House. The level of reserves is assessed with reference to the budgeted spend and expected income. Responsibility for setting the most appropriate level of reserves rests with the various committees charged with approving and monitoring outgoings from these funds.

The Methodist Church in Great Britain

Trustees Report (continued)

Methodist Relief and Development Fund (MRDF) £327k (2010: £215k)

General reserves are those “free” unrestricted funds in hand, other than those set aside for designated purposes. These are held either because more general income has been received than was expected or because budgeted expenditure has not been incurred. The Board has established a policy to spend promptly any general reserves on charitable activities.

Cliff College £1.7m – 9 months (2010: £1.7m – 9 months)

It is the policy of Cliff College that unrestricted funds which have not been designated for a specific use should be maintained at a level of not less than three month’s expenditure. The Cliff College Committee considers that reserves at this level will ensure that, in the event of a significant drop in funding, it will be able to continue the charity’s current activities while consideration is given to ways in which additional funds may be raised. Extra reserves are currently being held with the intention of providing en suite accommodation and improving College facilities.

Investment policy and review

Funds not immediately required are invested in marketable securities through the Methodist Church’s in-house investment manager, the Central Finance Board (CFB) of the Methodist Church, whose mission is to:

- Provide a high quality investment service, seeking above average returns for long term investors;
- Follow a discipline in which the ethical dimension is an integral part of all investment decisions;
- Construct investment portfolios which are consistent with the moral stance and teachings of the Christian faith;
- Encourage strategic thinking on the ethics of investment; and
- Be a Christian witness in the investment community.

To ensure that the CFB is working to the highest ethical standards, the Trustees established the Joint Advisory Committee for the Ethics of Investment (JACEI), which is made up of five people nominated by the CFB and five by the Methodist Council. The committee monitors the activities of the CFB to ensure that it complies with the ethics of the Church.

With regard to Investment Management the connexional treasurers and representatives from the Connexional Team decide, after taking advice from the CFB, the most appropriate investment strategy for each fund under the management of the Connexional Team.

In addition to marketable securities, some funds hold freehold property as investments. These tend to be either given to the fund, or are redundant properties that are either rented out or are awaiting disposal. The value of these properties is small in relation to the overall amounts held in marketable securities £11m vs. £114m (2010: £8m vs. £102m).

Performance and holdings

The investments (under the management of the Methodist Church in Great Britain) as at 31 August 2011 are as follows:

Name	31-Aug-11		31-Aug-10	
	£000	% of total	£000	% of total
CFB Managed Mixed Fund (Charity)	2,666	2.33%	2,282	2.34%
CFB Managed Equity Fund (Charity)	23,532	20.64%	24,180	24.83%
CFB UK Equity Fund (Charity)	13,519	11.85%	9,834	10.10%
CFB Overseas Fund	5,576	4.89%	2,280	2.34%
CFB Managed Fixed Interest Fund	3,853	3.38%	4,241	4.35%
CFB Short Fixed Interest Fund	5,440	4.77%	5,600	5.75%
CFB Corporate Bond Fund	18,459	16.19%	15,126	15.53%
CFB Property Fund	5,535	4.85%	3,867	3.97%
CFB Deposit Fund	14,905	13.07%	13,478	13.84%
William Leech Investments Ltd	7,708	6.76%	8,072	8.29%
Investment Properties	10,515	9.22%	7,262	7.45%
Other Investments	2,283	2%	1,139	1.16%
Total	113,991	100%	97,361	100%

Annual capital growth (loss) as at 31 August for CFB managed funds is summarised as follows:

Index	1 year to	5 years to	10 years to
	31.08.11	31.08.11	31.08.11
	% p.a.	% p.a.	%p.a.
Equity & Convertibles			
CFB Managed Mixed Fund (Charity)	6.3	3.5	4.3
CFB Managed Equity Fund (Charity) *	6.4	2.4	3.7
CFB UK Equity Fund (Charity) *	6.1	1.9	3.6
*Figures prior to 01/09/99 relate to CFB Investment Fund			
Fixed Interest			
CFB Managed Fixed Interest Fund	3.7	6.5	5.9
CFB Short Fixed Interest Fund	3.7	6.5	5.8
Corporate Bond Index Composite	1.5	3.9	5.1
Cash (AERs)			
CFB Deposit Fund	1.2	3.3	3.7
Higher Rate Bank Deposits (over £10,000)	0.1	1.1	1.1
1 Week LIBID (less CFB expenses)	0.5	n/a	n/a

Risk Management and Internal Controls

Risk Management

The risk management policy is designed to identify and analyse operational and other risks facing the Methodist Church and, where at unacceptable levels, to take steps to mitigate the risks. The Church currently maintains a corporate risk register broken down under the following headers:

- Strategic and reputational risks;
- Financial risks;
- Compliance risks; and
- Operational risks

The Methodist Church in Great Britain

Trustees Report (continued)

The SRC, working closely with senior management in the Connexional Team, periodically reviews and updates the Connexional Team's risk register; any proposed changes to the register being agreed by Council. As part of their independent monitoring of the effectiveness of the process, the Audit Committee received various reports from the Director of Financial Operations and the Director of Development and Personnel.

Similarly, governance scrutiny groups continue to review the risk management arrangements put in place by the governance body or managing trustees of each of the self-accounting entities.

Derivative arrangements have been entered into by some subsidiary entities in order to mitigate the interest rate risk arising on long term bank loans.

Internal Controls

The principal features of the systems of financial control within the Council include:

- An annual planning and budgeting process;
- An audit committee (see above for details of its terms of reference);
- Delegation of authority to spend within clearly defined limits;
- Segregation of duties wherever possible; and
- Written policies and procedures which describe the operational guidelines to be followed by all members of the Connexional Team.

For the year under review, the Council are satisfied that the major risks to which the Church is exposed have been assessed and are satisfied that systems are in place to manage and mitigate exposure to them and residual risks are at acceptable levels.

The Environment

The Methodist Church takes its responsibility towards the environment seriously (as detailed in *Hope in God's Future*) and has established a Carbon Reduction project, whose management group works with ecumenical partners to lead the church's policy and action in this area. The Methodist Church has set itself an ambitious target of an 80% reduction of carbon emissions by 2050. Interim targets will need to be reviewed annually against a carbon management plan and budgets.

Our environmental goals

- Improved knowledge of the footprint of The Methodist Church and of the measures that would be most effective in reducing carbon emissions;
- Improved knowledge of further technical support that could be made available to support circuits' adaptation of buildings;
- Further financial resources identified to support reduction in carbon emissions; and
- Better equip staff and Ministers to make informed choices to reduce their carbon footprint.

Related parties

The various parts of the legal framework within which the Methodist Church is governed allow for the setting up of separate bodies all reporting into the Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

a) The Trustees for Methodist Church Purposes (TMCP) are the custodian trustees of all property held on the model trust of the Methodist Church Act 1976, except for that in the Channel Islands or the Isle of Man which is held by the Trustees for Jersey Methodist Church Purposes, the Trustees for Guernsey Methodist Church Purposes or the Trustees for Manx Methodist Church Purposes. TMCP shares offices with the Connexional Team in Manchester.

The Methodist Church in Great Britain

Trustees Report (continued)

b) The Central Finance Board of the Methodist Church (CFB) set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The Board has its own fund management department enabling it to provide professional investment management for the Connexional Team as well as other organisations within Methodism.

c) The Methodist Ministers' Housing Society - Set up under the Industrial and Provident Societies Act 1965 and operating from the Connexional Team offices in London, the Housing Society provides housing and associated amenities for retired Methodist ministers, deacons and their partners. The Methodist Council makes regular grants from the Fund for the Support of Presbyters and Deacons (FSPD) in support of its work under Standing Order 364.

d) Other Methodist bodies with which the Connexional Team has regular dealings include the Methodist Ministers' and Lay Employees' Pension Trusts, and the Board of Management for the Methodist Independent Schools.

Full details of transactions with these related parties and any outstanding balances at the year-end are provided under Note 25 of the accounts.

Provision of information to the auditor

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditor is unaware. The Trustees have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Statement of trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- 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 business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**The Methodist Church in Great Britain
Trustees Report (continued)**

Auditor

A resolution proposing the re-appointment of Baker Tilly UK Audit LLP as auditor to the charity will be put to the Methodist Council.

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

D. Walton

**Mr David Walton
Chair of the Council**

Date *23rd January 2012*

The Methodist Church in Great Britain

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain

We have audited the financial statements of The Methodist Church in Great Britain for the year ended 31 August 2011 on pages 25 to 50. 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).

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 22 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2011 and of their 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 requirements of the Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is not consistent with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity 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.

Baker Tilly UK audit LLP.
BAKER TILLY UK AUDIT LLP
Statutory Auditor, Chartered Accountants
Hartwell House, 55 – 61 Victoria Street
Bristol, BS1 6AD

Date: *13 March 2012.*

The Methodist Church in Great Britain

Consolidated Statement of Financial Activities for the year ended 31 August 2011

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2011 £000	Total 2010 £000
Incoming resources:						
Incoming resources from generated funds						
District Assessment		11,223	93	-	11,316	11,934
Voluntary income	2	571	12,353	-	12,924	11,894
Investment income and interest	3	1,012	2,248	-	3,260	5,477
Activities for generating funds						
Fundraising trading	4	745	3,981	-	4,726	5,198
Incoming resources from charitable activities						
Grants and capital levies	5	8,943	685	-	9,628	6,605
Other income		1,151	723	-	1,874	1,750
Other incoming resources						
Net (loss)/ gain on disposal of tangible fixed assets		(97)	5	-	(92)	42
Total incoming resources		23,548	20,088	-	43,636	42,900
Resources expended						
Cost of generating funds						
Costs of generating voluntary income		365	-	-	365	374
Fundraising trading		326	1,798	-	2,124	2,528
Investment Management		86	83	-	169	79
Charitable activities						
Equipping the church to engage society Formation, Training Development & Resourcing		12,807	5,417	-	18,224	16,609
Transfer of Southlands College		-	-	-	-	15,198
Empowering the Ministry of Overseas Partners		829	6,685	-	7,514	8,073
Advocacy & Education		1,058	-	-	1,058	1,135
Governance costs		3,124	2	-	3,126	2,885
Total resources expended	6	26,539	15,697	-	42,236	55,494
Net incoming/(outgoing) resources before transfers						
	8	(2,991)	4,391	-	1,400	(12,594)
Gross transfers between funds	17	1,009	7,676	(8,685)	-	-
Net incoming/(outgoing) resources after transfers and before other recognised gains						
		(1,982)	12,067	(8,685)	1,400	(12,594)
(Losses)/Gains on revaluations and disposal of investment assets		(147)	2,340	(581)	1,612	5,648
Net movement in funds		(2,129)	14,407	(9,266)	3,012	(6,946)
Total funds brought forward						
Total funds brought forward at 1 September		42,915	71,273	21,898	136,086	143,032
Total funds carried forward at 31 August		40,786	85,680	12,632	139,098	136,086

All activities are classed as continuing. The notes on pages 29-50 form an integral part of these financial statements.

The Methodist Church in Great Britain

Statement of financial Activities for the year ended 31 August 2011 - Connexional Funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2011	Total 2010
	£000	£000	£000	£000	£000
Incoming resources					
Incoming resources from generated funds					
District Assessment	11,223	93	-	11,316	11,934
Voluntary income	571	6,412	-	6,983	9,214
Investment income and interest	1,012	2,147	-	3,159	5,339
Activities for generating funds					
Fundraising trading	745	3,475	-	4,220	4,757
Incoming resources from charitable activities					
Grants and capital levies	8,943	219	-	9,162	6,124
Other income	1,151	172	-	1,323	1,181
Other incoming resources					
Net (loss)/gain on disposal of tangible fixed assets	(97)	5	-	(92)	42
Total incoming resources	23,548	12,523	-	36,071	38,501
Resources expended					
Cost of generating funds					
Costs of generating voluntary income	365	-	-	365	379
Fundraising trading	80	1,798	-	1,878	2,266
Investment Management	86	83	-	169	74
Charitable activities					
Equipping the church to engage society	12,815	5,389	-	18,204	16,427
Formation, Training Development & Resourcing	7,945	688	-	8,633	7,782
Empowering the Ministry of Overseas Partners	814	4,251	-	5,065	5,702
Advocacy & Education	1,057	-	-	1,057	1,118
Governance costs	3,089	-	-	3,089	2,829
Total resources expended	26,251	12,209	-	38,460	36,577
Net incoming/(outgoing) resources before transfers	(2,703)	314	-	(2,389)	1,924
Gross transfers between funds	1,009	7,676	(8,685)	-	-
Net incoming/(outgoing) resources after transfers and before other recognised gains	(1,694)	7,990	(8,685)	(2,389)	1,924
(Losses)/Gains on revaluations and disposal of investment assets	(151)	2,334	(581)	1,602	5,555
Net movement in funds	(1,845)	10,324	(9,266)	(787)	7,479
Total funds brought forward					
Total funds brought forward at 1 September	42,660	64,901	21,893	129,454	121,975
Total funds carried forward at 31 August	40,815	75,225	12,627	128,667	129,454

All activities are classified as continuing. The notes on pages 29-50 form an integral part of these financial statements.

The Methodist Church in Great Britain

Balance sheet as at 31 August

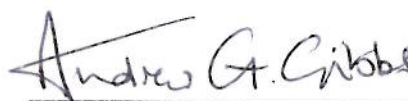
	Notes	The Methodist Church in Great Britain		The Connexional Funds	
		2011 £000	2010 £000	2011 £000	2010 £000
Fixed Assets					
Tangible assets	11	22,871	23,738	20,519	21,630
Investments	12	116,266	102,429	108,084	97,361
		<u>139,137</u>	<u>126,167</u>	<u>128,603</u>	<u>118,991</u>
Current Assets					
Stock		167	201	167	201
Debtors	13	8,366	7,580	8,029	7,349
Short term deposits		12,426	22,351	12,271	22,133
Cash at bank and in hand		1,787	1,687	1,463	1,635
		<u>22,746</u>	<u>31,819</u>	<u>21,930</u>	<u>31,318</u>
Creditors					
Amounts falling due within 1 year	14	(13,093)	(13,140)	(12,174)	(12,095)
				-	
Net current assets		<u>9,653</u>	<u>18,679</u>	<u>9,756</u>	<u>19,223</u>
Total Assets less current liabilities		<u>148,790</u>	<u>144,846</u>	<u>138,359</u>	<u>138,214</u>
Creditors					
Amounts falling due after more than 1 year	15	(9,692)	(8,760)	(9,692)	(8,760)
Net Assets		<u>139,098</u>	<u>136,086</u>	<u>128,667</u>	<u>129,454</u>
The funds of the Methodist Church in Great Britain					
Endowment funds	18	12,632	21,898	12,627	21,893
Restricted income funds	17	85,680	71,273	75,225	64,901
Unrestricted income funds	16	40,786	42,915	40,815	42,660
Total funds		<u>139,098</u>	<u>136,086</u>	<u>128,667</u>	<u>129,454</u>

The notes on pages 29 to 50 form an integral part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 24 January 2012 and signed on their behalf by:



Mr David Walton
Chair of Council



Mr Andrew Gibbs
Connexional Treasurer

The Methodist Church in Great Britain

Consolidated cashflow statement as at 31 August		2011		2010	
	Notes	£000	£000	£000	£000
Net cash outflow from operating activities	(a)		(3,686)		(5,111)
Returns on investments & servicing of finance					
Deposit interest received & investment income			2,580		4,939
Capital expenditure and financial investments					
Payments to acquire tangible fixed assets		(749)		(2,949)	
Receipts from sales of tangible fixed assets		865		2,480	
Purchase of fixed assets investments		(13,430)		(7,761)	
Proceeds from the disposal of fixed assets investments		4,883		3,379	
			<u>(8,431)</u>		<u>(4,851)</u>
Financing					
Repayment of loans		(245)	(245)	(1)	(1)
Net cash outflow in the year			(9,782)		(5,024)
Net cash resources at 1 September	(b)		23,610		28,634
Net Cash resources at 31 August			<u>13,828</u>		<u>23,610</u>

(a) Reconciliation of net incoming resources to net cash flow from operating activities

	2011	2010
	£000	£000
Net incoming / (outgoing) resources for the year	1,400	(12,594)
Loss / (gain) on disposal of tangible fixed assets	92	(42)
Asset based grant - Hunter Rowe (2010 Southland College)	1,168	15,198
Investment income	(3,260)	(5,477)
Depreciation	202	211
Increase / (decrease) in stocks	34	(60)
Increase in debtors	(786)	(2,997)
Increase creditors	1,130	1,045
Non cash income 2011- Westminster College		
Oxford Trust (2010 - 1969 Trust & York Institute)	(3,666)	(395)
Net cash outflow from operating activities	<u>(3,686)</u>	<u>(5,111)</u>

(b) Analysis of net cash resources

	At 31 Aug 10	Cash flow 2011	At 31 Aug 2011
	£000	£000	£000
Cash at bank and in hand	1,687	100	1,787
Overdrafts	(428)	43	(385)
Short term deposits	22,351	(9,925)	12,426
Total	<u>23,610</u>	<u>(9,782)</u>	<u>13,828</u>

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011

1. Accounting policies

a) Basis of accounting

The consolidated accounts of The Methodist Church in Great Britain have been prepared under the historical cost convention, except for investments which are stated at market value (hotel properties are held at valuation), and are in accordance with applicable accounting standards and the Statement of Recommended Practice 2005 (SORP), Accounting and Reporting by Charities issued in March 2005 and the Charities Act 1993 and 2006.

b) Basis of preparation

The entities included in these accounts have been consolidated based on the view of the Council of the degree of control which it exercises over the entities concerned which is constantly under review.

c) Basis of consolidation

The consolidation principles applied are based on Financial Reporting Standard (FRS 2) & SORP 2005 Para 381-385 which requires consolidation of all legally-controlled entities, where a majority of voting rights are held in order to show a true and fair view.

All of the entities listed on page 7 are consolidated on the grounds that the Methodist Conference has the right to exercise dominant influence, and this influence is demonstrated in a number of ways, but mainly through the selection of the trustees on the boards of these entities.

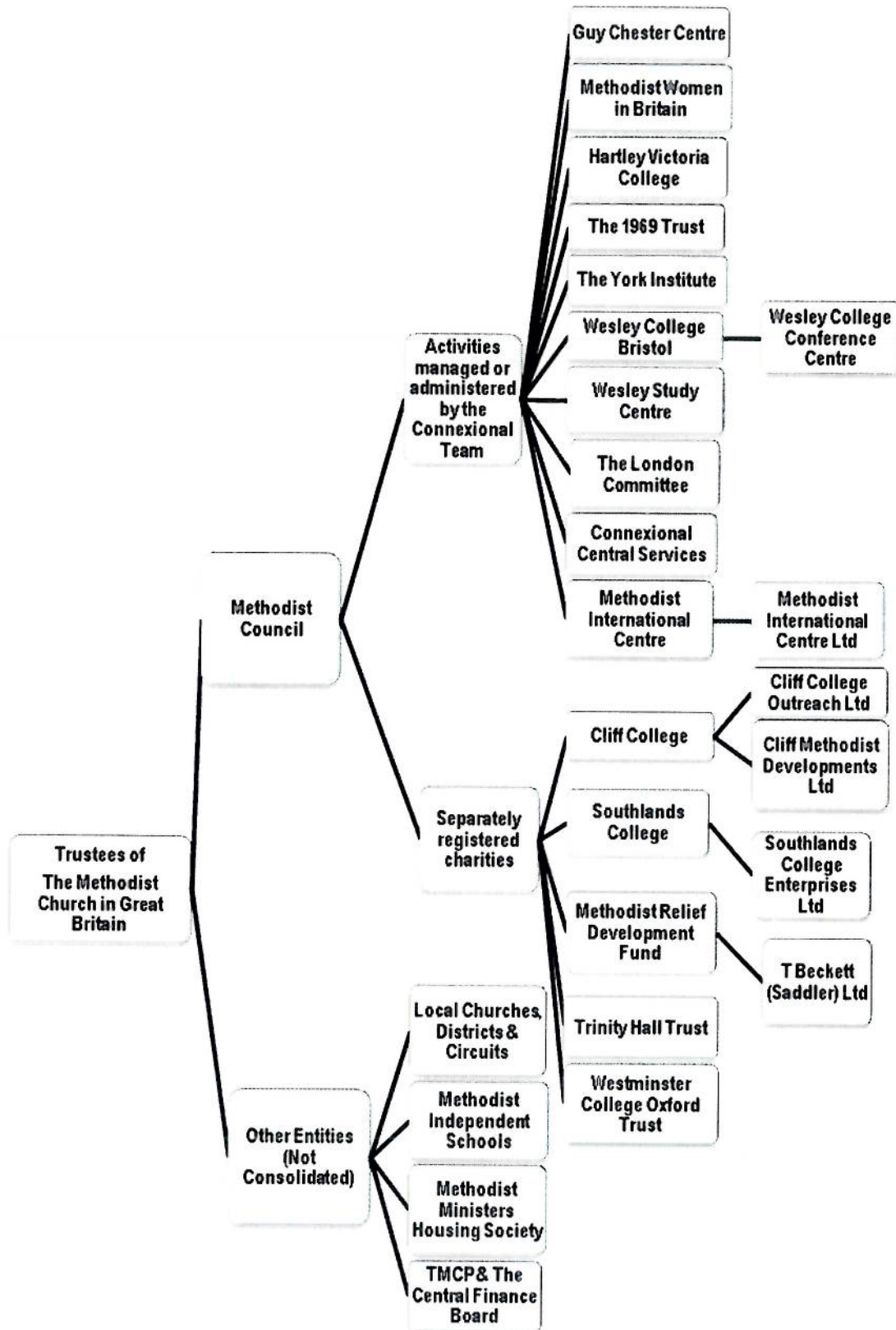
All the entities which are separately registered as charities, together with their wholly owned trading subsidiaries, have been consolidated as subsidiaries on a line by line basis in accordance with FRS2 and SORP 2005.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

1. Accounting Policies (continued)

d) The accounting / reporting structure



The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

1. Accounting Policies (continued)

e) Excluded entities - grounds for exclusion under paragraph 383 of SORP 2005

A number of entities have been excluded from the consolidation. These are:

- Local Churches, Circuits and Districts
- Methodist Independent Schools
- Trustees for the Methodist Church Purposes (TMCP)
- The Central Finance Board (CFB)
- Methodist Ministers Housing Society

Whilst these entities might form part of the overall picture of the Methodist Church, the Methodist Council does not control their activities.

f) Incoming resources

District assessment

The District Assessment is accounted for on a receivable basis.

Voluntary income

Donations, contributions and legacies are accounted for when entitlement has been confirmed, the amount can be measured accurately and receipt is certain. In accordance with this policy, legacies are included when advice has been received from the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified with reasonable certainty.

Capital levies

Capital levies are due on the disposal of property by churches, circuits and districts under Standing Order 970 of the Constitutional Practice and Discipline of the Methodist Church and are accounted for on a receipts basis.

Grants receivable

Grants receivable are included when the relevant conditions for the grant have been met.

Rental income

Rental income is accounted for on a receivable basis. Rental income is included within fundraising trading within the Statement of Financial Activities

All other incoming resources

All other incoming resources are accounted for on an accruals basis.

g) Resources expended

All resources expended are accounted for on an accruals basis. Any ensuing liabilities are recognised as soon as a legal or constructive obligation arises.

Costs of generating funds

Costs of generating funds include the direct costs of fundraising trading, investment management, custody fees and a proportion of shared and indirect support costs.

Charitable activities

Charitable activities: These include the direct costs of the activities. Where such costs relate to more than one functional cost category, they have been apportioned based on the relative size of the direct costs of the relevant service units.

Support costs: Support costs include the central functions and have been allocated to fundraising, charitable activities and governance in proportion to the directly attributable costs of these activities.

1. Accounting policies (continued)

Governance costs

These are the costs associated with constitutional and statutory requirements and include external audit, legal advice on governance issues, district chairs, trustees' expenses and a proportion of shared and indirect support costs.

Grants payable

Grants payable have been accounted for in full to the extent that past events have created a legal and constructive expectation in other parties that the Church will honour commitments, both legal and implied and any attaching conditions are outside the Church's control. All grants are denominated in sterling.

h) Funds

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the trustees' particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of the major restricted funds is set out in the notes to the financial statements.

Endowment funds represent monies received from donors where there is some restriction on the use of the initial capital.

Investment income is allocated to the appropriate fund in the case of restricted funds and in accordance with the terms of the endowment in the case of endowment funds

i) Gains/(losses) on investments

Realised and unrealised gains and losses on investments are dealt with in the Consolidated Statement of Financial Activities in the year in which they arise.

j) Pension costs

The Church's defined benefit pension schemes are treated for accounting purposes as though they are defined contribution schemes on the grounds that both are multi-employer schemes and that the Church is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis. For defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the contributions payable in the year.

k) Tangible fixed assets

Properties are stated at cost. The Trustees consider that the lives of the properties are so long and their residual values so high based on prices prevailing at the time of acquisition that the annual depreciation charge and accumulated depreciation is not material. Accordingly, no depreciation is provided on freehold properties used for charitable activities. Any material impairment in the value of such properties, following an annual review, would be chargeable to the Consolidated Statement of Financial Activities. Hotel properties are held at valuation.

In line with FRS 15 requirements, the managing trustees of the various entities have reassessed the market value of their existing land and buildings and are of the opinion that it significantly exceeds the book value of the assets.

Assets having an initial cost of £1,000 or less are written off on acquisition. Furniture & fittings, computer equipment, computer software and motor vehicles having an initial cost greater than £1,000 are stated at

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

1. Accounting policies (continued)

cost less depreciation which is charged on a straight line basis. Computer equipment and software are depreciated at the rate of 33 1/3% per annum.

Furniture & fittings and motor vehicles are depreciated at the rate of 20% per annum.

l) Heritage assets

Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Where the Church has information on the cost or value of a heritage asset then it will account for it at that cost or valuation. Where this information is not available and the historical cost information cannot be obtained the assets have been excluded from the balance sheet.

There are four Methodist Heritage sites in Great Britain which fit into this definition. These are: The Old Rectory, Epworth, Lincolnshire - the childhood home of John and Charles Wesley; The New Room (John Wesley's Chapel), Bristol - the first-ever Methodist building in the world; Wesley's Chapel & House, & The Museum of Methodism, London - John Wesley's London base, (from which he travelled 250,000 miles to preach, and the place of his death and burial) and Englesea Brook Chapel & Museum of Primitive Methodism, near Crewe - exhibitions and activities focusing on one strand of 19th century Methodism.

All these assets are under the trusteeship of a number of districts and circuits which are not included in the consolidated accounts of the Church.

m) Investments

Investment properties are revalued by firms of professional valuers triennially, and in between by the trustees.

The market value of quoted securities is based on the middle market quotation on the relevant Stock Exchange. Investments, which are held in units in the Central Finance Board, are stated at the Board's published valuations. Investments in William Leech (Investments) Ltd are stated at the underlying value of the net assets based on the company's audited Balance Sheet at 31 March 2011, updated by the value of any share acquisitions (at cost) up to 31 August 2011.

n) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

o) Operating Leases

Annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term

p) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

q) Irrecoverable VAT

Irrecoverable VAT has been charged to the expenditure to which it relates to within the Statement of Financial Activities.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

	Unrestricted £000	Restricted £000	Endowment £000	2011 Total £000	2010 Total £000
2 Voluntary Income					
Donations	560	10,170	-	10,730	8,445
William Leech (investments) Ltd	-	651	-	651	640
Legacies	11	1,532	-	1,543	2,809
	571	12,353	-	12,924	11,894
	Unrestricted £000	Restricted £000	Endowment £000	2011 Total £000	2010 Total £000
3 Investment Income					
Investment properties	102	176	-	278	244
Central Finance Board Investments	621	1,830	-	2,451	3,934
Deposits interest and other investment income	289	242	-	531	1,299
	1,012	2,248	-	3,260	5,477
	Unrestricted £000	Restricted £000	Endowment £000	2011 Total £000	2010 Total £000
4 Fundraising trading					
Sales	212	2,152	-	2,364	1,037
Rental Income	523	637	-	1,160	1,130
Other operational activities	3	1,192	-	1,195	3,031
Advertising income	7	-	-	7	-
	745	3,981	-	4,726	5,198
	Unrestricted £000	Restricted £000	Endowment £000	2011 Total £000	2010 Total £000
5 Grants receivable					
Capital levies	8,806	-	-	8,806	5,130
Other incoming grants	137	685	-	822	1,475
	8,943	685	-	9,628	6,605

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

Note 6 Total Resources Expended

	Direct Costs	Support Costs	2011 Totals	2010 Totals
Resources expended				
Cost of generating funds				
Costs of generating voluntary income	278	87	365	374
Fundraising trading	2,124	-	2,124	2,528
Investment Management	169	-	169	79
Charitable activities				
Equipping the church to engage society	16,715	1,509	18,224	16,609
Formation, Training Development & Resourcing	8,417	1,239	9,656	8,613
Transfer of Southlands College	-	-	-	15,198
Empowering the Ministry of Overseas Partners	7,159	355	7,514	8,073
Advocacy & Education	767	291	1,058	1,135
Governance costs				
	2,444	682	3,126	2,885
	38,073	4,163	42,236	55,494

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

7 Grants Payable

	2011				2010	
	Total	Individual	Institutions	UK	Overseas	Total
Resourcing Mission at Home						
Non-Property Grants	£000	£000	£000	£000	£000	£000
Mission & ministry general grants	1,272	-	1,272	1,272	-	1,855
Connexional Priority Fund	5,238	-	5,238	5,238	-	2,706
Ministry to Women	-	-	-	-	-	5
Ministerial Training support	3,408	-	3,408	3,408	-	3,059
Formal Relationships	217	-	217	217	-	135
Chaplaincy	82	-	82	82	-	78
Other Non-Property grants	-	-	-	-	-	200
	10,217	-	10,217	10,217	-	8,796
Property Grants						
Standard Property Grants	1,852	-	1,852	1,852	-	698
	1,852	-	1,852	1,852	-	698
Resourcing Mission Overseas						
General Grants	2,076	-	2,076	-	2,076	1,933
Nationals in Mission Appt.	673	-	673	-	673	483
Scholarships Programme	509	-	509	-	509	383
World Church in Britain	9	-	9	-	9	136
Lay Professional Programme	(409)	-	(409)	-	(409)	203
Relief and other sundry grants	1,722	-	1,722	-	1,722	1,775
	4,580	-	4,580	-	4,580	4,913
Sundry Grants						
Ministerial support & benefits	818	818	-	818	-	805
Contingency Grants	138	138	-	138	-	141
Sabbatical grants	38	38	-	38	-	88
Initial & Removal grants	49	49	-	49	-	54
Island Travel	15	15	-	15	-	20
Archives and History	98	-	98	98	-	5
Hunter Rowe Bequest	1,168	-	1,168	1,168	-	-
Other Miscellaneous Grants	85	-	85	85	-	500
Southlands College- Roehampton University	-	-	-	-	-	15,198
	2,409	1,058	1,351	2,409	-	16,811
Total	19,058	1,058	18,000	14,478	4,580	31,218

7a. A grant of a lease of Southlands College to Roehampton University for a term of 125 years as approved by Conference 2010. The net value of the total assets transfer was £15.2 million.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

8 Net incoming resources before transfers

This is stated after charging for the year ended 31 August as follows:

	2011	2010
	£000	£000
Audit Fees:		
Connexional Funds – payable to Baker Tilly UK Audit LLP	47	53
Other Self accounting entities – payable to Baker Tilly UK Audit LLP	31	15
Payable to other auditors – for audit of self accounting entities	6	6
Non audit fees – payable to Baker Tilly UK Audit LLP or its related entities	-	16
Depreciation	202	211

9 Stipends & Salary costs

The Methodist Council appointed or employed an average of 238 (2010 – 252) people during the year, calculated on a full time equivalent basis, and a further 129 (2010 – 129) people were appointed locally, all of whose costs were chargeable to the Methodist Church consolidated accounts as follows:

	2011	2010
	Total	Total
	£000	£000
Stipends and salaries	10,017	11,125
Redundancy costs	417	454
Temporary staff costs	470	449
Social security costs	916	928
Pension costs (Note 10)	1,922	1,749
	13,742	14,705

No employees were paid £60k or more during the year (2010 – NIL).

10 Pension costs

Methodist Church Pension Arrangements

The Methodist Council operates two defined benefit pension schemes – the Methodist Ministers' Pension Scheme for ministers and the Pensions and Assurance Scheme for Lay Employees of the Methodist Church. The assets of the two schemes are held separately from the Methodist Church Consolidated Accounts in independently administered funds.

Contributions to the schemes are charged to the Consolidated Statement of Financial Activities in the year in which they are payable.

Under the rules of the two Methodist Church pension schemes for ministers and lay workers the Methodist Council has an undertaking to indemnify the trustees against any liabilities that might arise in the proper discharge of their duties as pension trustees. No provision has been made in the financial statements to 31 August 2011 (2010 £nil) in respect of this matter.

10 Pension costs (continued)

Alternative Pension Arrangements

The total pension costs for the year to 31 August 2011 as set out in Note 9 above reflects the costs to the employer of the two pension arrangements. There are no outstanding or prepaid contributions at the balance sheet date.

Methodist Ministers' Pension Scheme (MMPS)

There are 1,650 ministers who are members of the MMPS; of these 1,600 are stationed to posts under the control of the Methodist Church.

The last full actuarial valuation of the whole scheme was assessed, using two key measures, as at 1 September 2008 by an independent actuary. The results of the valuation were as follows:

A shortfall of £39m relative to the technical provisions (i.e. the level of assets agreed by the Trustee and the Methodist Council on behalf of Conference as being appropriate to meet members' benefits, assuming the Scheme continues as a going concern).

An estimated shortfall of £111m relative to the solvency position (i.e. the estimated level of assets needed to buy insurance policies for benefits earned to the valuation date).

Action taken to meet the shortfall

Following consideration of the valuation results the Trustee and the Conference agreed that the shortfall relative to the technical provisions should be eliminated by the Church paying additional contributions of 7% per annum of Stipends commencing on 1 September 2009 increasing to 14% per annum of Stipends from 1 September 2010 over the working lifetimes of current active members. The latter figure was subsequently reduced to 10.6% by the Conference of 2010.

Ongoing contribution rate

Accordingly, after allowing for the increase in the member contribution rate payable from 1 September 2009 from 7% to 9%, and the required increase in contributions to meet the shortfall, the contributions payable from the Circuits increased from 17% to 22% per annum of Stipends from 1 September 2009.

The Trustee and the Conference agreed that contributions payable by the Circuits would increase by a further 3.6% to 25.6% per annum of Stipends from 1 September 2010.

The pension charge for the year was £0.351m (2010 £0.323m).

Pensions and Assurance Scheme for Lay Employees of the Methodist Church

The Methodist Council is the principal employer of this multi-employer defined benefit scheme for lay employees. Its employees both past and present account for more than 80% of scheme members.

The scheme has not been accounted for in accordance with FRS17 but this disclosure has been included, to add clarity as the actuaries are of the opinion that it is not possible to identify on a consistent and reasonable basis, the share of the underlying assets and liabilities of the individual schemes attributable to the Methodist Church Consolidated Accounts.

The contributions by the Methodist Council and the scheme members' contributions of the scheme were 20.6% and 7% of pensionable pay respectively.

A full actuarial valuation was carried out as at 1 September 2008 by a qualified independent actuary. The results were as follows:

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

10 Pension costs (continued)

A shortfall of £2.2m relative to the technical provisions (i.e. the level of assets agreed by the Trustee and the Methodist Council as being appropriate to meet members' benefits, assuming the Scheme continues as a going concern). This shortfall is equivalent to contributions of 4.5% pa over the working lifetimes of current active members payable from 1 September 2009.

An estimated shortfall of £12.7m relative to the solvency position (i.e. the estimated level of assets needed to buy insurance policies for benefits earned to the valuation date).

The long term rate of contributions required to meet the cost of future service benefits amounts to 27.6% of Pensionable Earnings.

Agreed action

Following consideration of the valuation results the Trustee and the Methodist Council have agreed the following:

- after consultation with members the rate of contributions paid by members of the Scheme will increase from 7% pa to 8% pa of Pensionable Earnings from 1 September 2009.
- the Employers' contribution rate will increase from 18.1% to 24.1% of Pensionable Earnings both to meet the cost of benefits accruing in the future and to eliminate the shortfall. The payment of the additional contributions amounting to 4.5% of Pensionable Earnings over the working lifetimes of current active members to eliminate the shortfall is confirmed in the Recovery Plan which has been agreed by the Trustee and the Methodist Church.

11 Tangible Assets

(a) The Methodist Church in Great Britain

	Freehold Land & Building	Furniture & Fittings	Computer Equipment	Motor Vehicle	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 September	21,278	3,170	624	51	25,123
Additions during the year	659	60	30	-	749
Transfer to investments (Note 12)	(457)	-	-	-	(457)
Disposals	(924)	(11)	(1)	(21)	(957)
Total	20,556	3,219	653	30	24,458
Depreciation:					
At 1 September	-	910	450	25	1,385
Charge for year	-	94	104	4	202
Totals	-	1,004	554	29	1,587
Net Book Value:					
At 31 August 2011	20,556	2,215	99	1	22,871
At 31 August 2010	21,278	2,260	174	26	23,738

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

11 Tangible Assets (continued)

(b) The Connexional Funds

	Freehold Land & Building	Furniture & Fittings	Computer Equipment	Motor Vehicle	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 September	19,237	3,026	518	16	22,797
Additions during the year	405	4	22	-	431
Transfer to investments	(457)	-	-	-	(457)
Disposals	(924)	-	(1)	(2)	(927)
Total	18,261	3,030	539	14	21,844
Depreciation					
At 1 September	-	768	367	12	1,147
Charge for year	-	84	92	2	178
Totals	-	852	459	14	1,325
Net Book Value:					
At 31 August 2011	18,261	2,178	80	-	20,519
At 31 August 2010	19,237	2,237	152	4	21,630

Included within the group's fixed assets is a number of works of art donated over the years to Westminster College Oxford Trust (a separately registered subsidiary charity of The Methodist church in Great Britain). These are on permanent loan to Oxford Brookes University. A list of these items was compiled previously and the items were valued at a market value of £130,000 at 5 April 2009. This valuation is deemed to remain reasonable by the Trustees as at 31 August 2011.

12 Investments	The Methodist Church in Great Britain		Connexional Funds	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Market Value as at 1st September	102,429	94,006	97,361	89,732
Additions	16,914	9,461	13,160	6,577
Transfer in (see note 12a)	457	-	-	6,670
Disposals	(4,703)	(6,463)	(3,592)	(11,266)
Revaluations William Leech	(581)	1,221	(581)	1,221
Net unrealised Investment (losses)/gains	1,750	4,204	1,736	4,427
Market Value as at 31st August	116,266	102,429	108,084	97,361

The Investments comprise:

Investment Properties	12,767	8,062	9,067	7,262
Central Finance Board units	78,753	69,084	77,091	67,387
Central Finance Board deposit fund	14,919	14,476	13,191	13,478
William Leech Ltd	7,708	8,072	7,708	8,072
Other Investment	2,119	2,735	1,027	1,162
Total	116,266	102,429	108,084	97,361

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

12a Transfer of assets into investments

£000

Hazlehurst, 7 Colney Hatch Lane, Muswell N10 as part of Guy Chester Centre

£ 457

Included within investment properties are:

- i) 81-103 Euston Street, London, which has a mixed use: 60% for charitable purposes included in Tangible Fixed Assets and 40% for investment purposes. The value of this investment is considered annually by the Trustees in accordance with SSAP 19.
The property 81-103 Euston Street, London was revalued by I Thompson MRICS and G Bromley MRICS of GVA Grimley Limited, acting as external valuers as defined in the RICS Valuation Standards, on 21st July 2010 at £8,000,000. The Trustees have considered whether this valuation remains reasonable at 31 August 2011 and have concluded that it does.
- ii) Land and buildings that were leased to Oxford Brookes University by Westminster College Oxford Trust (a separately registered subsidiary charity of The Methodist Church in Great Britain). A professional valuation was performed as at 5 April 2009. The reversionary interest was valued by Andrew Lockhart FRICS MCI Arb of VSL and Partners, Kidlington, Oxfordshire at £2,900,000 on the basis of open market value. The Trustees have considered whether this valuation remains reasonable at 31 August 2011 and have concluded that it does. An updated professional valuation will be obtained as at 31 August 2012 when the work on the new student accommodation and leisure facilities is complete.

The value of all other investment properties is considered annually by the Trustees in accordance with SSAP 19.

13 Debtors	The Methodist Church in Great Britain		Connexional Funds	
	2011	2010	2011	2010
	£000	£000	£000	£000
Prepayments and accrued Interest	1,261	1,186	1,049	1,114
Loans to related Methodist entities	989	640	989	640
Other debtors	6,116	5,754	5,991	5,595
	8,366	7,580	8,029	7,349

14 Creditors : amounts falling due within one year	The Methodist Church in Great Britain		Connexional Funds	
	2011	2010	2011	2010
	£000	£000	£000	£000
Accruals	170	211	91	211
Loans	138	-	138	-
Overdraft	385	428	385	428
Tax and social security	299	417	299	417
Grant commitments	4,689	6,046	4,689	6,046
Other creditors	7,412	6,038	6,572	4,993
	13,093	13,140	12,174	12,095

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

15 Creditors: Amounts falling due after more than one year

	The Methodist Church in Great Britain		Connexional Funds	
	2011	2010	2011	2010
	£000	£000	£000	£000
Grant commitments	6,946	5,631	6,946	5,631
Loan	2,746	3,129	2,746	3,129
	9,692	8,760	9,692	8,760

Grant commitment creditors represent grants approved that are yet to be paid. Some grants agreed in principle via MRDF, a separately registered subsidiary charity of The Methodist Church in Great Britain, for grants to project delivery partners are approved in principle for two, three or five years. These subsequent grants represent planned future commitments, but are not recognised as a liability when they are approved, as payment is conditional upon certain performance and financial milestones. As at 31 August 2011, planned future commitments under formal multi-year funding cycle approvals amounted to £0.9m (2010: £1.3m).

Included within loans is a bank loan secured by a mortgage dated 19 October 2004 over the property known as Euston House, 81-103 Euston Street, London NW1 2 EZ. The details of the loan are as follows:-

Repayment terms: over 20 years.

Interest rate: 1.25% above HSBC base rate, floating.

Current monthly repayment of capital and interest is £23k (2010: £23k)

On the same date, as a condition for the additional loan, part of the total loan had to be placed under a Structured Collar agreement with HSBC Bank Plc. The details of this are as follows:-

The purpose of the agreement is to hedge against significant movement in interest rates. The arrangement is for a 5 year period ending on 6th October 2013. The Cap Rate is 5.75% and the Floor Rate is 3.99%. Interest is charged quarterly on the 6th of January, April, July and October. The significant risk is that the interest actually payable can be higher than the current market rates prevailing. On 31st August 2011, balance outstanding under the agreement was £2.9m (2010: £1.5m).

16 Unrestricted funds

(a) The Methodist Church in Great Britain

	Balance as at 31.08.10	Movement in Resources		Transfers between funds	Gain / (losses) on Investment	Balance as at 31.08.11
	£000	Incoming £000	Outgoing £000	£000	£000	£000
	Designated	24,282	9,778	(7,323)	(3,013)	(237)
General	18,633	13,770	(19,216)	4,022	90	17,299
Totals	42,915	23,548	(26,539)	1,009	(147)	40,786

(b) Connexional Funds

	Balance as at 31.08.10 Restated	Movement in Resources		Transfers between funds	Gain / (losses) on Investment	Balance as at 31.08.11
	£000	Incoming £000	Outgoing £000	£000	£000	£000
	Designated	24,282	9,778	(7,323)	(3,013)	(237)
General	18,378	13,770	(18,928)	4,022	86	17,328
Totals	42,660	23,548	(26,251)	1,009	(151)	40,815

The transfers between funds include amounts released from endowment into restricted funds with the approval of the Methodist Council.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

16 Unrestricted funds (continued)

Notes

1. **CPF – Connexional Priority Fund** is built from the levies charged on all capital money arising from the sale, letting or other disposition of Methodist land held for local, circuit or district purposes and any income arising there from and is available for grants to circuits and distribution to districts.

2. **Epworth Fund.** This designated fund is utilised to make grants for special projects or new initiatives which do not qualify for funding from other Methodist sources.

3. **Annesley Fund.** This was set up from the proceeds of sale of Annesley House and is available partly to support Mission in Britain Fund and partly to support work with vulnerable women.

4. **Connexional Travel Fund.** This is a connexional fund set aside to give grants to ministers on long-term sick leave to compensate them for the loss of business mileage payments.

5. **Designated Training Fund.** This fund is designated from the amounts received from District Assessments to meet expenses of Training ministers and deacons.

6. **Computers for ministry.** This fund was set up following a decision of Conference last year to create a fund from which ministers and deacons will be able to purchase a computer for their work. In the first year, no levies were received from the districts and thus the deficit balance at the year end.

7. **The Pension Reserve Fund.** This fund was set up for the to cover the deficit in the Ministers' and lay staff pension schemes.

Unless undesignated by a decision of the Trustees, these funds are expected to and likely to continue into the foreseeable future.

17 The Methodist Church in Great Britain

(a) Restricted Funds	Balance as at 31.08.10	Movement in Resources		Transfers between funds	Gains on Investment	Balance as at 31.08.11
	£000	Incoming	Outgoing			£000
		£000	£000	£000	£000	£000
1. Fund for the Support of Presbyters and Deacons	6,385	583	(639)	140	112	6,581
2. Mission in Britain Fund	1,775	1,352	(154)	1,885	(1)	4,857
3. Mission Alongside the Poor	380	12	(19)	(373)	-	-
4. Property Fund	4,913	46	(803)	31	19	4,206
5. Training Fund	3,741	283	(29)	3,354	(2)	7,347
6. World Mission Fund	11,830	4,722	(3,694)	5,428	53	18,339
Total	29,024	6,998	(5,338)	10,465	181	41,330
Others	42,249	13,090	(10,359)	(2,789)	2,159	44,350
Total	71,273	20,088	(15,697)	7,676	2,340	85,680

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

17 Restricted Funds (continued)

(b) Connexional Funds	Balance as	Movement in Resources		Transfers	Gains on	Balance as at
	at 31.08.10	Incoming	Outgoing			
	£000	£000	£000	funds	£000	£000
				£000		
1. Fund for the Support of Presbyters and Deacons	6,385	583	(639)	140	112	6,581
2. Mission in Britain Fund	1,775	1,352	(154)	1,885	(1)	4,857
3. Mission Alongside the Poor	380	12	(19)	(373)	-	-
4. Property Fund	4,913	46	(803)	31	19	4,206
5. Training Fund	3,741	283	(29)	3,354	(2)	7,347
6. World Mission Fund	11,830	4,722	(3,694)	5,428	53	18,339
Total	29,024	6,998	(5,338)	10,465	181	41,330
Others	35,877	5,525	(6,871)	(2,789)	2,153	33,895
Total	64,901	12,523	(12,209)	7,676	2,334	75,225

Notes

1. Fund for the Support of Presbyters and Deacons. This fund exists to provide additional assistance to supernumeraries; persons who have been permitted or directed to become supernumerary; ministers', deacons', probationers' widows or widowers and their spouses and dependant children who are in need; ministers and deacons who are in need as a result of illness or impairment, for the purpose of enabling them to continue in or resume the active work. The Fund for the Support of Presbyters and Deacons also makes grants to the Methodist Ministers' Housing Society.

2. Mission in Britain Fund. This is the restricted Fund from which grants are made to support various mission and ministry initiatives across the Methodist Connexion.

3. Mission Alongside the Poor. This fund is now closed and transferred to the Mission in Britain Fund.

4. Property Fund. This is the ring-fenced fund from which grants are made to support various Property Fund schemes.

5. Training Fund. Training costs have been paid centrally since September 2000. This fund now represents mainly the fixed assets belonging to the restricted Fund for Training.

6. World Mission Fund. This is the restricted Fund set up to support most of our overseas work and any related work.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

17. Restricted Funds (continued)

Other Restricted Funds. These comprise 114 funds that can only be applied for particular purposes within their objects and include the following funds in excess of £450k:

	2011	2010
	£000	£000
Cliff College	4,386	4,243
Forces Chaplaincy	849	801
Kingsmead College Sale Proceeds	492	495
Lay Missionaries' Superannuation Fund	2,504	2,582
London Committee	9,573	9,779
Long Term Renewals Fund	1,577	1,481
Methodist International Centre	4,383	4,024
Methodist Medical Benevolent Fund	1,378	1,346
Methodist Relief & Development Fund	1,639	1,541
North Bank Capital Fund	4,405	4,405
Special Extension Fund	1,047	1,043

Transfers between funds comprise reimbursement of amounts paid by one fund on behalf of another and management charges against the funds.

18 Endowment Funds

	Balance as at 31.08.10	Movement in Resources		Transfers between funds	Gains on Investment	Balance as at 31.08.11
	£000	£000	£000	£000	£000	£000
Permanent	21,793	-	-	(8,586)	(581)	12,626
Expendable	105	-	-	(99)	-	6
Totals	21,898	-	-	(8,685)	(581)	12,632

	Balance as at 31.08.10	Movement in Resources		Transfers between funds	Gains on Investment	Balance as at 31.08.11
	£000	£000	£000	£000	£000	£000
Permanent	21,788	-	-	(8,586)	(581)	12,621
Expendable	105	-	-	(99)	-	6
Totals	21,893	-	-	(8,685)	(581)	12,627

During the year £9m worth of endowments were released into restricted funds with the approval of both the Charity Commission and the Methodist Council.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

19 Analysis of net assets between funds

(a) The Methodist Church in Great Britain				2011	2010
	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000
Tangible fixed assets	6,621	16,250	-	22,871	23,738
Investments	6,986	94,069	15,211	116,266	102,429
Current assets less liabilities	27,179	(24,196)	(3,022)	(39)	9,919
	40,786	86,123	12,189	139,098	136,086

(b) Connexional Funds				2011	2010
	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000
Tangible fixed assets	6,621	13,898	-	20,519	21,630
Investments	6,399	86,474	15,211	108,084	97,361
Current assets less liabilities	27,795	(24,704)	(3,027)	64	10,463
	40,815	75,668	12,184	128,667	129,454

20 Expenses reimbursed to the trustees of the Methodist Church in Great Britain

	2011	2010
	£000	£000
Travel and other expenses reimbursed £000's	75	62
	No.	No.
Number of members reimbursed	85	61

21 Central stipends administration

Stipends and allowances paid to Presbyters, Deacons and Lay Workers totalling £47k (2010 – £46k) and reimbursements from circuits and other funds totalling the same amount are not included in the Statement of Financial Activities other than in respect of the administration costs relating to the stipends and allowances of those appointed to serve the Methodist Council (Note 9).

The administration costs amounting to £40k (2010 - £49k) and interest receivable amounting to £36k (2010 - £32k) relating to the central payment of stipends are included in the Statement of Financial Activities.

22 Trustees' remuneration

The trustees listed below (13) were either in receipt of a stipend or employees of the Methodist Church in Great Britain (2010 – 12). Their aggregate total emoluments including pension contributions not in their role as trustees amounted to £0.524m (2010 - £0.476m). Their appointments as trustees are in accordance with Standing Order 210 of the Methodist Church.

	2011	2010
	£	£
The Revd Dr Martyn Atkins	34,348	32,720
Deacon Sue Culver	33,326	31,708
The Revd Dr Keith Davies	33,197	31,601
The Revd David Gamble	33,709	32,857
The Revd Ruth Gee	35,208	-
The Revd Kenneth Howcroft	33,572	32,720
The Revd Ward Jones	33,197	31,601
The Revd Ermal Kirby	-	31,601
The Revd Lionel Osborn	33,720	-
The Revd Stephen Poxon	-	31,601
The Revd Dr Elizabeth Smith	33,197	31,798
The Revd Alison Tomlin	27,442	-
The Revd Dr Mark Wakelin	34,588	32,899
Ms Christine Elliott	79,198	77,552
Mr John Ellis	79,198	77,552
	<u>523,900</u>	<u>476,210</u>

In theory the Methodist Council could have dealings with any part of the wider Methodist Church. The main activities being:

- The annual assessment on local churches (collected via the districts) to pay for the work of the Connexional team and other Conference activities (e.g. district chairs and committee expenses).
- The awarding and distribution of grants to other Methodist entities.
- Investment charges (TMCP, TMCF).
- Claiming of Gift Aid on behalf of local churches
- Payment of ministerial and local staff stipends and salaries
- Maintaining the accounting records for various Methodist entities.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

23. Trustees and connected Persons

Outlined below is a list of those bodies considered to be main related parties, which together with the Methodist Council report separately each year to the Methodist Conference, the ultimate controlling body. Details of transactions occurring during the year and amounts owing by or to the related parties as at 31 August 2011 are given for each one as appropriate.

	2011			
	Income from related party £000	Purchases from related party £000	Loans to related party £000	Amount owed related party £000
Trustees for Methodist Church Purposes	67	104	-	47
Methodist Ministers Housing Society	68	-	-	640
Methodist Ministers Pension Scheme	18	-	-	-
Methodist Schools	33	-	-	-
Queen's College	-	-	349	349

In addition to this, there are the related party transactions included in the management of the Church's investment portfolio by the Central Finance Board. Also numerous transactions and balances occur between the Methodist Council, the districts, circuits and churches.

	2010			
	Income from related party £000	Purchases from related party £000	Loans to related party £000	Amount owed related party £000
Trustees for Methodist Church Purposes	563	39	-	-
Methodist Ministers Housing Society	591	-	49	640
Methodist Ministers Pension Scheme	231	-	-	-
Methodist Schools	34	-	-	-

In addition to this, there are the related party transactions included in the management of the Church's investment portfolio by the Central Finance Board. Numerous transactions and balance also occur between Methodist Council, the districts, circuits and churches.

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

The membership for 2010/11 and the current year are listed below. New members in September 2010 are indicated with an asterisk (*), and those who are no longer members in September 2011 are indicated with two asterisks (**). New members in September 2011 are indicated with three asterisks (***).

Methodist Council:

Ms Jane Allin **	The Revd Dr Peter Howson *
The Revd Dr Martyn Atkins	Mr David Hulse **
Deacon Eunice Attwood	Ms Emma Hunter ***
Mr Gareth Baron	Mr Graham Illingworth
The Revd Nigel Barton *	Mr David Ingham
The Revd Jade Bath *	Mrs Alison Jackson
The Revd Christopher Briggs ***	The Revd Peter Jennings
The Revd Anne Brown ***	The Revd Ward Jones
The Revd Andrew Bryer **	Mr Michael King ***
Mr Adrian Burton ***	Mr Tim Layhe ***
The Revd Stephen Charman	The Revd Loraine Mellor ***
Mr John Colenutt * **	The Revd Gillian Newton ***
Mr Stephen Cooper	Mrs Nwabueze Nwokolo
Deacon Sue Culver	The Revd Lionel Osborn
Mrs Gill Dascombe	Mr Andrew Owen
The Revd Dr Keith Davies	The Revd David Perkins **
Mr Gerry Davis *	Ms Ruth Pickles
The Revd Rachel Deigh ***	The Revd Eileen Sanderson **
Ms Christine Elliott	Mr Richard Saunders-Hindley ***
Mr John Ellis	The Revd Paul Smith ***
Ms Christy Anna Errington * **	The Revd Dr Elizabeth Smith **
Mrs Angela Evans	Mr Christopher Stephens ***
Mr Clive Falla	The Revd Dr Joseph Basappa Suray
The Revd Eden Fletcher **	The Revd Simon Sutcliffe
The Revd David Gamble **	Mr Sam Taylor ***
The Revd Ruth Gee	The Revd Alison Tomlin
Mr Andrew Gibbs *	Dr Richard Vautrey **
Mr John Goacher	The Revd Dr Mark Wakelin
Miss Mandy Godridge **	Mr Kenvyn Wales
The Revd Ruth Goodland	Mr David Walton (Chair)
The Revd Carla Hall **	The Revd Dr Roger Walton **
The Revd Richard Hall	The Revd David Warnock
Dr Nigel Hardwick ***	The Revd Alison Wilkinson ***
The Revd Novette Headley *	Mr Richard Wills
The Revd Graham Horsley *	Mr John Woosey
The Revd Kenneth Howcroft **	

The Strategy and Resources Committee

The current members of the Strategy and Resources Committee and those who served 2010/11 are listed below.

Voting Members

Mr Edward Awty (Connexional Treasurer)
Miss Margaret Best
The Revd James Booth (resigned August 2011)
Mr Adrian Burton
The Revd Eden Fletcher
The Strategy and Resources Committee (continued)
Ms Rachael Fletcher
Mr Andrew Gibbs (Connexional Treasurer)

Dr Ian Harrison
Mrs Margaret Havers (resigned August 2011)
The Revd Gareth Hill (resigned August 2011)
Ms Alison Jackson
The Revd Stuart Jordan

Mr Kenvyn Wales (Chair)

The Methodist Church in Great Britain

Notes to the consolidated Financial Statements for the year ended 31 August 2011 (continued)

Non-voting members

The Revd Dr Martyn Atkins
Mr John Ellis

Ms Christine Elliott
The Revd Dr Mark Wakelin

Induction of new SRC members normally includes: conversations with the chair of SRC and the senior staff of the Connexional Team; a mentoring relationship with an experienced member of SRC; and invitations to share in the induction sessions for Council members.

The Finance Sub-Committee (FSC) of the Strategy and Resources Committee (SRC)

The membership of the committee is:

Voting Members

Mr Iain Farquhar
Mr Andrew Gibbs (Chair)
Mr Edward Awty

Mr Malcolm Pearson
Miss Margaret Faulkner

Non-voting members

Mr John Ellis
Mr Nick Moore
Mrs Maureen Sebanakitta

The Audit Committee

The membership of the committee is:

Voting Members

Mr Rodney Betts
Mr John Chastney (Chair)
Ms Dzifa Tay

Mr Andrew Whitley
Mr Peter Mills

Non-voting members

Mr Edward Awty
Mr Andrew Gibbs

Mr Nick Moore
Mrs Maureen Sebanakitta

The Methodist Church in Great Britain

Reference and Administrative Details

Names and addresses

The address of the "Office of the Conference" for the purposes of the Methodist Church Act 1976 and any other legislation is:

The Methodist Church
Methodist Church House
25 Marylebone Road
London NW1 5JR
Tel: 020 7486 5502
Web: www.methodist.org.uk

Executive Officers

The Revd Dr Martyn Atkins
Ms Christine Elliott
Mr John Ellis
The Revd Dr Mark Wakelin

Custodian Trustees:

Trustees for the Methodist Connexional Funds (Registered)
9 Bonhill Street
London EC2A 4PE

Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester M1 1JQ

Methodist Missionary Trust Association
Methodist Church House
25 Marylebone Road
London NW1 5JR

Investment Managers:

Central Finance Board of the Methodist Church
9 Bonhill Street
London EC2A 4PE

Bankers:

HSBC plc
Westminster Branch
4-8 Victoria Street
London SW1H 0NJ

Independent Auditor:

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol BS1 6AD

Solicitors:

Pothecary Witham Weld
70 St George's Square
London SW1V 3RD