



THE **METHODIST**  
**COUNCIL**

Annual Report &  
Financial Statements

THE **METHODIST**  
**COUNCIL**

Consolidated accounts  
for year ended  
31 August 2006

THE  
**METHODIST  
COUNCIL**  
CONSOLIDATED  
ACCOUNTS

Annual Report and  
Statement of  
Financial Activities  
for Year Ended  
31 August 2006

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## 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  
General Secretary's Office  
Methodist Church House  
25 Marylebone Road  
London NW1 5JR  
Tel: 020 7486 5502

**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

**Auditors:**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6NN

**Solicitors:**

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

## Executive Officers

(as at March 2007)



**Revd David  
G Deeks**  
General Secretary  
and Secretary of  
the Conference



**Ms Anthea Cox**  
Co-ordinating  
Secretary,  
Public Life &  
Social Justice



**Revd David  
Gamble**  
Co-ordinating  
Secretary, Legal  
& Constitutional  
Practice



**Revd Kenneth  
G Howcroft**  
Co-ordinating  
Secretary,  
Conference &  
Communication



**Revd Jonathan  
W Kerry**  
Co-ordinating  
Secretary,  
Worship &  
Learning



**Revd Peter  
G Sulston**  
Co-ordinating  
Secretary,  
Unity in Mission



## Highlights for the year

- ◆ Reports on nine of the twelve ground-clearing projects commissioned as part of the strategic refocusing of the Connexional Team in response to the Priorities of the Methodist Church are expected to go before the Methodist Council by January 2007.
- ◆ Resourcing Mission at Home – 118 circuits benefited from our Mission and Ministry Grants Programme and another 273 churches received grants for various property projects, bringing total grants in the Home Districts to £6.8 million.
- ◆ Resourcing Mission Overseas - We continued our partnership with 92 churches and para-church organisations working in over 60 countries worldwide to deliver leadership and theological training, healthcare and basic education as well as support to various community building projects and work with the vulnerable.
- ◆ The Methodist Council now has the task of appointing a new independent review group to review the report, "Future Use and Configuration of Training Institutions" and to bring a new, reasoned and objective set of proposals to Conference 2007.
- ◆ Meanwhile, on the actual training front, 49 new ministers and deacons who completed their training were stationed in circuits as probationers, helping to fill in part gaps left by retiring ministers.
- ◆ The deficit on the Pension and Assurance Scheme for Lay Employees of the Methodist Church went down from £7.5 million last year to just under £1.3 million, the result of the decision of Conference 2006 to invite participating employers to help fund the deficit. Methodist Council alone contributed £5.2 million to the separately administered pension scheme.
- ◆ Nevertheless, the Methodist Council ended the year with a net increase in funds of approximately £12 million, half of which came from gains on revaluation of investment assets.
- ◆ Total funds under the management of the Methodist Council stood at £116.2 million comprising £23.8 million of Endowment funds (20%); £54.1 million of Restricted funds (47%) and £38.2 million of Unrestricted general funds.

- ◆ In terms of net assets, £19.8 million of the total funds under management at 31 August 2006 are represented by tangible fixed assets, £92.3 million by investments with the balance of £4.2 million in net current assets.
- ◆ The main challenge for 2006/7 is to conclude the thoroughgoing review of everything the Connexional Team does, within the Team Focus framework in time for the Conference of 2007.



## Structure, Governance and Management

The legal framework within which the Methodist Church is governed is given by the 1976 Methodist Church Act. This provides the authority under which the Conference as the governing body of the Methodist Church acts. The next 'tier' of authority is given by the Model Trusts in the second Schedule of the Act and the Deed of Union. These derive their authority from the Act. They can be amended, but the process is deliberately protracted, to ensure that there is consultation and time for reflection. Thirdly there are the Standing Orders and guidelines adopted by the Conference, which are far more detailed and more easily changed, provided that they are within the limits prescribed by the Act, the Model Trusts and the Deed. The Methodist Church does not currently need to register as a charity by the combined effects of Sec. 46(4)(a) of the Charities Act 1993 and Para. 4(2)(c) of the Charities (Exception from Registration) Regulations 1996 as amended by Statutory Instrument 2002 No.1598.

### Methodist Conference

The government and discipline of the Methodist Church and the management and administration of its affairs is vested in the Conference. This is a representative body of 384 members comprising ministers, deacons and laypersons from the 33 districts of the Methodist Church of Great Britain as well as other bodies of the Church. Each of the 33 districts comprises a number of circuits, each made up of a number of churches within a geographically defined area.

The Conference, under Para. 6 of the Methodist Church Act 1976 "shall be the final authority within the Methodist Church with regard to all questions concerning the

interpretation of its doctrines".

Meeting annually in three sessions (Representative, Ministerial and Diaconal), Conference each year appoints a President and Vice President of Conference to oversee its meetings the following year as well as acting as ambassadors, spokespersons and leaders for the Church. The Conference also appoints the General Secretary of the Church and other key officers.

### The Methodist Council

Conference appoints each year, the Methodist Council from a wide spectrum of the membership of the Church and seeks to

draw in a variety of skills, expertise and experience. The Methodist Council is authorised to act on behalf of Conference between the close of one Conference and the opening of the next, providing that such action is not contrary to the Deed of Union or to any subsisting Resolution of the Conference. Acting collectively, the members of the Methodist Council are the Trustees of the Methodist Council Consolidated Accounts and have the responsibility for approving these financial statements. The 64 members have been listed individually here and their names are recorded each year in the Minutes of Conference.

Mr David Andrews	Deacon Jacqueline Fowler*	Rev Paul Nzacahayo
Mr Michael Bamford	Rev David Gamble	Mr G Alan Pimlott*
Mr John A Bell	Rev Christine Gillespie*	Deacon Myrtle Poxon*
Mrs Christine Bellamy	Rev Kenneth G Howcroft	Rev Stephen J Poxon*
Miss Margaret Best	Ms Rachel Howcroft	Dr Jane Rajan*
Rev J W Wesley Blakey*	Mr Ronald Hughes	Rev Geoffrey C Reid
Mr Russell Buley	Rev Christopher Humble	Rev Carolyn Seaton
Mr Ronald Calver	Mrs Rosalind Innes	Mrs Alethea Siow*
Rev R Graham Carter	Mr Ken Jackson*	Dr Malcolm Stevenson
Mr Dudley Coates	Rev Roger A Jones	Rev Thomas J Stuckey
Mr John Cooper	Rev Jonathan W Kerry	Rev Peter G Sulston
Mr Steven Cooper*	Dr Ian Lovecy	Rev Graham Thompson*
Rev David F Coote*	Mr Brian D F Mansfield*	Rev Michael J Townsend*
Rev Peter J Cornick	Rev Loraine N Mellor	Rev Martin H Turner*
Ms Anthea Cox	Mrs Susan Millman*	Mr Kenvyn Wales
Rev Roger Cresswell*	Rev Jeffrey C Moles	Mrs Rosemary Watt
Mr Peter Davis*	Mr Andrew Moore*	Mr Barry Wilford
Mr Roger Dawe*	Rev William R Morrey	Rev Paul H Wilson
Rev David G Deeks	Mr Naboth Muchopa*	Rev Thelma Wilson
Rev Rachel D Deigh	Miss Gail Nichol	Mrs Helen Woodall
Mrs Jennifer H Easson	Rev Stephen G Normanton*	
Miss Margaret Faulkner	Mrs Nwabueze Nwokolo	

\*indicates those who had completed their period of Trusteeship at the end of the connexional year 2005/2006.



The undernoted persons were appointed to serve as Trustees from the beginning of the 2006/2007 connexional year:

Rev Alan Ashton	Rev Andrew W Fyall
Rev Martyn D Atkins	Rev John C Howard-Norman
Ms Ruby Beech	Rev Elizabeth J Hunter
Rev Barbara Bircumshaw	Rev A Ward Jones
Deacon Sarah Bruce	Mrs Beverley Jones
Miss Kathleen Burrell	Rev Ermal B Kirby
Rev Robert B Creamer	Ms Ruth Pickles
Rev David R Emison	Rev Linda M Woollacott

All new Methodist Council members are invited to attend trustees' induction sessions, which normally precede council meetings.

### The Strategy and Resources Committee

Conference also appoints annually the Strategy and Resources Committee (SRC), a sub-committee of the Methodist Council, to advise the Council in relation to all its functions. The Committee, which met six times in the year, has specific responsibility for detailed review and reporting to the Council of the following aspects of the work.

- ◆ Annual Budgets for the work of the Connexional Team
- ◆ Annual Trustees' Report and Consolidated Financial Statements
- ◆ Identification and management of risks

The current members of the Strategy and Resources Committee and those who served in 2005/2006 are listed below:

#### Voting Members

Mr Roger Dawe (Chair) (to 31 August 2006)  
 Mr Michael Bamford  
 Mr John A Bell  
 Rev James A Booth (from 1 September 2006)  
 Mr Ronald Calver (Connexional Treasurer)  
 Red F John Carne (from 1 September 2006)  
 Rev R Graham Carter (to 31 August 2006)  
 Mr Dudley Coates  
 Rev Rachel D Deigh (to 31 August 2006)  
 Rev Gareth L Hill (from 1 September 2006)  
 Mr Kenneth Jackson (from 1 September 2006)  
 Mr Brian Mansfield (from 1 September 2006)  
 Mrs Susan Millman  
 Mr Andrew Moore  
 Dr Jane Rajan (to 31 August 2006)  
 Rev Martin H Turner (to 31 August 2006)  
 Mr Kenvyn Wales (from 1 September 2006)  
 Ms Helen Woodall

#### Non-Voting Members

Ms Anthea Cox  
 Rev David G Deeks  
 Rev David Gamble  
 Rev Kenneth G Howcroft  
 Rev Jonathan W Kerry  
 Rev Peter G Sulston

Induction of new SRC members included: 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 and in the full-day induction programme for new Team staff.

### The Audit Committee

This is a committee of Conference appointed on the nominations of the Methodist Council. To safeguard its independence, Standing Order 213 (a) of The Constitutional Practice and Discipline of the Methodist Church bars Methodist Council members and staff members of the Connexional Team from serving on the Audit Committee. The 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 Council on the appointment of external auditors, reviewing the consolidated accounts of the Methodist Council and the related auditors' report as well as the effectiveness of the financial and other internal control systems with regards to monies and other assets for which the Council is responsible.

### The Connexional Team

The members of the Connexional Team work collaboratively to provide a coherent and effective service on behalf of the Conference. The Connexional Team is led by the Joint Secretaries Group, consisting of the General Secretary/Secretary of the Conference and five Co-ordinating Secretaries (one of whom is designated Assistant Secretary of Conference and one of whom is the ecumenical officer of the Methodist Church). The overall task of the Connexional Team is to further the purposes of the Methodist Church, in particular enabling it better to fulfill its calling of responding to God's love in Christ and working out its discipleship in mission and worship.

### Local Governance/Managing Trustee Committees

For each of the self-accounting entities whose accounts are incorporated into the Methodist Council Consolidated Accounts,

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 monitors standards of governance in all the entities which are accountable to the Council.

### 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 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 trusts 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.

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 Publishing House (MPH) set up under Standing Order 242 to provide printing and publishing services to the Connexion. Operating mainly from premises in

Peterborough, MPH also operates a bookshop within the Connexional Office in London.

d) 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 Auxiliary Fund to the Society in support of its work under Standing Order 364.

e) Other Methodist bodies with which the Connexional Team has regular dealings would include the Methodist Relief and Development Fund (MRDF), 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 24 of the accounts.

### Risk Management

The Council's risk management policy is designed to identify and analyse operational and other risks facing the Connexional Team and related entities and where at unacceptable levels, to take steps to mitigate the risks. The main risks can be categorised as:-

1. Strategic and Reputational Risks
2. Financial Risks
3. Compliance Risks
4. Operational Risks

The Connexional Team's risk register was updated and reviewed in the year. Work on developing risk registers at operational levels initiated in the year, was put on hold due to the ground clearing projects.

- The Strategic and Resources Committee (SRC), working closely with Senior Management, would continue to be responsible for the regular review and update of the Connexional Team's risk register;
- Any proposed changes to the register would have to be agreed by Council;
- The Audit Committee would independently monitor the effectiveness of the process with a right both to challenge the contents of the register and to call officers to account;
- The governance scrutiny process has responsibility for reviewing the risk management arrangements put in place by the governance body or managing trustees of each of the self-accounting entities.



# Objectives and activities

Clause 4 of the Deed of Union sets out the object of the Church as follows:

**“...in the providence of God, Methodism was raised up to spread scriptural holiness through the land by the proclamation of the evangelical faith and declares its unfaltering resolve to be true to its divinely appointed mission”.**



To help the Church fulfil this object, Conference 2000 adopted a process entitled “Our Calling”, which set out four interconnected themes within which all parts of the Church (Connexion) may review their life in fulfillment of its mission. In the words of “Our Calling”, the Church exists

- to increase awareness of God’s presence and to celebrate God’s love (worship)
- to help people to grow and learn as Christians through mutual support and care (learning and caring)
- to be a good neighbour to people in need and to challenge injustice (service)
- to make more followers of Jesus Christ (evangelism)

In responding to the Church’s Calling, the Connexional Team as the central office of the Methodist Church of Great Britain focuses its work in four distinct areas as follows:

### Grants Programme

Here the church aims to re-distribute funds pooled centrally to areas of Britain, the Channel Islands and the Isle of Man and overseas where the needs for worship, learning and caring, service and evangelism outstrip available resources. The grants programme breaks into four distinct sub-programmes, each drawing on funds given specifically for the purpose as follows:

- **Property Programme**, under which grants are made to circuits and churches for property schemes aimed at making places for worship adaptable, accessible to everyone, and properly expressive of our heritage and ethos. The programme relies on giving to the Fund for

Property, levies from the sale of property to the Connexional Advance & Priority Fund (CAPF) as well as a number of endowment funds;

- **Mission and Ministry Grants Programme**, which is mainly for grants to circuits and districts from a variety of sources including the Fund for Home Mission and the CAPF via a single-track application process, for the support of personnel and projects that advance the Church’s Calling. Applications are normally dealt with on an annual basis, and can be for multi-year appointments or projects;
- **Fund for World Mission Grants Programme**, under which grants are made to partner churches and ecumenical organisations overseas in aid of ministry and mission projects within their communities;
- **Personnel Support Grants Programme**, through which small grants are made to Methodist ministers, deacons, lay workers and 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 Auxiliary Fund, Trinity Hall Trust and various benevolent funds.

### Grant Making Policy

Grants are made by Committees of the Council based on applications or funding requests received through the Connexional offices in London and Manchester. In a few limited cases where the grant making decisions are delegated to specific officers of the Connexional Team within clearly defined parameters, there is a requirement for periodic reporting to the appropriate Committee of grants made. Beneficiaries of the grants are in the main, local Methodist churches,

circuits and similar bodies, individual Methodist Church members training for and/or within authorised ministries according to need, training institutions as well as World Church partners and their nominees. All grants are made in furtherance of the Church’s calling.

### Formation in Ministry Programme

Working in conjunction with Districts, Circuits, Training Institutions, all other responsible bodies and other parts of the Connexional Team, the Formation in Ministry Office under this programme aims to maintain and develop ministry (lay, diaconal and presbyteral) which will assist the whole Connexion in fulfilling all its Calling, by:

- Providing appropriate pathways and procedures for the discernment and testing of vocation to ministry;
- 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;

- Advising on, maintaining and supporting continuing development among those in ordained and lay ministries and
- Co-ordinating the stationing process under which ministers and deacons are assigned for ministry at the local church, circuit and district levels.

Much of this work is undertaken through the maintenance, management and staffing of Methodist theological colleges such as Wesley College Bristol, Wesley Study Centre Durham, Cliff College and Hartley Victoria College; and contributions towards the costs of joint theological colleges and courses as well as the provision of maintenance grants for persons undergoing such training and their dependants.

### Direct Ministry and Mission Programmes

Under the Direct Ministry and Mission Programme, specific units within the Connexional Team work collaboratively to:

- Develop resource materials for all areas of the Church’s work and Calling;

- Work alongside ministers, layworkers and other office holders, mainly volunteers at district, circuit and local churches in outreach, worship and various community projects;
- Work with women’s groups, children and young people within the church, helping them formulate their own responses to Our Calling as well as the development of policies for the protection of the vulnerable individuals within these groupings;
- Organise or support various worship celebrations and training events for the wider Methodist and ecumenical communities;
- Provide a network of regional Training and Development Officers to advise on and to facilitate training provision of all kinds to meet the needs of churches and circuits and their communities;
- Offer a bureau service to districts, circuits and local churches in areas such as payroll, gift aid and Criminal Records Bureau checks;
- Provide subsidised hostel accommodation with pastoral care for overseas students in London.





### Advocacy and Educational Programme

Working closely with colleagues in Methodist Publishing House, a sister organisation and various officers within the wider church, our Mission Education, Communications and the Public Affairs offices:

- seek to encourage the members of the Methodist Church to develop an awareness of the various aspects of mission and of the various approaches to exercising that mission today – by informing, motivating and challenging people to think about and participate in mission and evangelism;
- foster partnerships and closer working with others in pursuing the purposes of the Methodist Church;
- advise on emerging developments in politics, social and economic life both within the UK and abroad.

The chief means by which we carry out this aspect of our Calling are:

- Developing, updating and maintaining the church's official website at [www.methodist.org.uk](http://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 Funds for Home Mission, World Mission and Property;
- The organisation of fringe meetings and various campaigning events to discuss and raise awareness on key issues;
- Lobbying politicians and other public figures on issues on which the Church has particular views;
- Publishing and distributing *Mission Matters*, our quarterly mission journal;
- Jointly publishing, together with USPG and the United College of the Ascension, *Rethinking Mission*, a quarterly journal for mission studies

with articles contributed by those actively involved with world mission.

### Fundraising

Whilst the bulk of our work continues to be funded from a levy on the wider Methodist Church, we are increasingly looking for other ways of providing funding for our work, in the face of falling membership at local church level. To this end, we now

- Actively promote giving to the Methodist Church Fund as well as the main ring fenced funds such as the Fund for Home Mission, the Fund for World Mission and the Fund for Property;
- Charge for our work wherever possible;
- Encourage our colleges to explore alternative ways of utilising any spare facilities during term time or vacations and to channel the resulting income back to their core work;
- Make sensible investment of all surplus funds through the Central Finance Board of the Methodist Church.

## Achievements and performance

The strategic refocusing of the Team is inspired and guided by *Priorities for the Methodist Church* (2004).

In partnership with others wherever possible, the Methodist Church will concentrate its prayers, resources, imagination and commitments on this priority:

- To proclaim and affirm its conviction of God's love in Christ, for us and for all the world, and renew confidence in God's presence and action in the world and in the Church.

As ways towards realising this priority, the Methodist Church will give particular attention to the following:

- Underpinning everything we do with God-centred worship and prayer;
- Supporting community development and action for justice especially among the most deprived and poor – in Britain and worldwide;
- Developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved;
- Encouraging fresh ways of being Church (without restricting ourselves to a Church building), and
- Nurturing a culture in the Church, which is people-centred and flexible.

The Conference has resolved that the *Priorities* are put into practice in every part of the Church ('Priorities into Practice'). For the Connexional Team, this entails implementing the vision-statement deriving from the *Priorities*, which is called *Team Focus 2005/2008*.

The emphasis on partnership working at the beginning of the *Priorities* statement is a constant stimulus to ecumenical

working (as to the development of other sorts of partnership). The Methodist Church, working with all the other Churches in Churches Together in Britain and Ireland, has this year completed a thorough review of the 'ecumenical architecture', which will deeply affect the way we operate ecumenically in the three nations of England, Wales and Scotland as well as throughout Britain and Ireland.

Within the broader ecumenical scene, the Methodist Church has particular relationships with the Church of England (with Team staff contributing to the Joint Implementation Commission set up to develop the joint working within the Covenant) and with the United Reformed Church. Wherever possible, we look to develop shared activities and, where appropriate, joint posts (e.g. a single Safeguarding Officer, a Methodist minister, for the Methodist Church and the Church of England).

As noted in last year's report, 12 ground-clearing Projects were established in 2005 to assist the wider work of reconfiguring the Team. All Projects were given terms of reference which directed their Management Groups to *Team Focus*, and required them to bring forward proposals which could contribute to the forecast reduction in the Team's expenditure for 2008/9 – namely a 30% reduction in the expenditure level in 2004/5. While the 12 Projects were developing, creative thought was given to the strategic leadership and the senior management of the reconfigured Team, and the sorts of skills and competencies that are likely to be needed beyond 2008 to deliver in new ways what only the Team can do or what, by general agreement in the Church, the Team can best do in and for the Church.

Here is a brief summary of progress on the Projects as at 31 October 2006:

### Project 1 Evangelism and speaking of God and faith in ways that make sense to all involved

*The report went to Methodist Council in February 2006 and formed the subject of a workshop at the 2006 Conference.*

*The Project Management Group has made recommendations in relation to the Connexional Team. These will go to Methodist Council in January 2007.*

### Project 2 Re-visiting Team support for local church, circuit and district ministries

*Questionnaires gathering information about how the ministries are supported by the Connexional Team have been analysed.*

*There have also been wide consultations with districts and circuits to discover their views about the support and services currently provided. This puts the Project Management Group in a better position to consider different options for the future. They will report early in 2007.*

### Project 3 Re-visioning work with Children and Young People

*The Future Present consultation, which runs until the end of November 2006, aims to discover what children and young people want from the Methodist Church, and how the Church can improve its work in this area. It is doing this by asking children, young people, parents, youth workers and even older people to contribute. A final report will be presented at the end of 2006.*





**Project 4**  
**The work of Public Issues staff, MRDF, World Action and Mission Education, with a view to improving Advocacy and Communication**

The Project Management Group have prepared an initial report and consulted with many of the key stakeholders about it. A final report is expected late in 2006 and will dovetail with the report from Project 5 (see below).

**Project 5**  
**Improving Communication between the whole Team and the whole Church**

The project aims to identify the purposes of communication throughout the Connexion and the best ways of achieving them. To do this it will undertake an appropriately wide review supported by relevant research. In particular it will seek to ascertain, clarify and rationalise the existing ways in which:

people in the whole Church (churches, circuits, districts etc.) can communicate with each other;  
the Connexional Team can hear, pay attention and respond appropriately to what people in the whole Connexion (churches, circuits and districts etc.) are saying;  
people in the whole Connexion (churches, circuits, districts etc.) can be helped to hear, pay attention and respond to what the Connexional Team is saying;  
the various parts of the Connexional Team can communicate with each other about work in hand, projects and their developing mission.

The project group will then make proposals for the future. It aims to report at the end of 2006.

**Project 6**  
**A re-configuration of World Church Partnerships**

The overall aim is to review our strategic understandings of World Church Partnerships and how they relate to Priorities for the Methodist Church by:

creating an agreed set of 'principles for partnership' (whilst recognising that partnership by its nature is a constantly evolving process)  
reviewing the current World Church Office programmes in the light of these principles, the Priorities of the Methodist Church in Britain and the changing resource structure.

There will be a final report at the end of 2006.

**Project 7**  
**The Relationship between MPH and the Team**

The report from this project was approved at Conference 2006. It now needs to be implemented.

**Project 8**  
**The Working arrangements between Trustees for Methodist Church Purposes (TMCP) and the Team**

The report was presented to Methodist Council in October 2006, which agreed the broad thrust in the report. It recommended the adoption of some principles about the appropriate level of regulation of Methodist buildings and money at a time when the Church needs to be more enterprising and imaginative than was the case when the regulations were first developed.

**Project 9**  
**Conversations with Ecumenical Partners**

Conversations with Ecumenical Partners are ongoing and will continue beyond the timeframe of Connexional Team Focus. Further work refining our relationships will happen outside the timetable for the report by the other ground-clearing projects.

**Project 10**  
**Developing a twenty-first Century approach to Education issues**

Through a comprehensive inclusion of all relevant and appropriate forms of education, this project aims to:

identify a set of principles which should underpin Methodist engagement with education;  
determine whether Methodism has a specific and distinctive voice and responsibility;  
consider where a 'Methodist' view of education supports the Priorities for the Methodist Church;  
investigate the best ways in which Methodists involved in education and local initiatives might best be supported;  
consider current joint working with ecumenical and other partners

The Project Management Group will make some proposals relevant to the Team by the end of 2006 and expects to promote further work on wider issues on a longer timescale.

**Project 11**  
**Improving the budget-making process, including a fresh look at accountability**

This project divided into two parts:

the place of 'assessments' on local churches in providing funds for the Connexional Team budget

a review of principles underpinning the formation of the Connexional Team budget

Progress is being made on both parts.

**Project 12**  
**Putting all grant-making in one 'place'**

Proposals were presented to Methodist Council in October 2006, suggesting an integrated approach to grant-making. The Council agreed the principles and work now continues on implementation.

The regular work of the Connexional Team continued while the Team Focus process was moving forward.





## Grants Programme

### The Challenge

A recent Gallop poll showed that whereas about 90% of people in the UK were materially satisfied, only 10% claimed to be spiritually fulfilled. Other surveys show that over 85% of the UK population claim to believe in God, but less than 10% regularly go to church. The situation in Western Europe is no different.

In the rest of the world the situation is more a case of the needs being enormous but the resources grossly limited. The international news headlines say it all – Ineffective and often corrupt leadership, HIV/Aids, Poverty, Street Children and in the midst of it all, many turning to the church with limited resources for answers.

### Our response

In the UK most of the work this year has focused on “Fresh Expressions of being Church” with the creation of a new agency in partnership with the Church of England to spearhead this work. Today, thanks to our Mission and Ministry grants programme, over 170 Methodist Congregations from a wide spectrum of churches – rural, urban and suburban; evangelical, middle of the road and liberal; large and small, are engaged in some form of fresh expressions of being church.

The evidence of “green shoots of Spirit life springing up on the edges of the Church” in response to these initiatives, are there for all to see. In the words of our Conference President for 2005/6, Rev Tom Stuckey, “unceasing prayer, the realisation that it is time to talk of God, fresh expressions of Church; these are all signs of the approaching Pentecost”. This year alone, we were able to support these initiatives with Mission and Ministry Grants ranging between £1,000 and £43,000 to 118 circuits within the home districts. The total sum given under Mission and Ministry came to approximately £2.2 million. One of the limitations that many have

identified is that our existing church buildings, which were purpose-built for traditional forms of worship at the time, are not easily adaptable to fresh expressions of being church. This year then, most of our property grants were targeted at making a number of our churches more adaptable besides increasing access for the disabled. In all 273 churches benefited from the scheme. Total property grants this year came to approximately £2 million. We also made available to districts a total of £0.9 million from the CAPF for grant making at the district level. Full details of our grants programme are given in Note 7 to the accounts.

### Overseas

On the overseas front, our World Church Office team continues to take a long term view of the relationship with overseas partner churches with a combination of general grants funding that allowed for independence and flexibility on their part as well as target funding for special projects or in response to specific requests.

In all a total of 92 partner churches and organisations operating in 44 different countries benefited from the General Overseas Grants Programme. A breakdown by geographical is as follows:

	No. of Countries Benefiting	No. of Partner churches/ organisations
Africa	13	22
Asia	9	26
Americas	15	30
Europe	7	14
<b>TOTAL</b>	<b>44</b>	<b>92</b>

One of the projects supported through this grants programme is the Arulagam Hospice, a project of the Church of South India. Recently the director of the project sent us these comments, which captures the essence of their work among people living with HIV and Aids:

*“As a caring Church, we work to meet the needs of people living with HIV and AIDS through home-based care, palliative care and pastoral care. As a concerned Church, we work among the general population with special emphasis on women, adolescents and the youth. As a vigilant and observant Church, we encourage sexual abstinence and promote faithfulness but we also talk about preventive devices. As a non-judgmental Church, we discourage stigma and discrimination against people living with HIV and AIDS and gender disparity with special emphasis on the under-privileged and marginalised. As an educating Church, we provide counselling and advocacy on spiritual values based on moral theology, family values, self-motivation and ethical guidance. As an encouraging Church, we reach out with hope and the love of Christ to not only the infected but also all those affected by HIV/AIDS. In the broad sense, we are all affected by it whether we believe it or not.”*

## Nationals In Mission Appointments

Through the Nationals in Mission Appointments programme, we were able to support the appointment of 77 nationals working in 45 countries. A breakdown by region is provided as follows:

Region	No of Countries	No of Positions funded
Africa	10	25
Asia Pacific	10	15
Europe & the Middle East	13	16
Latin America & the Caribbean	12	21
<b>TOTAL</b>	<b>45</b>	<b>77</b>

Through their work, our overseas partner churches are enabled to keep key mission hospitals and hospices, often the only ones accessible and affordable to millions, operational throughout the year, carry on work with street children, the youth, women, people with disabilities as well as their core work as part of the Christian church.

### Scholarship and Leadership Training (SALT) Programme

This year, 31 individuals benefited from our SALT programme under which we provide funding to enable future leaders in our overseas partner churches to undertake further training in a cross cultural setting. This year saw the increasing trend for South-to-South student placements with 14 students in total taking placements in Morocco, South Africa and South Korea. These placements are not only cost-effective but often offer more appropriate courses than those available in the UK.

### Direct Mission & Ministry

But our response to the spiritual and social issues of our time is not purely financial. Various sections of the Connexional Team are engaged in developing resource

materials for wider use by the Church, providing forums for discussion and training, worship and prayer and outreach.

### Resource Development

One of the successes of the year in terms of resource development for the wider church was the *Time to Talk of God* publication, the result of the work brought to Conference 2005 by the Discipleship and Church Membership task group which met for a total of three years. This readable and provocative report was published in October 2005 in a lively and visually cutting-edge magazine format, and has since sold more than 15,000 copies. Unusually for a Conference report, its publication was impatiently awaited by churches who wanted to get going on their conversations, and it has now made the week's bestseller list in the Church Times. Evidence of ongoing work in churches and circuits based on this report has come direct from superintendents, from synod reports and from the self-declared mission priorities of those seeking stationing this year.

### Training Events

This year saw approximately 1,500 young people gather for the bi-annual Breakout of worship, prayer, Christian entertainment and challenge in Blackpool. The climax of the weekend was the “Walk of Witness” when these young people marched from the Conference venue through the streets of Blackpool to the seaside, openly standing up for Christ. The year also saw Graham Horsley, the Evangelism Secretary, chair the Mission 21 conference for church planting in the United Kingdom. Mission 21 brought together missionaries and evangelists from across the denominations and was attended by around 800 people. It was held at St Thomas' Campus in Sheffield. Over three days, church leaders and strategists, from a wide range of denominations and cultural/ethnic backgrounds, discussed and received

teaching on a range of issues pertaining to the task of church planting and the environment in which we're working.

### Mission Outreach

On the international front, our Mission Partners programme remains popular with our overseas partner churches ensuring continuity of services often in remote locations. This year we increased the number of partners serving overseas from 63 to 68. The table below breaks down this number into regions:

Region	No of Countries	No of Mission Partners
Africa	8	21
Asia Pacific	11	30
Europe & Middle East	4	9
Latin America & the Caribbean	5	8
<b>TOTAL</b>	<b>28</b>	<b>68</b>

From Germany comes this report from one of our partners there, “The children's work on the circuit is challenging, but is also bearing fruit. Gillian heads a dedicated team of Sunday School leaders in Chemnitz who teach almost 40 kids. And in Flöha, Simone has also developed the Sunday School which is experiencing growth and bringing new life into that little congregation. Along with other kids clubs and teens and youth groups, the children and young people on the circuit are well catered for.”

From Nigeria, another partner writes, “Until now the work at the hospital at Ugwueke has continued to grow, more patients, more operations, but not much more personnel. Last year an ex-lay president of the Methodist Church of Nigeria and a prominent figure in the community took over as hospital administrator. In biblical terms, the needs are many but the labourers are few”.



## Formation in Ministry Training

### The Challenge

In the Stationing Committee Report to Conference 2006, it was noted that for the 2006 Stationing Round, there was a shortfall between presbyters moving due to retirement and taking up appointments elsewhere and circuits seeking a presbyter of at least 50. The situation last year was no different though fewer probationers becoming available for stationing, exacerbated the problem. More worrying however is the forecasts that unless urgent action is taken now, this shortfall would worsen with an annual net loss in presbyters of approximately 75 by 2011/12.

### Our response

This year, two reports came to Conference 2006:

Extending Discipleship and Exploring Vocation ('Foundation Training' for the future) advocated a new approach to exploration of discipleship and vocation for a wider group of people, located closer to their home Circuits or area, with support of training institutions with a time table for moving this forward.

Future Use and Configuration of Training Institutions 2006 affirmed the excellent work of existing groupings of staff and students as centres for the preservation and development of Methodist theological identity but also urged change with the proper resourcing of local and

regional networks to deliver all kinds of training, not just pre-ordination training and Methodist training enterprise representing good stewardship of its limited resources.

In response to the first report, Conference 2006 directed the Methodist Council to continue its work on the new pattern and also to bring a further report, including any necessary Standing Orders to the Conference of 2007. On the second report however, Conference instructed the Methodist Council to appoint a new independent review group, to bring a new, reasoned and objective set of proposals to the Conference of 2007 and directed in the interim, the drawdown of the Epworth fund capital to meet the £500,000 anticipated budget shortfall, the consequential costs of deferring the decision.

In the year itself, 40 candidates were accepted for pre-ordination and diaconal training bringing the total in full time residential training to 83. 49 student ministers and deacons also completed their studies in the year and were stationed in the circuits as probationers, going some way to compensate for the 76 ministers and 4 deacons who were permitted this year to become supernumeraries.

### Advocacy and Education Programme

#### The Challenge

Climate change and the threat to the world's glaciers, the Amazon and the way

of life of millions in the Third World, human trafficking at a time when the world is preparing itself for the bicentenary anniversary of the Slave Trade, gambling and licensing of more casinos in the UK, definitions of Poverty, living in a multi-faith Britain are some of the headline news items in the year.

#### Our Response

Issues to do with climate change also engaged the minds of our Public Issues team and their insert into the September 2006 Link mailing included a report on how many small island communities see the problem and how local churches can keep the issues of environmental concerns on their agenda.

On UK poverty, the team was able to respond to the Welfare Reform Green Paper urging the Government to ensure that people who genuinely cannot work have an adequate income. As a member of the Debt on our Doorstep campaign, facilitated by Church Action on Poverty (CAP) our Public Issues team continued to work in partnership with colleagues in the other main churches to campaign against the exorbitant interest rates charged by doorstep lenders in the UK, mostly to people whose incomes are too low for them to get bank loans or credit cards. This year, The Competition Commission finally agreed – this type of credit costs too much.

The team also produced briefings, press releases or position papers on topics such as HIV/Aids; Trade Justice; Make Poverty

History; Gambling Act 2005; Abolition of the Slave Trade Act Bicentenary 2007; Ecumenical working; and Governance.

Advocacy of this kind is however one that is best addressed collectively by the Christian church and one of the successes of the year, coming right at the end of the year, was the setting up of a Joint Public Issues Team in partnership with The Baptist Union of Great Britain and the United Reformed Church to promote the importance of Christian engagement with domestic and international political issues, provide resources and support for people active in local churches, campaign on issues of concern, respond to Government consultations, work with and support other churches and Christian organisations and provide an efficient and accessible service to members of the three participating denominations.

The year also saw the publication and distribution of 4 issues of *Mission Matters* to Methodist Churches across the UK as part of the Quarterly Link Mailing as well as to 22,000 individual supporters of Mission in Britain and World Mission. This year, two editions of the Link mailing were replaced with two further editions of *Momentum*, a newspaper published in partnership with 5 other Methodist Charities for wider distribution within the Church and beyond.

There was further development of our 'District Links with Mission Partners' scheme, which aims to link each serving Mission Partner overseas with a District in Britain. There was also further development of our 'International Partnerships for Local Churches' scheme, which helps to initiate 'twinning' links with churches/circuits and districts in Britain with churches overseas. Some match-funded grants for visits to further these links were also made.

### Fundraising

Our Mission Education Team continued to

develop its own section of the main Methodist Church website and that of the World Church Office with news of resources and publications, mission stories, Mission Partner newsletters, reports on Connexional visits to partner churches and encouragement to support our funds.

Two annual reports were published in time for distribution at the annual Methodist Conference in Edinburgh – *God's Mission in Britain* report with 'Fresh Expressions' as its theme and the *MMS* (Methodist Missionary Society) report with the 'Nationals in Mission' programme as its theme. Both reports incorporate a prayer calendar for the 2006/7 Connexional year and provide details of the income and expenditure of Fund for Home Mission and Fund for World Mission respectively. Both reports also contained a tear-off Gift Aid form with standing order details to encourage giving to any of the main Methodist Church Funds.

A stand-alone donation form with Gift Aid declaration and standing order details was published on the main Methodist Church Website this year to encourage giving to any of the main Methodist Church Funds. In partnership with our sister organisation, Methodist Publishing House (MPH), we are currently working towards making credit/debit card donations to any of the main Methodist Church Funds. This we hope will be operational in the 2007 Connexional year.

A new resource to provide awareness of the work of the Fund for World Mission and to encourage self-denial by individuals and churches, *Take Up Your Cross*, was also published. A full-colour A5 booklet with a central poster that a church or circuit could use to publicise a self-denial event and containing stories and examples of work with our partner churches was made possible by the Fund for World Mission. Available from MPH, this booklet is dispatched as a 'self-denial' pack with 10 Gift Aid donations forms

and 20 FWM Gift Aid envelopes.

Also produced in the year as a joint project between Mission Education and Elaine Turner, former Women's Network President, is the 2007 annual Easter Offering Service, *Crossing the Divide*, together with themed Gift Aid envelopes, posters, pulpit notices and leader's notes. The poster, order of service and envelopes were also published in the Welsh language. The 2006 Easter Offering Service is once again expected to raise in excess of £400.0K (99% of the income going to the Fund for World Mission – the 2005 Easter Offering Service raised £410.6K).

All of our Gift Aid envelopes (General, FWM, FHM and JMA) were reprinted in order to update the Gift Aid declaration in keeping with HM Revenue & Customs requirements. A notice to this effect was sent to all Gift Aid Secretaries, Home and World Treasurers and also posted on our WebPages.

Additionally, three new posters were produced in the year:

- *Mission in Britain*, a colour A2 poster to promote awareness of the Fund for Home Mission with examples of the work supported by the Fund on the reverse side
- *The Washing of the Feet*, a colour A3 poster with a reproduction of a painting by Ghislaine Howard (from the Methodist Church Collection of Modern Christian Art) to promote support for the Fund for Home Mission
- *Sharing the Load*, a colour A3 poster to promote support for the Fund for World Mission.

Whilst the impact of these initiatives cannot be easily quantified, the continued giving to the work of the Church and in particular to these specific funds, is a useful indicator that the message is indeed getting through.



# Financial review

For the year to 31 August 2006, the level of incoming resources was largely unchanged from the previous year approximately £35.5 million (2005 - £35.3 million). Chart 1 shows the range and proportion of funding from the various income sources.

On the expenditure side, however, total resources expended in the year were only £29.5 million compared to £34.6 million the previous year. The fall in expenditure is largely in the area of grants and is the result of a change in accounting policy following the adoption of SORP 2005 last year when approximately £11million of future grant commitments were first reported as part of resources expended in the Statement of Financial Activities. In other words, we have not spent less on grants, we have merely accounted for a proportion of what was paid this year in last year's accounts as "commitments". Chart 2 gives the distribution of resources expended by key areas of work.

The recovery in the investment markets continued with a net gain on revaluation of investment assets of £6.2m (2005 - £10.2m). The Methodist Council ended the year with a net increase in funds of approximately £12m made up of the gains on revaluation and the net incoming resources (or surplus for the year) of £5.9, bringing total funds under management to £116.2m.

The Methodist Conference of 2006 voted to invite participating employers of its Pensions & Assurance Scheme for Lay Employees of the Methodist Church to finance the scheme deficit of £7.5m provided for in the Methodist Council annual report and accounts last year. For its part, the Methodist Council made a one-off transfer of £5.3m to the separately managed Pension Fund of

which £4.4m came from the Epworth Fund – see Note 16 to the accounts.

## Internal Financial Controls

The Methodist Council has overall responsibility for ensuring that there is in place an appropriate system of controls, financial and otherwise, to provide reasonable confidence and assurance that

- the Church's administration is operating effectively and efficiently
- the assets of the Church are properly safeguarded against unauthorised loss or damage
- proper records are maintained and information produced for management control, fiscal and statutory reasons
- the Church complies with the relevant laws and guidelines.

This responsibility is delegated to the Audit Committee, who are appointed by the Conference, and the officers of the Church. The Audit Committee generally meets three times a year and examines the effectiveness of the systems of internal control by reviewing:-

- the nature and scope of the external audit and any matters that may have

been raised by the auditors for the attention of management. Any significant findings or risks identified are examined so that appropriate action can be taken.

- the Policies and Procedures manual, which describes the operational guidelines to be followed by all officers of the Church.

## Reserves Policy

The agreed reserves policy for Methodist Council Consolidated Accounts is to hold the equivalent of the relevant annual expenditure plus an estimate of any known likely fluctuation. This level of reserves, in the view of the Council, is adequate, allowing the Church time to adjust to changes in its financial circumstances without disrupting its programme in the short term.

## General Reserves (unrestricted or free)

At the year-end, actual free reserves (meaning unrestricted funds at year-end (£38.2m) less designated funds (£20.5m) and funds already invested in fixed assets (£3.2m) were £14.5 million approximately, slightly short of the target of £15.3 million (unrestricted resources expended less transfers between funds) using the year's reported expenditure.

The Methodist Council as Trustees are taking steps as part of the ongoing Team Focus process to review both the policy and the level of reserves under management.

## Designated Funds (unrestricted)

Designated funds are parts of the unrestricted funds that have been earmarked by the trustees for particular purposes.

- Funded mainly from levies on capital money arising from the sale, letting or other disposition of land held for local, circuit or district purposes, the Connexional Advance and Priority Fund currently stands at £9.855 million as at 31 August 2006. The fund supports the Church's mission through annual distributions to District Advance Funds and grants to the wider church meeting the criteria set out in Standing Order 974.
- Set aside by a decision of Conference 2000 and funded from annual assessments on districts, the Training Assessment Fund meets the costs of formation, training and stationing of ministers, deacons, etc.
- The Epworth Fund was set up as a designated fund following the sale of

Epworth House, City Road, London in 1987. Income from the fund is used for grants to support and promote new mission initiatives within the Methodist Church.

- The other designated funds represent funds set aside by Council to cover specific operational programmes that are either ongoing or not completed by the year-end.

## Investment Policy and Performance

The investment of surplus funds is operated via the Central Finance Board (CFB) of the Methodist Church, which is legally a separate body reporting directly to the Conference. Most of the investments are in Managed Fund Units administered by the CFB. The CFB aims to provide a high quality investment service, seeking above average returns for long term investors; to follow a discipline in which the ethical dimension is an integral part of all investment decisions; to construct investment portfolios which are consistent with the moral stance and teachings of the Christian faith; to encourage strategic thinking on the ethics of investment and to be a Christian witness in the investment community. (The ethical dimensions of investment through the CFB are debated by the

Conference on recommendations from the Joint Advisory Committee for the Ethics of Investment, which is appointed by the Conference with representatives from the CFB, the Connexional Team and the wider Church).

The CFB Annual Report 2006 states that the year under review was again a good one with positive returns on all of the CFB unitised funds ranging from 6.3% for the Short Fixed Interest Fund to 27.7% for the Overseas Funds. The returns on the portfolios compared to their benchmarks were however mixed. The Inflation Linked and Corporate Bond funds were modestly ahead of their respective indices whilst the Gilt and Short Fixed Interest funds lagged marginally behind. Of more concern though was the relative performance of the equity funds. The return of the FTSE All Share Index was boosted by 1% due to the impact of stocks which CFB avoids on ethical grounds. Similarly, middle sized companies continued to outperform the rest of the market by a significant margin. An underweight position hit relative returns by around 0.6% in the year. Despite averaging less than 2.5% of the UK Equity Fund, cash balances reduced returns by 0.5% compared to the benchmark.

The London Mission Fund also continues to hold a number of investment properties acquired many years ago on account of their investment potential.

## Accounting and Reporting Responsibilities

Law applicable to charities in England and Wales requires the Methodist Council as trustees to prepare financial statements for each financial year, which give a true and fair view of the Church's financial activities during the year and of its financial position at the end of the year.

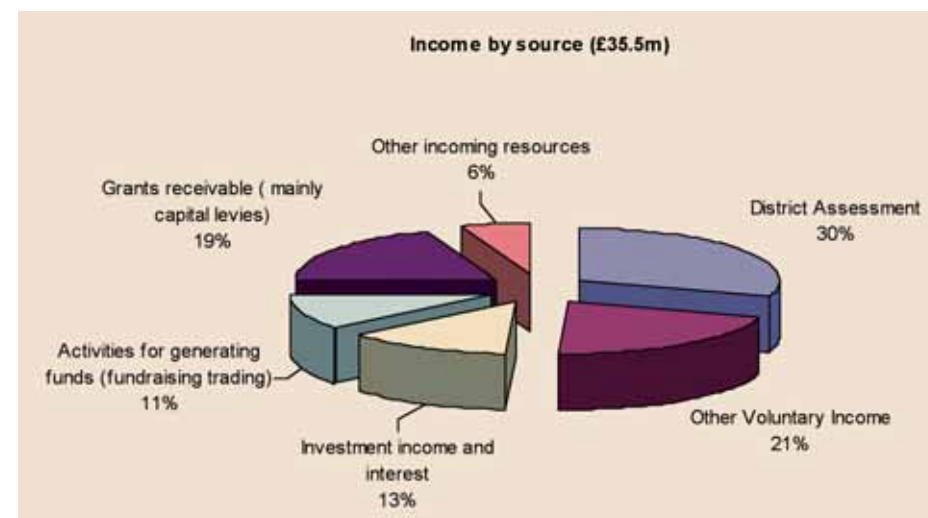


Chart 1: Funding from the various income sources

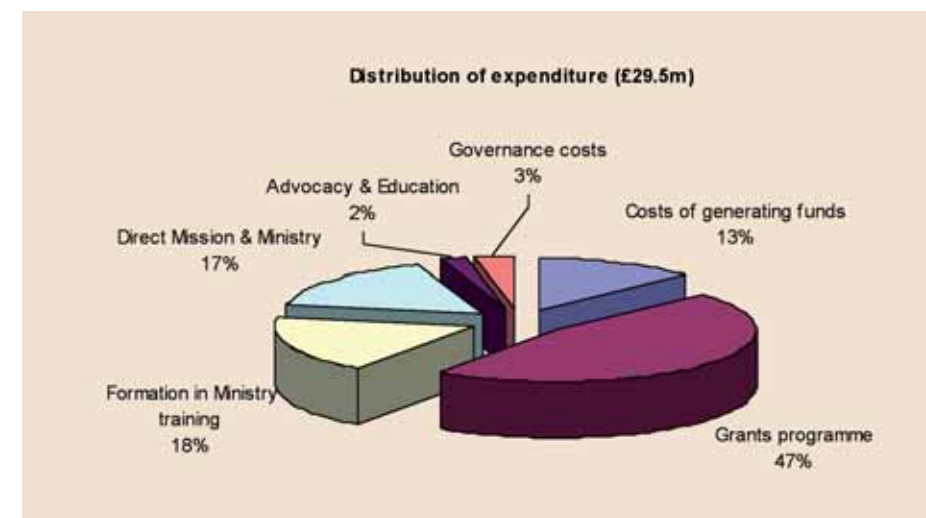


Chart 2: Distribution of resources expended by key areas of work



In preparing the financial statements, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the Statement of Recommended Practice 2005, Accounting and Reporting by Charities have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that activities will continue.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Methodist Council and which will enable them to ensure that the financial statements comply with the Standing Orders of the Methodist Church and the Charities Act 1993. They are also responsible for taking reasonable steps to safeguard the assets of the Church and to prevent and detect fraud and other irregularities.



## Plans for the future

### In 2006/7 the main tasks will be:

To conclude the thoroughgoing review of everything the Team does, within the *Team Focus* framework, and to bring forward for endorsement by the Methodist Council and the Conference in 2007 the principal proposals for a reconfigured Team, working on a reduced budget, which will become operative on 1 September 2008.

In 2007/8 the main task will be the implementation of the *Team Focus*

proposals as they will have been agreed by Conference 2007, with final endorsement of outstanding issues and of new procedures in the Church (through amendments to standing orders) at Conference 2008.

The Conference in 2006 also appointed a Stationing Review Group to look radically at the policy on which ministers and deacons are deployed in the Church, in support of the Church's worship and mission. The Stationing Review Group will report to Conference in 2007 and

2008, and its proposals must be integrated with the emerging changes in the Connexional Team and with wider developments in the institutional structures of the Church as a whole (particularly circuits and districts).

**David Deeks**  
General Secretary  
March 2007

## The Methodist Council Consolidated Accounts – Auditors' report to the Methodist Council

### Independent auditors' report to the trustees of the Methodist Council

We have audited the financial statements of the Methodist Council for the year ended 31 August 2006 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of trustees and auditors

As set out in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the charity's trustees in accordance with paragraph 7(2) of the 2005 Regulations made under Part VI, Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

The Financial Statements are published on the Methodist Council website, [www.methodist.org.uk/annualreport](http://www.methodist.org.uk/annualreport), the maintenance and integrity of which is the responsibility of the Council. The work we carry out as auditors does not involve consideration of the maintenance and integrity of the website and accordingly we accept no responsibility for any changes that may occur to the financial statements following their initial presentation on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs at 31 August 2006 and of its net incoming resources and cash flows for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

*PricewaterhouseCoopers LLP*

2 May 2007

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6NN

**Statement of Financial Activities for the year ended 31 August 2006 - Group**

		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2006 Total £000	2005 Total £000
	Notes					
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
District Assessment		10,530	96	0	<b>10,626</b>	10,475
Voluntary Income	2	706	6,679	0	<b>7,385</b>	7,237
Investment income and interest	3	1,535	2,982	246	<b>4,763</b>	4,421
Activities for generating funds						
Fundraising trading	4	228	3,672	0	<b>3,900</b>	3,811
Incoming resources from charitable activities						
Grants receivable	5	6,650	162	0	<b>6,812</b>	5,003
Other income		634	1,105	0	<b>1,739</b>	1,648
Other incoming resources:						
Net gain on disposal of tangible fixed assets		2	235		<b>237</b>	2,718
<b>TOTAL INCOMING RESOURCES</b>		<b>20,285</b>	<b>14,931</b>	<b>246</b>	<b>35,462</b>	35,313
<b>RESOURCES EXPENDED</b>						
Costs of generating funds						
Costs of generating voluntary income		270	10	0	<b>280</b>	395
Fundraising trading		281	3,280	0	<b>3,561</b>	3,957
Investment management		15	14	6	<b>35</b>	
Charitable Activities						
Grants programme		12,157	1,641	6	<b>13,804</b>	18,684
Formation in Ministry training		3,747	1,574	0	<b>5,321</b>	5,094
Direct Mission & Ministry		4,945	26	0	<b>4,971</b>	4,912
Advocacy & Education		584	0	0	<b>584</b>	614
Governance costs						
		923	46	0	<b>969</b>	926
<b>TOTAL RESOURCES EXPENDED</b>	6 (a & b)	<b>22,922</b>	<b>6,591</b>	<b>12</b>	<b>29,525</b>	34,582
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>						
Gross transfers between funds	8	(2,637)	8,340	234	<b>5,937</b>	731
		7,587	(7,612)	25	-	-
<b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
Gains and losses on revaluations and disposals of investment assets		4,950	728	259	<b>5,937</b>	731
Pension scheme actuarial loss (FRS 17)		1,665	3,144	1,387	<b>6,196</b>	10,216
		(123)	0	0	<b>(123)</b>	(1,559)
<b>NET MOVEMENT IN FUNDS</b>		<b>6,492</b>	<b>3,872</b>	<b>1,646</b>	<b>12,010</b>	9,388
Total funds brought forward as previously stated		31,690	50,540	22,234	<b>104,464</b>	104,849
Prior year adjustment						(16,940)
Total funds brought forward as restated		<b>31,690</b>	<b>50,540</b>	<b>22,234</b>	<b>104,464</b>	87,909
Changes to entities consolidated	1 (b)	0	(270)	0	<b>(270)</b>	7,167
<b>TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST</b>		<b>38,182</b>	<b>54,142</b>	<b>23,880</b>	<b>116,204</b>	104,464

**Statement of Financial Activities for the year ended 31 August 2006 - Connexional Team**

		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2006 Total £000	2005 Total £000
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
District Assessment		10,538	96	-	<b>10,634</b>	10,475
Voluntary Income		705	6,508	-	<b>7,213</b>	6,917
Investment income and interest		1,363	2,812	247	<b>4,422</b>	4,081
Activities for generating funds						
Fundraising trading		228	212	-	<b>440</b>	380
Incoming resources from charitable activities						
Grants receivable		6,749	151	-	<b>6,900</b>	5,110
Other income		432	37	-	<b>469</b>	434
Other incoming resources:						
Net gain on disposal of tangible fixed assets		2	235	-	<b>237</b>	2,718
<b>TOTAL INCOMING RESOURCES</b>		<b>20,017</b>	<b>10,051</b>	<b>247</b>	<b>30,315</b>	30,115
<b>RESOURCES EXPENDED</b>						
Costs of generating funds						
Costs of generating voluntary income		270	3	0	<b>273</b>	386
Fundraising trading		280	0	0	<b>280</b>	212
Investment Management		15	14	6	<b>35</b>	
Charitable Activities						
Grants programme		12,158	1,564	6	<b>13,728</b>	21,157
Formation in Ministry training		3,813	12	0	<b>3,825</b>	3,619
Direct Mission & Ministry		5,045	0	0	<b>5,045</b>	4,919
Advocacy & Education		584	0	0	<b>584</b>	612
Governance costs						
		923	14	0	<b>937</b>	875
<b>TOTAL RESOURCES EXPENDED</b>		<b>23,088</b>	<b>1,607</b>	<b>12</b>	<b>24,707</b>	31,780
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>						
Gross transfers between funds		(3,071)	8,444	235	<b>5,608</b>	(1,665)
		7,051	(6,906)	(145)	-	-
<b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
Gains and losses on revaluations and disposals of investment assets		3,980	1,538	90	<b>5,608</b>	(1,665)
Pension scheme actuarial loss (FRS 17)		1,664	2,541	1,387	<b>5,592</b>	9,693
		(123)	0	0	<b>(123)</b>	(1,559)
<b>NET MOVEMENT IN FUNDS</b>		<b>5,521</b>	<b>4,079</b>	<b>1,477</b>	<b>11,077</b>	6,469
Total funds brought forward as previously stated		30,156	41,896	22,065	<b>94,117</b>	97,910
Prior year adjustment						(14,477)
Total funds brought forward as restated		<b>30,156</b>	<b>41,896</b>	<b>22,065</b>	<b>94,117</b>	83,433
Changes to entities consolidated		0	(270)	0	<b>(270)</b>	4,215
<b>TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST</b>		<b>35,677</b>	<b>45,705</b>	<b>23,542</b>	<b>104,924</b>	94,117

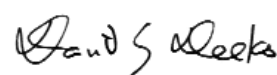


## Consolidated Balance Sheet as at 31 August 2006


		The Methodist Council (Group) 2006 £000	The Methodist Council (Group) 2005 £000	The Connexional Team 2006 £000	The Connexional Team 2005 £000
	Notes				(restated)
<b>FIXED ASSETS</b>					
Tangible assets	11	19,760	18,867	11,456	11,035
Investments	12	92,292	90,603	87,236	85,659
		<b>112,052</b>	109,470	<b>98,692</b>	96,694
<b>CURRENT ASSETS</b>					
Stocks		47	64	2	2
Debtors	13	6,676	4,226	4,018	2,751
Short term deposits		21,354	19,697	21,050	19,434
Cash at bank and in hand		1,179	1,045	909	772
		<b>29,256</b>	25,032	<b>25,979</b>	22,959
<b>CREDITORS</b>					
Amounts falling due within 1 year	14	(11,751)	(11,152)	(9,391)	(8,695)
<b>NET CURRENT ASSETS</b>		<b>17,505</b>	13,880	<b>16,588</b>	14,264
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>129,557</b>	123,350	<b>115,280</b>	110,958
<b>CREDITORS</b>					
Amounts falling due after more than 1 year	15	(12,092)	(11,345)	(9,095)	(9,300)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>117,465</b>	112,005	<b>106,185</b>	101,658
Defined benefit pension scheme liability	10	(1,261)	(7,541)	(1,261)	(7,541)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>116,204</b>	104,464	<b>104,924</b>	94,117
<b>THE FUNDS OF THE COUNCIL</b>					
Endowment funds	18	23,880	22,234	23,542	22,065
Restricted income funds	17	54,142	50,540	45,705	41,896
Unrestricted income funds excluding pension liability	16	38,305	39,231	35,800	37,697
Pension reserve		(123)	(7,541)	(123)	(7,541)
Total unrestricted funds after pension reserve		<b>38,182</b>	31,690	<b>35,677</b>	30,156
<b>TOTAL COUNCIL FUNDS</b>		<b>116,204</b>	104,464	<b>104,924</b>	94,117

The notes on pages 26 to 41 form an integral part of these financial statements.

Approved by the Methodist Council on 30 March 2007



Revd David G Deeks  
General Secretary & Secretary of the Conference



Mr Ronald Calver  
Connexional Treasurer

## Consolidated Statement of Cash Flow for the year ended 31 August 2006

	2006 £000	2006 £000	2005 £000	2005 £000
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b> Note (a) below		(6,604)		4,855
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> Deposit interest received & Investment income		4,763		4,421
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b> Payments to acquire tangible fixed assets Receipts from sales of tangible fixed assets Purchase of fixed asset investments Disposal of fixed asset investments	(1,122) 338 4,509		(1,050) 2,889 15,969	
		<b>3,725</b>		(3,844)
<b>NET CASH INFLOW IN THE PERIOD</b>		<b>1,884</b>		5,432
<b>NET CASH RESOURCES AT 1 SEPTEMBER 2005</b>		<b>20,521</b>		15,089
<b>NET CASH RESOURCES AT 31 AUGUST 2006</b> Note (b) below		<b>22,405</b>		20,521

### Notes to consolidated cash flow statement

(a) Reconciliation of surplus income to net cash inflow from operating activities

	2006 £000	2005 £000
Net incoming resources for the year	5,937	731
Prior year adjustments	-	-
Pension scheme actuarial loss	(123)	(1,559)
Gain on disposal of tangible fixed assets	(237)	(2,718)
Investment income	(4,763)	(4,421)
Depreciation	128	127
Decrease in stocks	17	26
(Increase)/Decrease in debtors	(2,450)	(567)
Increase/(Decrease) in creditors	(4,841)	6,069
Increase/(Decrease) due to change of entities consolidated	(270)	7,167
Due to change in accounting policy/rounding	(2)	-
Net cash (outflow)/inflow from operating activities	<b>(6,604)</b>	4,855

(b) Analysis of net cash resources

	At 31-8-05 £000	Cash Flow 2006 £000	At 31-8-06 £000
Cash in hand, at bank	1,045	134	1,179
Overdrafts	(221)	93	(128)
Short term deposits	19,697	1,657	21,154
<b>TOTAL</b>	<b>20,521</b>	<b>1,884</b>	<b>22,405</b>

## 1. Accounting policies

### a) Basis of accounting

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

### b) Basis of preparation

The following self-accounting entities, for which the Methodist Council is responsible to the Methodist Conference, have been consolidated, based on the view of the Council of the degree of control which it exercises over the entities concerned.

Cliff College  
(a separately registered charity)  
Guy Chester Centre  
Hartley Victoria College  
Methodist International Centre  
Stipends Administration  
Tax Recovery Section  
Wesley College Bristol  
Wesley Study Centre Durham

### c) Basis of consolidation

Methodist International Centre Limited, Cliff College Outreach Limited and Cliff (Methodist) Developments Limited, which are separately registered trading companies, have been consolidated as subsidiaries in accordance with FRS2 and the SORP.

All the other self-accounting entities, [as listed in b) above], have been accounted for as 'branches' in accordance with the SORP.

This year, we have restated investments on the balance sheet of the Connexional Team by £144,000. This relates to consolidation adjustments, which were incorrectly put through the 2004/05 accounts, and ensures that total Connexional Team funds per the balance sheet agree to those per the Connexional Team Statement of Financial Activities, which has been introduced for the first time in 2005/06.

### d) Incoming resources

#### District assessment

The District Assessment is accounted for on a receivable basis, any unpaid sums at the year-end are carried forward to the extent that receipt can be confirmed with the defaulting districts.

#### Voluntary income

Donations, contributions and legacies are accounted for on a receivable basis. 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 under Standing Order 970 of the Constitutional Practice and Discipline of the Methodist Church and are accounted for on a net receipt basis.

### Grants receivable

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

### All other incoming resources

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

### e) 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 costs.

### 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 across based on the relative size of the direct costs of the relevant service units.

### Governance costs

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

### Support costs

Support costs include the central functions and have been allocated to fundraising, charitable activities and Governance on a basis consistent with the use of the resources.

### Grants payable

Grants payable have been accounted for in full to the extent that past events have created a valid expectation in other parties that the charity will honour commitments, both legal and implied and any attaching conditions are outside our control.

### f) Funds

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Council and which have not been designated for other purposes.

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 Council for 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 and gains are allocated to the appropriate fund in the case of restricted funds and to separate revenue funds in the case of endowment funds.

### g) Gains/(losses) on investments

Realised and unrealised capital gains and losses on investments are dealt with in the Consolidated Statement of Financial Activities in the year in which they arise, based on the brought forward valuations or cost of subsequent additions.

### h) Pension costs

The Methodist Council's contributions to its defined benefit pension schemes are charged to the Statement of Financial Activities (SOFA) so as to spread the cost of pensions over employees' expected working lives. Actuarial gains and losses arising under FRS 17 have been recognised within the "gains and losses" categories of the SOFA under the heading "Pension scheme actuarial loss (FRS 17)".

### i) Tangible fixed assets

Properties are stated at cost. It is the Methodist Council's policy to maintain properties in a state of sound repair. The Methodist Council therefore considers 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 or long leasehold properties used for charitable activities. If there were to be any impairment in the value of such properties it would be charged to the Statement of Financial Activities when appropriate.

In line with FRS 15 requirement, 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 and motor vehicles having an initial cost greater than £1,000 are stated at cost less depreciation. Furniture & fittings and motor vehicles depreciation is provided at the rate of 20% per annum on a straight line basis, whilst computer equipment similarly is depreciated at the rate of 33 $\frac{1}{3}$ % per annum.

### k) Investments

Investment properties are stated at professional valuation as at 31 August 2005 by Cluttons, Chartered Surveyors. These properties are revalued triennially. 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 investments based on the company's audited Balance Sheet at 31 March 2006, updated by the value of any share acquisitions up to 31 August 2006.

### l) Stocks

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



## 2. Voluntary income

	Unrestricted £000	Restricted £000	Endowment £000	2006 Total £000	2005 Total £000
Donations and contributions	441	5,207	0	5,648	5,801
Legacies	265	1,472	0	1,737	1,436
<b>TOTAL</b>	<b>706</b>	<b>6,679</b>	<b>0</b>	<b>7,385</b>	7,237

## 3. Investment income and interest

	Unrestricted £000	Restricted £000	Endowment £000	2006 Total £000	2005 Total £000
Investment properties	-	130	-	130	137
Central Finance Board investments	564	1,550	138	2,252	2,200
William Leech (Investments) Ltd	-	549	84	633	640
Deposit interest and other investment income	971	753	24	1,748	1,444
<b>TOTAL</b>	<b>1,535</b>	<b>2,982</b>	<b>246</b>	<b>4,763</b>	4,421

## 4. Fundraising trading

	Unrestricted £000	Restricted £000	Endowment £000	2006 Total £000	2005 Total £000
Sales	139	1,062	-	1,201	1,008
Rental income	3	514	-	517	473
Other operational activities	78	2,096	-	2,174	2,320
Advertising income	8	-	-	8	10
<b>TOTAL</b>	<b>228</b>	<b>3,672</b>	<b>-</b>	<b>3,900</b>	3,811

## 5. Grants receivable

	Unrestricted £000	Restricted £000	Endowment £000	2006 Total £000	2005 Total £000
Capital levies	6,368	-	-	6,368	3,816
Other incoming grants	282	162	-	444	1,187
<b>TOTAL</b>	<b>6,650</b>	<b>162</b>	<b>-</b>	<b>6,812</b>	5,003

## 6a. Total resources expended

	Direct Costs £000	Support costs £000	2006 Total £000	2005 Total £000
<b>COSTS OF GENERATING FUNDS</b>				
Costs of generating voluntary income	237	43	280	395
Fundraising trading: costs of goods sold & other costs	3,523	38	3,561	3,957
Investment management costs	34	1	35	-
<b>CHARITABLE ACTIVITIES</b>				
Grants Programme	12,528	1,276	13,804	18,684
Formation & Ministerial Training	4,816	505	5,321	5,094
Direct Mission & Ministry	4,151	820	4,971	4,912
Advocacy and Education	492	92	584	614
<b>GOVERNANCE COSTS</b>				
	844	125	969	926
<b>TOTAL</b>	<b>26,625</b>	<b>2,900</b>	<b>29,525</b>	34,582





## 8. Net incoming resources before transfers

This is stated after charging auditors' remuneration in respect of services for the year ended 31 August as follows:

	2006 £000	2005 £000 (Restated)
Audit fees	62	63
Taxation and other advice	-	21
<b>TOTAL</b>	<b>62</b>	<b>84</b>

2005 figures have been restated with the inclusion of Value Added Tax (VAT) for consistency

## 9. Stipend & salary costs

The Methodist Council appointed or employed an average of 190 (2005 – 181) people during the year, calculated on a full time equivalent basis, and a further 80 (2005 – 79) people were appointed locally, all of whose costs were chargeable to the Methodist Church Consolidated Accounts as follows:

	2006 Total £000	2005 Total £000
Stipends and salaries	7,780	7,664
Social Security costs	533	510
Pension costs (Note 10)	1,069	897
<b>TOTAL</b>	<b>9,382</b>	<b>9,071</b>

There were no employees in the year with emoluments in excess of £60,000

## 10. Pension costs

### Methodist Council 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 Council Consolidated Accounts in independently administered funds.

Contributions to the schemes are charged to the Statement of Financial Activity so as to spread the cost of pensions over employees' working lives with the Methodist Council. The costs are determined by an independent actuary on the basis of triennial valuations using the Attained Age Method.

### Alternative Pension Arrangements

Staff who prior to their employment by the Methodist Council were already in other pension schemes linked to their profession and able to remain in those schemes may continue to do so, the Methodist Council making the necessary employer's contributions as determined by those schemes.

The total pension costs for the year to 31 August 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

The last full actuarial valuation of the whole scheme was carried out as at 1 September 2005 by an independent actuary. This valuation showed that the market value of the scheme's assets was £212.2m and that the value of these assets represented 101% of the benefits that had accrued to members after allowing for expected increases in earnings. The assumptions, which have

the most significant effect on the results of the valuation, are those referring to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 7% pa, salary increases would average 5% pa and that past and future pensions would increase at either 5% or 3% depending on whether guaranteed or linked to inflation respectively.

The contributions by the Methodist Council as employer and by scheme members were 13.5% and 6% of stipend respectively.

The pension charge for the year was £0.09m (2005 £0.08m).

FRS 17 disclosures:

The Methodist Council's employees account for less than 1% of the scheme and it is not possible to identify the share of the underlying assets and liabilities of the Scheme attributable to the Methodist Council. Hence, whilst the scheme is a defined benefit type, it is accounted for as a defined contribution scheme under the requirements and exemptions of Financial Reporting Standard 17, 'Retirement Benefits' (FRS 17).

### 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, accounting for more than 80% of scheme members.

Accordingly, as last year, the FRS 17 disclosure has been made in full as though it is a single employer scheme even though our 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 Council Consolidated Accounts. The impact is shown in the SOFA.

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

A full actuarial valuation was carried out at 1 September 2005 and updated to 31 August 2006 by a qualified independent actuary. The major assumptions used by the actuary are as follows:

	At 31/08/2006	At 31/08/2005	At 31/08/2004
Rate of increases in salaries	4.60%	4.30%	4.40%
Rate of increase in pensions in payment LPI (2.5%, RPI)	2.30%	1.80%	-
Rate of increases in pensions in payment LPI (5%, RPI)	3.10%	2.70%	2.80%
Rate of increase in pensions in payment (Fixed 5%)	5.00%	5.00%	5.00%
Discount rate	5.00%	4.90%	5.50%
Inflation assumption	3.10%	2.80%	2.90%

### The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31/8/06	Value at 31/8/06 £000	Long-term rate of return expected at 31/8/05	Value at 31/8/05 £000	Long-term rate of return expected at 31/8/04	Value at 31/8/04 £000
Equities	8.25%	13,505	7.25%	8,287	7.75%	6,795
Bonds	4.40%	7,352	4.40%	5,565	4.90%	4,415
Other	4.75%	3,566	4.50%	800	4.50%	588
Property	7.25%	1,145	0.00%	0	0.00%	0
Total market value of assets		25,569		14,652		11,798
Present value of Scheme liabilities		(26,830)		(22,193)		(17,780)
Deficit in the scheme		(1,261)		(7,541)		(5,982)
Related deferred Tax liability		-		-		-
Net pension asset/(liability)		(1,261)		(7,541)		(5,982)

Note: The reduction in the Scheme deficit is the result of the decision of Conference to invite participating employers to make a one-off injection of funds to the Scheme.

### Analysis of the amount charged to the statement of financial activities

	2006 £000	2005 £000
(i) Operating charge		
Current service cost	1,329	1,132
Past service cost	-	-
Total operating charge	1,329	1,132
(ii) Other finance costs		
Expected return on pension scheme assets	(906)	(795)
Interest on pension scheme liabilities	1,077	967
Net return	171	172
(iii) Actuarial gain/(loss)		
Actual return less expected return on pension scheme assets	614	1,183
Experienced gains and losses arising on the scheme liabilities	(634)	(79)
Changes in assumptions underlying the present value of the scheme liabilities	(1,867)	(2,386)
Actuarial (loss) or gain recognised	(1,887)	(1,282)

## 10. Pension costs (continued)

### Movement in surplus/(deficit) during the year

	2006 £000	2005 £000
Deficit in scheme at beginning of the year	(7,541)	(5,982)
Movement in year:		
Current service costs	(1,329)	(1,132)
Contributions	9,667	1,027
Past service costs	-	-
Other finance income	(171)	(172)
Actuarial (deficit)/gain	(1,887)	(1,282)
Deficit in scheme at end of the year	(1,261)	(7,541)

### History of experience gains and losses Year ending 31 August

#### DIFFERENCE BETWEEN THE ACTUAL AND EXPECTED RETURN ON SCHEME ASSETS

	2006 £000	2005 £000	2004 £000	2003 £000	2002 £000
Amount	614	1,183	58	(24)	(1,401)
%age of scheme assets	2%	8%	0%	(0)%	(16)%

#### EXPERIENCE GAINS AND LOSSES ON SCHEME LIABILITIES

	2006 £000	2005 £000	2004 £000	2003 £000	2002 £000
Amount	(634)	(79)	212	(239)	282
%age of the present value of scheme liabilities	(2)%	(0)%	1%	(1)%	2%

#### TOTAL AMOUNT RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES

	2006 £000	2005 £000	2004 £000	2003 £000	2002 £000
Amount	(1,887)	(1,282)	203	(1,344)	(2,243)
%age of the present value of scheme liabilities	(7)%	(6)%	1%	(8)%	(17)%

## 11. Tangible assets

### (a) The Methodist Council (Group)

	Freehold Land & Buildings £000	Furniture & Fittings £000	Computer Equipment £000	Motor Vehicles £000	2006 Total £000	2005 Total £000
<b>COST:</b>						
At 1 September	18,496	970	1,134	34	20,634	19,771
Additions during year	968	92	62	-	1,122	1,050
Disposals	(100)	-	(1)	-	(101)	(187)
<b>TOTAL</b>	<b>19,364</b>	<b>1,062</b>	<b>1,195</b>	<b>34</b>	<b>21,655</b>	20,634
<b>DEPRECIATION:</b>						
At 1 September	-	658	1,078	31	1,767	1,656
Charge for year	-	79	48	1	128	127
Disposals	-	-	-	-	-	(16)
<b>TOTAL</b>	<b>-</b>	<b>737</b>	<b>1,126</b>	<b>32</b>	<b>1,895</b>	1,767
<b>NET TANGIBLE ASSETS</b>	<b>19,364</b>	<b>325</b>	<b>69</b>	<b>2</b>	<b>19,760</b>	18,867

### (b) The Connexional Team

	Freehold Land & Buildings £000	Furniture & Fittings £000	Computer Equipment £000	Motor Vehicles £000	2006 Total £000	2005 Total £000
<b>COST:</b>						
At 1 September	10,850	386	865	-	12,101	11,816
Additions during year	507	11	45	-	563	415
Disposals	(100)	-	-	-	(100)	(130)
<b>TOTAL</b>	<b>11,257</b>	<b>397</b>	<b>910</b>	<b>-</b>	<b>12,564</b>	12,101
<b>DEPRECIATION:</b>						
At 1 September	-	236	831	-	1,067	934
Charge for year	-	7	34	-	41	132
Disposals	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>243</b>	<b>865</b>	<b>-</b>	<b>1,108</b>	1,066
<b>NET TANGIBLE ASSETS</b>	<b>11,257</b>	<b>154</b>	<b>45</b>	<b>-</b>	<b>11,456</b>	11,035



The net book amount of £19,364m for freehold land and buildings represents the cost of properties used for:

	THE METHODIST COUNCIL (GROUP)		THE CONNEXIONAL TEAM	
	2006 £000	2005 £000	2006 £000	2005 £000
<b>CHARITABLE PURPOSES</b>				
- College training	4,257	4,547	2,073	2,358
- Guesthouse & hostels	6,834	6,116	1,373	1,219
- Manses	5,149	4,627	5,149	4,627
- Accommodation for retired missionaries	33	48	33	48
- Others	3,091	3,158	2,629	2,598
<b>TOTAL</b>	<b>19,364</b>	<b>18,496</b>	<b>11,257</b>	<b>10,850</b>

## 12. Fixed asset investments

	THE METHODIST COUNCIL (GROUP)		THE CONNEXIONAL TEAM	
	2006 Total £000	2005 Total £000	2006 Total £000	2005 Total (Restated) £000
Market value at 1 September	90,603	74,703	85,659	70,811
Additions at cost	6,844	21,652	6,406	5,726
Disposals	(10,451)	(15,397)	(9,522)	-
Revaluation during the year	35	1,190	35	1,190
Net unrealised investment gains (losses)	5,261	8,455	4,658	7,932
<b>MARKET VALUE AT 31 AUGUST</b>	<b>92,292</b>	<b>90,603</b>	<b>87,236</b>	<b>85,659</b>
	<b>TOTAL</b>			
	Market Value 2006 £000	Market Value 2005 £000	Market Value 2006 £000	Market Value 2005 £000
<b>THE INVESTMENTS COMPRISE:</b>				
Investment properties	4,019	4,019	4,019	4,019
Central Finance Board units	67,418	69,506	62,414	65,007
Central Finance Board deposit funds	9,664	6,658	9,663	6,657
William Leech (Investments) Ltd.	8,571	7,531	8,571	7,531
Other investments	2,620	2,889	2,569	2,445
<b>TOTAL</b>	<b>92,292</b>	<b>90,603</b>	<b>87,236</b>	<b>85,659</b>

Some of the Central Finance Board Units held were realised and with the proceeds other fund units with the Central Finance Board purchased.

These are shown below:

NO OF CFB UNITS 2005/2006	Purchase	Disposal
Managed Equity	38,056	705,314
Managed Fixed Interest Fund	1,167,750	460,938
UK Equity Fund	1,112	56,925
Short Fixed Interest Fund	48,943	63,621
Gilt Fund	-	-
Corporate Bond Fund	-	-
Managed Mixed Fund	-	17,420
Overseas	28,812	18,098
Property	2,473,710	-
	<b>3,758,383</b>	<b>1,322,316</b>

Within the total Central Finance Board units £1.004m (2005 - £0.887m) are specifically invested in overseas funds. In addition to this, a percentage of the Central Finance Board other managed units are invested in the CFB Overseas Fund. This amounted to £4.753m at 31 August 2006 (2005 - £8.218m).

Investment properties are valued every three years, the last valuation being 31 August 2005.

The holdings in William Leech (Investments) Ltd. represented 20% (2003- 20%) of the company's issued share capital.

## 13. Debtors

	THE METHODIST COUNCIL (GROUP)		THE CONNEXIONAL TEAM	
	2006 £000	2005 £000	2006 £000	2005 £000
Prepayments & accrued interest	751	802	738	789
Other debtors	5,925	3,424	3,280	1,962
<b>TOTAL</b>	<b>6,676</b>	<b>4,226</b>	<b>4,018</b>	<b>2,751</b>

Included in other debtors are amounts totalling £0.906m (2005 - £0.897m) full settlement of which will not take place within one year. These amounts mainly comprise ministerial and mortgage loans.

## 14. Creditors: amounts falling due within one year

	THE METHODIST COUNCIL (GROUP)		THE CONNEXIONAL TEAM	
	2006 £000	2005 £000 (Restated)	2006 £000	2005 £000 (Restated)
Tax and social security	194	187	194	187
Accruals	288	1,060	288	1,060
Loans & overdrafts	176	1,330	128	221
Grant commitments	5,487	5,440	5,487	5,440
Other creditors	5,606	3,135	3,294	1,787
<b>TOTAL</b>	<b>11,751</b>	<b>11,152</b>	<b>9,391</b>	<b>8,695</b>

Epworth Fund grant commitments previously included under Accruals have now been included under grant commitments

## 15. Creditors: amounts falling due after more than one year

	THE METHODIST COUNCIL (GROUP)		THE CONNEXIONAL TEAM	
	2006 £000	2005 £000	2006 £000	2005 £000
Grant commitments	9,095	9,300	9,095	9,300
Methodist International Centre mortgage loan	2,997	2,045	-	-
<b>TOTAL</b>	<b>12,092</b>	<b>11,345</b>	<b>9,095</b>	<b>9,300</b>

The Methodist International Centre loan is secured on the property Euston House, 81-103 Euston Street, London, NW1 2EZ. The loan is for up to £2.93m and is for twenty years at 1.25% above base rate.

## 16. Unrestricted funds

### (a) The Methodist Council (Group)

	Balance	Movement in resources		Transfers	Gains/	Balance
	1.9.05	Incoming	Outgoing	Between	(losses) on	31.8.06
	£000	£000	£000	Funds	Investments	£000
Designated	19,571	12,861	(8,758)	(4,353)	1,208	<b>20,529</b>
Other	12,119	7,424	(14,164)	11,940	334	<b>17,653</b>
<b>TOTAL</b>	<b>31,690</b>	<b>20,285</b>	<b>(22,922)</b>	<b>7,587</b>	<b>1,542</b>	<b>38,182</b>

### (b) The Connexional Team

	Balance	Movement in resources		Transfers	Gains/	Balance
	1.9.05	Incoming	Outgoing	Between	(losses) on	31.8.06
	£000	£000	£000	Funds	Investments	£000
Designated	19,571	12,861	(8,758)	(4,353)	1,208	<b>20,529</b>
Other	10,585	7,156	(14,330)	11,404	333	<b>15,148</b>
<b>TOTAL</b>	<b>30,156</b>	<b>20,017</b>	<b>(23,088)</b>	<b>7,051</b>	<b>1,541</b>	<b>35,677</b>

The total of the designated funds is made up as follows:

	Balance	Movement in resources		Transfers	Gains/	Balance
	1.9.05	Incoming	Outgoing	Between	(losses) on	31.8.06
	£000	£000	£000	Funds	Investments	£000
CAPF	6,750	6,807	(4,099)	(51)	448	<b>9,855</b>
Connect/Flame Magazine	141	7	-	-	-	<b>148</b>
Epworth Fund	9,157	305	(252)	(4,409)	753	<b>5,554</b>
Pension Fund	-	-	(4,400)	4,400	-	<b>-</b>
Legal Costs	90	3	-	-	9	<b>102</b>
World Methodist Conference	1	-	-	-	-	<b>1</b>
Connexional Travel Fund	204	10	(7)	(7)	(2)	<b>198</b>
Training Assessment	3,228	5,729	-	(4,286)	-	<b>4,671</b>
	<b>19,571</b>	<b>12,861</b>	<b>(8,758)</b>	<b>(4,353)</b>	<b>1,208</b>	<b>20,529</b>

#### Notes.

**Epworth Fund.** This designated fund is utilised to make grants for special projects.

**Pensions Fund.** To meet the deficit on the Pensions & Assurance Scheme for Lay Employees of the

Methodist Church, Conference in 2006 agreed to make a one-off transfer of £4.4 m of Epworth Fund to the Scheme, which is an entity separate from the Methodist Council.

**Connexional Travel Fund.** This fund is used to pay grants to ministers on long-term sick leave to

compensate them for the lack of business mileage payments.

**Training Assessment.** This fund is designated from the amounts received from District Assessments to meet expenses of training ministers, deacons etc.

## 17. Restricted funds

### (a) The Methodist Council (Group)

	Balance	Prior Year	Adjusted	Movement in Resources		Transfer	Gains/	Balance
	1.9.05	Adjustment & Transferred out		Balance	Incoming	Outgoing	Between	(losses) on
	£000	£000	£000	£000	£000	£000	£000	£000
Auxiliary	6,349	-	6,349	531	(397)	(15)	504	<b>6,972</b>
Home Mission	674	-	674	824	131	(580)	-	<b>1,049</b>
Mission Alongside the Poor	(233)	-	(233)	38	(19)	-	-	<b>(214)</b>
Property	(161)	-	(161)	685	838	(583)	-	<b>779</b>
Training	2,353	-	2,353	108	(1)	(71)	-	<b>2,389</b>
World Mission	11,637	-	11,637	5,712	(223)	(5,771)	1,558	<b>12,913</b>
	<b>20,619</b>	<b>-</b>	<b>20,619</b>	<b>7,898</b>	<b>329</b>	<b>(7,020)</b>	<b>2,062</b>	<b>23,888</b>
Others	29,921	(270)	29,651	7,033	(6,920)	(592)	1,082	<b>30,254</b>
<b>TOTAL</b>	<b>50,540</b>	<b>(270)</b>	<b>50,270</b>	<b>14,931</b>	<b>(6,591)</b>	<b>(7,612)</b>	<b>3,144</b>	<b>54,142</b>

### (b) The Connexional Team

	Balance	Prior Year	Adjusted	Movement in Resources		Transfer	Gains/	Balance
	1.9.05	Adjustment & Transferred out		Balance	Incoming	Outgoing	Between	(losses) on
	£000	£000	£000	£000	£000	£000	£000	£000
Auxiliary	6,349	-	6,349	531	(397)	(15)	504	<b>6,972</b>
Home Mission	674	-	674	824	131	(580)	-	<b>1,049</b>
Mission Alongside the Poor	(233)	-	(233)	38	(19)	-	-	<b>(214)</b>
Property	(161)	-	(161)	685	838	(583)	-	<b>779</b>
Training	2,353	-	2,353	108	(1)	(71)	-	<b>2,389</b>
World Mission	11,637	-	11,637	5,712	(223)	(5,771)	1,558	<b>12,913</b>
	<b>20,619</b>	<b>-</b>	<b>20,619</b>	<b>7,898</b>	<b>329</b>	<b>(7,020)</b>	<b>2,062</b>	<b>23,888</b>
Others	21,277	(270)	21,007	2,153	(1,936)	114	479	<b>21,817</b>
<b>TOTAL</b>	<b>41,896</b>	<b>(270)</b>	<b>41,626</b>	<b>10,051</b>	<b>(1,607)</b>	<b>(6,906)</b>	<b>2,541</b>	<b>45,705</b>

#### Notes

**Auxiliary Fund.** The Auxiliary Fund exists to provide additional assistance to supernumeraries; persons who have been permitted or directed to become supernumerary; ministers', deacons', and probationers' widows or widowers 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; and probationers who are in need as a result of illness or impairment for the purpose of enabling them to continue on or resume probation, or to complete probation and enter the active work. In addition, the Auxiliary Fund makes grants to the Methodist Ministers' Housing Society.

**Home Mission.** This is the ring fenced Fund for Home Mission.

**Mission Alongside the Poor.** This fund is to provide grants for personnel or property schemes, primarily to local churches and circuits, in areas of relative poverty whether in an urban or a rural setting and where there is a commitment to work alongside the poor and disadvantaged.

**Property.** This is the ring fenced fund to enable grants to be made to Property schemes.

**Training.** Since training costs have been paid centrally since September 2000, this fund now represents mainly the fixed assets belonging to the ring fenced Fund for Training.

**World Mission.** This is the ring fenced Fund for World Mission.

**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 £500k:

	£000
Lay Missionaries' Superannuation Fund	2,755
Kingsmead College Sale Proceeds	1,121
Special Extension Fund	845
North Bank Capital Fund	4,614
North Bank Maintenance Fund	450
Invalid Ministers' Rest Fund	994
Cliff College	2,890
Methodist International Centre	2,474
London Committee	8,641
Forces Chaplaincy	780
Long Term Renewals Fund	1,362

The transfers between funds include amounts transferred with the approval of the Methodist Council and the Charity Commission.



## 18. Endowment funds

### (a) The Methodist Council (Group)

	Balance	Movement in Resources		Transfers	Gains/	Balance
	1.9.05	Incoming	Outgoing	Between	(losses) on	31.8.06
	£000	£000	£000	Funds	Investments	£000
Permanent	22,150	246	(12)	25	1,387	<b>23,796</b>
Expendable	84	-	-	-	-	<b>84</b>
<b>TOTAL</b>	<b>22,234</b>	<b>246</b>	<b>(12)</b>	<b>25</b>	<b>1,387</b>	<b>23,880</b>

### (b) The Connexional Team

	Balance	Movement in Resources		Transfers	Gains/	Balance
	1.9.05	Incoming	Outgoing	Between	(losses) on	31.8.06
	£000	£000	£000	Funds	Investments	£000
Permanent	21,981	247	(12)	(145)	1,387	<b>23,458</b>
Expendable	84	-	-	-	-	<b>84</b>
<b>TOTAL</b>	<b>22,065</b>	<b>247</b>	<b>(12)</b>	<b>(145)</b>	<b>1,387</b>	<b>23,542</b>

The transfers between funds comprise amounts transferred in accordance with the approval of the Methodist Council and the Charity Commission.

## 19. Analysis of net assets between funds

### (a) The Methodist Council (Group)

	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	2006	2005
	£000	£000	£000	£000	£000
Tangible fixed assets	3,213	16,547	-	<b>19,760</b>	18,867
Investments	22,783	45,576	23,933	<b>92,292</b>	90,603
Current assets less liabilities	12,186	(7,981)	(53)	<b>4,152</b>	(5,006)
<b>TOTAL</b>	<b>38,182</b>	<b>54,142</b>	<b>23,880</b>	<b>116,204</b>	104,464

### (b) The Connexional Team

	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	2006	2005
	£000	£000	£000	£000	£000
Tangible fixed assets	3,213	8,243	-	<b>11,456</b>	11,035
Investments	22,783	40,520	23,933	<b>87,236</b>	85,659
Current assets less liabilities	9,681	(3,058)	(391)	<b>6,232</b>	(2,577)
<b>TOTAL</b>	<b>35,677</b>	<b>45,705</b>	<b>23,542</b>	<b>104,924</b>	94,117

## 20. Changes to entities funds consolidated

### (a) The Methodist Council (Group)

	2006	2005
	£000	£000
CAPF (designated) received	-	7,470
Endowment Funds received	-	-
Endowment Funds released	-	(29)
Restricted Funds released	-	(274)
Asbury Overseas House deconsolidated	-	-
Other self accounting entity adjustments	<b>(270)</b>	-
	<b>(270)</b>	7,167

## 21. Contingent liabilities and contractual commitments

The financial statements do not reflect any amounts which may have to be refunded after 31 August 2006 under the provisions of Standing Order 973(4), which provides that where replacement schemes are not implemented forthwith, the levy is initially calculated and paid as if there were no such scheme, but is refundable if a scheme is implemented within five years. The potential amount of such funds cannot be established with any certainty but has ranged in the last four years between £0.3m and £1.5m.

## 22. Expenses reimbursed to members of the Methodist Council

	2006	2005
The Methodist Council (Group)/ The Connexional Team		
Travel and Other Expenses	19.7	19.4
Reimbursed £000's		
Number of Members Reimbursed	70	67

## 23. Central stipends administration

Stipends and allowances paid to Ministers, Deacons and Lay Workers totalling £42.201m (2005 - £41.279m) 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 £0.098m (2005 - £0.079m) and interest receivable amounting to £0.106m (2005 - £0.111m) relating to the central payment of stipends are included in the Statement of Financial Activities.

## 24. Trustees and connected persons

There were 15 trustees (2005 - 19) who were appointed or employed by the Methodist Council as listed below. Their aggregate total emoluments including pension contributions as employees and not in their role as trustees amounted to £0.486m (2005 - £0.561m). Their appointments as trustees are in accordance with Standing Order No. 210 of the Methodist Church.

### TRUSTEES:

Rev J W Wesley Blakey	Mr Naboth Muchopa
Rev David F Coote	Mr G Alan Pimlott
Ms Anthea Cox	Rev Stephen J Poxon
Rev. Roger Cresswell	Rev Peter G Sulston
Rev David G Deeks	Rev Graham Thompson
Rev David Gamble	Rev Michael J Townsend
Rev Kenneth G Howcroft	
Rev Jonathan W Kerry	
Rev William Morrey	

In the list below are those bodies which are considered to be related parties, which report separately to the Methodist Council and Methodist Conference. Details of transactions occurring during the year and amounts owing by or to related parties at 31 August 2006 are given for each one as appropriate.

	Income	Purchases	Amount
	from	from	owed by
	related	related	(to)
	party	party	related
	£000	£000	£000
Trustees for Methodist Church Purposes	81	-	-
Central Finance Board	-	-	843
Methodist Publishing House	20	196	(4)
Methodist Ministers' Housing Society	69	-	-
Methodist Relief & Development Fund	118	-	-
NCH	2	-	-
Methodist Ministers' Pension Scheme	60	-	-
Methodist Schools	29	-	-

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 Methodist Council, the districts, circuits and churches.

