

12. Trustees for Methodist Church Purposes

1. Report and Financial Statements for the Year ended 31st August 2007
2. General Report - an update on activities from 1st September 2007
3. Membership of the Board

1. Report And Financial Statements

Report and Financial Statements
For the Year Ended 31st August 2007

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Report of the Board for the Year Ended 31st August 2007

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Membership of the Board

The Revd James Booth	Mr Duncan Booth
The Revd David G Deeks	Mr K Peter Bounds
The Revd Doreen Hare	Mr David Bradshaw
The Revd Jennifer Impey (appointed July 2007)	Mrs Susan Howdle
The Revd Ian D Johnson	Mr Malcolm Pearson
The Revd G Michael Sparrow	Mr G Alan Pimlott
The Revd Kenneth E Street - (Secretary)	Mrs Eunice Shepherd
The Revd David Willie – (Chair)	Mr Terry Wynn (appointed July 2007)

The Revd Jennifer Impey and Mr Terry Wynn were appointed to the Board of Trustees for Methodist Church Purposes at the July 2007 Methodist Conference to comply with Section 4(3) of the Methodist Church Act 1939 (under which the Board is constituted) which provides “that the Board shall consist of ministers and laymen (sic) in equal numbers”.

TMCP Staff Members

Mr Brian Couch	Mr David Phillips
Mrs Amanda Flynn	Mrs Margaret Pryde
Mrs Linda Foulds	Mrs Kathrin Rosenfeld
Mrs Anne Hughes-Holmes (appointed 4 th Sept 2006)	Mr Simon Speechley
Mr Neville Johnson	Mrs Janet Street
Mrs Kathleen Mason	

Office and Advisers

Office:

Central Buildings, Oldham Street,
Manchester M1 1JQ

Bankers:

HSBC, 22 Victoria Street,
Westminster, London SW1H 0NJ

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

Auditors:

Beever & Struthers, St Georges House,
215-219 Chester Road, Manchester M15 4JE

Solicitors:

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

Stockbrokers:

Gerrard, 1 St James’s Square, Manchester, M2 9PZ

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees for Methodist Church Purposes is a corporate body which acts as custodian or full trustee of Methodist property and was incorporated by the Methodist Church Act 1939.

The Board of Trustees has an established recruitment and appointment procedure. The Board of Trustees consists of 16 members with equal numbers of Ministers and Lay persons, who are drawn from all walks of life, to maintain a balance of skills in discharging Trustee duties.

Board members are appointed by the Methodist Conference on the nomination of the Board which seeks to maintain a balance of appropriate professional experience, Methodist experience and Connexional representation. As from February 2001, present members are invited to retire at 75 and new members at 70 years of age. The Board has successfully filled two positions, which had become vacant during this last Connexional year. The Executive is hoping that the balance of extensive skills and experience amongst Board members has been maintained.

The Board is responsible for all the functions of The Trustees for Methodist Church Purposes. In practice, much of the work of the Board is discharged through committees and by staff.

The Board occupies offices at Central Buildings, Manchester which is a Model Trust property used also by the Connexional Team, the Manchester Circuit and the Methodist Centre (a local church in the circuit). The property is managed under a Joint Management Agreement to which the Methodist Council is party. Connexional Managing Trustees appointed by the Council are responsible for the area occupied by the Team and the Board. A member of the Board is appointed as one of the Connexional Trustees.

The Board is served by two committees:-

The Executive Committee

This is a committee of three members who meet at least three times a year. The committee reports to the Board of Trustees. Primarily the Executive oversees the management arrangements and oversees and arranges Board meetings. It considers and approves management accounts and deals with all full trust applications. It takes any action on behalf of the Board between meetings.

The Audit Committee

This is also a committee of three members, meeting at least twice a year. The Audit Committee makes recommendations in respect of financial and other processes to give effect to internal and external audit reports. It meets annually with the auditors to review and discuss the annual financial statements.

Relationships with Other Parties

The Central Finance Board of the Methodist Church (CFB) was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The Central Finance Board has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the Central Finance Board to discuss matters of mutual interest.

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OBJECTIVES AND ACTIVITIES

The principal function of the Board, incorporated by the Methodist Church Act 1939, is to act as the Custodian Trustee of all property held on the Model Trusts of the Methodist Church Act 1976. This includes nearly all the property held by the 6,075 or so local churches, 574 Circuits and 31 districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the Funds held in approximately 9,500 separate trusts. These Funds are held for Methodist purposes for the Managing Trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Some trusts, such as Circuit Advance Funds, are held on the Model Trusts. The trusts of other Funds, such as Permanent Endowments, are determined by the terms of the will or other settlement.

Activities include:-

- effecting all sales, purchases and leases of property by Church bodies and checking legal documents before signature by Managing Trustees.
- investing funds received from sales or bequests and transmitting funds for purchases or to meet the cost of a building scheme as instructed by Managing trustees.

The Board is full Trustee of a small number of trusts where it has discretion over the use of income and, in some cases the capital, and is responsible for the investment of the funds. The purposes for which grants may be made are specified in the trust documents and in others the Board is able to make grants for any Methodist charitable purpose.

There are proposed changes in the administration and organisation of the Methodist Church and these changes are the subject of extensive reviews currently taking place. TMCP will assist in the process, as it is redefined, in an efficient and effective manner.

ACHIEVEMENTS AND PERFORMANCES

The Board is happy to report that all activities continue to be performed in an efficient and effective manner. As at the financial year end, TMCP had 9,513 active trusts with a total value of £259 million.

Permanent Endowments:

TMCP is holding 2,755 Permanent Endowments on behalf of local churches and other managing trustees, where the capital can be released as income. We are actively piloting a scheme to assist Circuits in releasing their endowments both at circuit and church level. In total, under current Charity guidelines, 2,010 of the total endowments held can be released without recourse to the Charity Commission, as they have annual income of less than £50.

Annual Statement Distribution:

The Annual Statement distribution was extremely successful this year and resulted in nearly half of all statements being distributed by email. In view of the small percentage of exceptions and the fact that there were no material or fundamental errors, either inside or outside TMCP's control, the mailing was a success. The Board wishes to note that the ultimate aim was to progress to "100%" in due course.

Team Focus:

Following a period of consultation and review, the Methodist Church has now almost completed the assessment of the future shape of the Connexional Team. Part of this process included an overview of the staffing requirements and structure of the legal team.

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TMCP's legal section enjoy a flourishing working relationship with key legal strategists within the Connexion and a decision has been made to expand further in this respect by creating a second legal officer's role within TMCP.

This new position has been created in order to ensure that TMCP's legal section has the professional resources to continue to act in its ongoing position as Custodian Trustee but also to "take up" some areas of Connexional legal work. It is hoped that the new officer will take a key role in development of these areas of work. A service level agreement is being drawn up to outline this arrangement.

The first stage of the implementation of the new "team" is underway and this position will provide an exciting challenge for the successful candidate.

FINANCIAL REVIEW

The Trustees for Methodist Church Purposes ended the year to 31st August 2007 with net outgoing resources, before revaluations of investment assets, of £24,815. After adjusting for a net gain on investments of £121,845 there was a net movement in funds of £97,030.

The Management Charge for year end 31st August 2007 was 0.155% and this remains the same for the following year.

Staff and administration costs remained in line with budget and included an agreed contribution to the Methodist Council in respect of Personnel and Administration support.

Reserves Policy

The Board's policy is to use the income (£87,130 during this year) from the Administration Fund together with an annual allocation of capital to contribute towards the cost to Managing Trustees of the operation of the Board's responsibilities. The Board also reviews the level of capital in the administration fund annually and makes a judgment as to the level below which it should not fall in case the Board is called upon to meet unforeseen obligations as part of its Custodian Trusteeship responsibilities.

Investment Policy

The Board has agreed investment objectives for each of the trusts for which it is Full Trustee and reviews annually the criteria for the investment of the Trustees Interest Fund in collaboration with the Central Finance Board. The policy is reviewed annually.

The Board adopted an Ethical Investing Policy on 19th May 2004 which applies to the Full Trusts for which it has Managing Trustee responsibility. The policy is reviewed annually. The investment policy for trusts of which TMCP is solely custodian is in the hands of Managing Trustees.

Risk Assessment Management

The Board, through the Executive, regularly reviews the risks to which its operation is subject and maintains appropriate arrangements to mitigate those risks. The primary risks are loss of premises, loss of data, loss of key staff and fraud. A full statement of the Risk Management policy is available on request.

Accounting and Reporting Responsibilities

Law applicable to churches in England and Wales requires the Board to prepare financial statements for each financial year, which give a true and fair view of its financial activities during the year and of its financial position at the end of the year. In preparing the financial statements, the Trustees should follow best practice and:

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- 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 Board is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of The Trustees for Methodist Church Purposes and which, in order to adhere to good practice, will enable them to ensure that the financial statements comply with the Charities Act 1993. It is also responsible for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

In so far as the Board Members are aware:

- There is no relevant audit information of which the auditors are unaware;
- The Board Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board on: 13th February 2008 and signed on its behalf by:

..... **Board Member**

..... **Board Member**

INDEPENDENT AUDITOR'S REPORT TO THE BOARD

We have audited the financial statements of the Trustees for Methodist Church Purposes for the year ended 31st August 2007 on pages 8 to 17 which comprise the Statement of Financial Activities, the Balance Sheet and notes 1 to 14. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out therein.

This report is made solely to the Board, as a body. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Board and Auditors

The Board is required by law to keep accounts of the assets and liabilities of each Trust fund and of its income and expenditure; and to prepare Annual Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and cause them to be audited.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 applicable law. We also report to you if, in our opinion, the Board's report is not inconsistent with the financial statements, if the Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Board Report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the organisation'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 irregularities or error. In forming an 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 Board's affairs as at 31st August 2007 and of its incoming resources and resources expended for the year then ended and have been properly prepared; and
- the information in the Board Report is not inconsistent with the financial statements.

Custodian Trustees

In our opinion the investments referred to in note 1, detailed in certificates as at 31st August 2007 and circulated to the Managing Trustees, were in existence at that date and the income received has been accounted for to the respective Managing Trustees and listed on these statements.

**St George's House
215/219 Chester Road
Manchester
M15 4JE**

**BEEVER & STRUTHERS
Chartered Accountants
Registered Auditors**

Dated: 13th February 2008

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Statement of Financial Activities For the Year Ended 31st August 2007

		Unrestricted Funds 2007	Unrestricted Funds 2006
	Note	£	£
Incoming Resources			
Incoming resources from generated funds			
Investment Income		87,130	89,450
Incoming resources from charitable activities	3	<u>362,899</u>	<u>333,096</u>
Total Incoming Resources		<u>450,029</u>	<u>422,546</u>
Resources Expended			
Charitable Activities	4	459,512	746,550
Governance Costs	5	<u>15,332</u>	<u>12,324</u>
Total Resources Expended		<u>474,844</u>	<u>758,874</u>
Net (outgoing) resources		(24,815)	(336,328)
Other Recognised Gains and Losses			
Gains on investment assets	7	<u>121,845</u>	<u>187,737</u>
Net movement in funds	10	97,030	(148,591)
Reconciliation of Funds			
Fund balances brought forward at 1 st September		2,392,045	2,540,636
Fund balances carried forward 31 st August	10	<u><u>2,489,075</u></u>	<u><u>2,392,045</u></u>

The above results all relate to continuing operations.

All recognised gains and losses are included in this statement.

The notes on pages 10 - 17 form an integral part of these accounts.

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Balance Sheet as at 31st August 2007

	Note	2007 £	2006 £
Fixed Assets			
Tangible fixed assets	6	924	3,276
Investments	7	<u>2,375,683</u>	<u>2,566,861</u>
Total Fixed Assets		<u>2,376,607</u>	<u>2,570,137</u>
Current Assets			
Debtors and prepayments	8	13,189	12,685
Cash in hand and at bank		<u>131,486</u>	<u>124,120</u>
Total current assets		<u>144,675</u>	<u>136,805</u>
Liabilities:			
Creditors:			
Amounts falling due within one year	9	<u>(32,207)</u>	<u>(314,897)</u>
Net Current Assets / (Liabilities)		<u>112,468</u>	<u>(178,092)</u>
Net Assets		<u>2,489,075</u>	<u>2,392,045</u>
The Funds of the Charity			
Unrestricted income funds	10	<u>2,489,075</u>	<u>2,392,045</u>
Total Charity Funds		<u>2,489,075</u>	<u>2,392,045</u>

Approved by the Board on: 13th February 2008 and signed on its behalf by:

..... **Board Member**

..... **Board Member**

The notes on pages 10 - 17 form an integral part of these accounts.

Notes to the Accounts For the Year Ended 31st August 2007

1. Trustees for Methodist Church Purposes (The Board)

These accounts reflect only the state of affairs and income and expenditure of the Board in relation to its own direct affairs. The Board also acts as either trustees or custodian trustees of a substantial number of trusts.

These accounts do not include investments of some £259 million (2006: £240 million) at market value held by the Board in its capacity as trustees or custodian trustees. Of the £259 million, approximately £4.5 million is in the form of trusts over which the Board has full discretion in accordance with the objects of the Trust.

2. Statement of Accounting Policies

(a). Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments described in 2 (e). Although the Board is not legally bound to comply with charity legislation, it chooses to accept the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005 in recognition of good practice.

(b). Cash flow statement

The Board is similar to a small company and in accordance with FRS1 has not prepared a cash flow statement.

(c). Tangible Fixed assets

Fixed assets purchased in the year have been capitalised.

Depreciation on assets in use has been provided at rates calculated to write down their cost or valuation to their residual values over the period of their estimated useful economic lives.

The principal rates of depreciation used during the year are as follows:

Fixtures and Fittings	20% on straight line basis
Computer	20% on straight line basis

(d). Taxation

The Trustees for Methodist Church Purposes is exempt from Income and Corporation Tax because of its charitable status.

(e). Investments

Investments are stated at the market value provided by the Central Finance Board of the Methodist Church. The net gains on the revaluation of the investments are shown in note 7a.

**Notes to the Accounts
For the Year Ended 31st August 2007**

2. Statement of Accounting Policies (Continued)

(f). Incoming Resources

- Voluntary income, including donations, gifts and legacies, are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Dividends received from the Central Finance Board are recorded on a cash basis.
- Interest from investments is recognised on an accruals basis.
- The management charge represents amounts invoiced in the year, exclusive of Value Added Tax.

(g). Resources Expended

Expenditure is recognised when a liability is incurred.

- Charitable activities include the direct costs of the Board's activities, for example, wages and salary costs for staff employed by the Board and direct costs and support costs.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements and include internal and external audit and trustees' expenses.
- All amounts are stated net of Value Added Tax.

(h). Pension Costs

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church, which is a multi-employer, defined benefit scheme for lay employees. As it is not possible to identify the share of the underlying assets and liabilities of the scheme attributable to the Trustees for Methodist Church Purposes on a consistent and reasonable basis, it is accounted for as a defined contribution scheme. Accordingly, contributions payable to this scheme are charged to the statement of financial activities in the period to which they relate.

3. Incoming Resources from Charitable activities	2007	2006
	£	£
Management Charge	317,332	290,325
Methodist Council Contribution	43,872	40,399
Legal income and recovery of bank charges	1,695	2,372
	<u>362,899</u>	<u>333,096</u>

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Notes to the Accounts For the Year Ended 31st August 2007

4. Charitable Activities	2007		2006	
	£	£	£	£
Wages and Salaries	264,167		255,621	
Social Security Costs	27,467		23,371	
Pension & PHI Costs	32,580		39,541	
Contribution to Pension Scheme deficit (note 4a)	-		303,000	
	324,214		621,533	
Staff Training, Welfare & Travel		3,846		2,000
Recruitment		504		3,666
Bank charges		5,546		4,139
Legal & Professional Fees (note 4b)		27,112		-
Printing, Postage and Stationery		13,780		16,501
Telephone		1,995		1,768
Insurances		2,797		2,412
Subscriptions and Publications		2,535		3,179
Payroll, personnel and other services		33,689		32,329
Accommodation expenses		9,965		14,424
Computer Expenses		20,315		27,183
Depreciation		2,352		5,050
Sundry Expenses		838		(297)
Contribution to Client Trusts		24		12,503
Reallocation of Donation (Doris Binks)		10,000		-
Loss on Disposal of Fixed Assets		-		160
		459,512		746,550
Average number of employees (all administration)		11		11

There are no employees with emoluments above £60,000.

Exceptional Items

4a. Pension Scheme Deficit

On 1st September 2006 the Board made a contribution to the deficit in the Pension and Assurance Scheme for the Lay Employees of the Methodist Church totalling £303,000. This amount had been accrued in the previous year's accounts.

4b. Legal and Professional Fees

The amount represents the costs of legal work performed for the Board over the four year period since 31st August 2003.

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Notes to the Accounts For the Year Ended 31st August 2007

5. Net movement in funds for the year	2007	2006
Net movement in funds for the year is stated after charging:-	£	£
Depreciation	<u>2,352</u>	<u>5,050</u>
Governance Costs		
Trustees Expenses (note 13)	924	1,099
Professional and Legal fees	450	260
Auditors Remuneration:		
In their capacity as external auditors	6,550	5,240
Charges for other services:	<u>7,408</u>	<u>5,725</u>
	<u>15,332</u>	<u>12,324</u>

6. Tangible Fixed Assets

	Fixtures & Fittings £	Computer £	Total £
Cost			
At 1 st September 2006 & 31 st August 2007	<u>12,701</u>	<u>48,596</u>	<u>61,297</u>
Depreciation			
At 1 st September 2006	9,741	48,280	58,021
Charge for year	<u>2,036</u>	<u>316</u>	<u>2,352</u>
At 31st August 2007	<u>11,777</u>	<u>48,596</u>	<u>60,373</u>
Net Book Values			
At 31 st August 2007	<u>924</u>	<u>-</u>	<u>924</u>
At 31 st August 2006	<u>2,960</u>	<u>316</u>	<u>3,276</u>

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Notes to the Accounts For the Year Ended 31st August 2007

7. Investments

(a). Movement on Investments

	2007	2006 <i>(restated)</i>
	£	£
Market value 1 st September	2,566,861	2,249,499
Acquisitions	55,020	100,018
Disposal proceeds	(70,009)	(360,143)
Transfers (Outflow) / Inflow	(298,034)	389,750
Net Investment gains	121,845	187,737
	2,375,683	2,566,861

(b). Analysis of Investments

Market value is that provided by the Central Finance Board of the Methodist Church.

	2007 Market Value £	2006 Market Value £
Central Finance Board		
Trustees Interest Fund	239,768	537,803
Managed Mixed Fund	20	19
Overseas Investment Fund	268,203	233,885
UK Equity Fund	1,389,714	1,341,951
Short Fixed Interest Fund	360,326	343,231
Property Investment Fund	117,652	109,972
	2,375,683	2,566,861

8. Debtors

	2007 £	2006 £
Prepayments and debtors	9,048	6,866
VAT	4,141	5,819
	13,189	12,685

9. Creditors

	2007 £	2006 £
Trade creditors	11,657	5,553
Accruals	20,550	6,344
Contribution to Pension Scheme Deficit (note 4a)	-	303,000
	32,207	314,897

**Notes to the Accounts
For the Year Ended 31st August 2007**

10. Unrestricted - Administration Fund

	2007 £	2006 £
Accumulated fund at 1 st September	2,392,045	2,540,636
Net movement in funds	<u>97,030</u>	<u>(148,591)</u>
At 31 st August	<u>2,489,075</u>	<u>2,392,045</u>

11. Unrestricted Funds

All funds are unrestricted. That is, they are expendable at the discretion of the Board in furtherance of the objects of the Trust.

12. Pension Costs

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church, which is a multi-employer, defined benefit scheme for lay employees.

The assets of the pension scheme are held separately from those of the Trustees for Methodist Church Purposes in independently administered funds.

The actuaries are of the opinion that it is not possible to identify on a consistent and reasonable basis, the share of the underlying assets and liabilities of the scheme attributable to the Trustees for Methodist Church Purposes. As such, it is accounted for as a defined contribution scheme under FRS17. Accordingly, the FRS17 pension disclosures are limited to the information set out below.

FRS17 Disclosures

A valuation for the purposes of this disclosure was carried out at 31st August 2007 by an independent actuary. The major assumptions used by the actuary were:-

	2007 %	2006 %
Rate of increase in salaries	4.9	4.6
Rate of increase in pension payments	2.4/3.3/5.0	2.3/3.1/5.0
Discount rate	5.8	5.0
Inflation rate assumed	3.4	3.1

**Notes to the Accounts
For the Year Ended 31st August 2007**

12. Pension Costs (continued)

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

	Long term rate of return Expected at 31 st August 2007	Value at 31 st August 2007
	%	£ million
Equities	8.25	16.8
Bonds	5.00	8.9
Others	5.75	1.4
Property	<u>7.25</u>	<u>1.1</u>
Total	<u>7.10</u>	<u>28.2</u>

The following amounts at 31st August 2007 were measured in accordance with the requirements of FRS17.

	£ million
Total market value of assets	28.2
Present value of scheme liabilities	<u>(27.2)</u>
Net Pension Asset	<u>1.0</u>

The Lay Employees' Pension Scheme operated by the Methodist Church is a defined benefit scheme. However, the Board is not the only participating employer in the scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. Approximately 3.8% of the active membership of the scheme are employees of the Board.

The total employer contributions paid to the scheme during the year were £0.929m (2006: £9.688m), of which the Board's contributions totalled £28,196 (2006: £336,350).

A full actuarial valuation of the scheme was carried out at 1st September 2005 by an independent actuary. The valuation disclosed a past service deficit of £8.2m. Lump sum payments were made to the scheme in order to eliminate this deficit. The actuary recommended a contribution rate of 18.1% of pensionable earnings for the employers with 7% of pensionable earnings from members, which is intended to meet the cost of benefits accruing to members from 1st September 2006.

13. Transactions with Members of the Board and Connected Persons

Under the requirements of Accounting by Charities - Statement of Recommended Practice, it is necessary to disclose details of certain transactions with members and connected persons.

	2007	2006	2007	2006
Nature of transaction	£	£	No	No
Travel expenses re-imbursed	924	1,099	13	13

**Notes to the Accounts
For the Year Ended 31st August 2007**

14. Landfill Grants

During the year, as part of the Board's custodian responsibilities, the following transactions took place with regard to landfill grants:

Nature of transaction	2007 £	2006 £	2007 No	2006 No
Grants received	753,236	681,200	50	30
Grants paid	746,155	663,123	50	38

These amounts are not included in these financial statements.

12. Trustees for Methodist Church Purposes

2. GENERAL REPORT – update on activities from 1st September 2007 onwards

The Report of the Board for the year ending the 31st August 2007 is contained within Section 1 as part of the Accounts of the Board's Administration Fund. The following Report deals with activities from September 2007.

During the current Connexional year, the Board has met on 11th October 2007, 13th February 2008 and 8th May 2008. The May meeting of the Board is devoted principally to investment matters relating to its Administration Fund and the full trusts. The Executive met 3 times during the year. The Audit Committee meets at least twice a year and reports directly to the Board. It met on 11th December 2007 to consider the Accounts and to make arrangements for the 3 year Internal Audit programme and again on 10th April 2008.

ACTIVITIES OF THE BOARD AND KEY AREAS OF DEVELOPMENT

During the year the Board has:-

- i) Participated in the ongoing review of the "Consents" basis of approval. The implementation of the web-based consent model will, of course, affect all TMCP staff. Over the next year, as the process is piloted in some Districts, TMCP will take part in developing and refining the system.
- ii) Consulted with the Connexional Team responsible for Database Management. This is proving to be a very busy year due to the introduction of a new Connexional Data Interface. This again will affect all TMCP staff and in due course there will also be the prospect of interfacing TMCP data with that of the Connexion.
- iii) Continued to take an active role, alongside Connexional team members, in liaising with the Charity Commission and assisting in the forthcoming challenge of rolling out the new registration requirements across the Connexion.
- iv) Continued to review the Business Recovery Plan and carried out ongoing risk assessment.

Key Areas of Development

i) Statement Run

Following a successful statement run in 2007 (when 50% of statements were sent by email) the Board proposes to send all 2008 statements by email.

The current accounting software is being reviewed in line with "time lined" review procedures. The Board is hoping that in due course, with the development of the systems, it may be possible to enable "remote access" to statements and other trust information.

Although it is not anticipated that such a system will be up and running before the end of this Connexional year, it is hoped that this can be achieved next year.

ii) TMCP Legal Section

Following a period of consultation and review, the Methodist Church has now almost completed the assessment of the future shape of the Connexional

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Team. As a consequence of this process, we undertook an overview of the staffing requirements and structure of the legal team.

TMCP's legal section enjoys a flourishing working relationship with key legal strategists within the Connexion and a decision has been made to expand further in this respect by creating a second legal officer's role within TMCP.

This new position has been created in order to "take up" some areas of Connexional legal work. The new officer will take a key role in development of these areas of work. A service level agreement is being drawn up to outline the arrangements. The new position will also ensure that TMCP's legal section has the professional resources to continue to act in its ongoing position as Custodian Trustee.

TMCP has now appointed a second Legal Officer and a case management system is currently being developed within the Legal Section.

iii) Land Registration Process

An application fee has been paid by TMCP to enable all Methodist Model Trust properties in England and Wales to be registered. It is anticipated that the Scheme will be rolled out across England and Wales on a District by District basis, although those with an urgent necessity to register out of sequence will be able to do so and a number of Circuits have already registered. The Legal Section is able to handle enquiries in this connection. The Land Registry hope the process can be completed within 2 years.

More information about the work of TMCP can be found in the Annual Report leaflet, which is available on request from the TMCP office (Central Buildings, Oldham Street, Manchester, M1 1JQ).

***RESOLUTION

12/1. The Conference adopts the Report & Financial Statements for the year ended 31st August 2007 and the Report on Activities from 1st September 2007.

3. MEMBERSHIP OF THE BOARD

The Revd James Booth

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The Revd Doreen Hare

The Revd Jennifer A Impey

The Revd Ian D Johnson

The Revd G Michael Sparrow

The Revd Kenneth E Street - **(Chair)**

The Revd David Willie

Mr Duncan Booth

Mrs Susan Howdle

Mr Malcolm Pearson

Mr G Alan Pimlott

Mrs E Shepherd

Mr Terry Wynn

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12. Trustees for Methodist Church Purposes

Mr Peter Bounds, Mr David Bradshaw and the Revd David Deeks resigned from the Board at the close of the May 2008 meeting. The Board expresses its thanks to all three for their dedicated service and collegiality; to Peter Bounds for his legal and administrative expertise as a member of the Executive; to David Bradshaw for his contribution both as a chartered surveyor and as a member of the Audit Committee and to the Revd David Deeks who has provided a much valued link with the Conference and the Council and we are glad that will continue through the appointment of the Revd David Gamble.

**Section 4(3) of the Methodist Church Act 1939 (under which the Board is constituted) provides "that the Board shall consist of ministers and laymen (sic) in equal numbers". Section 5 deals with the appointment of new members of the Board.*

The names of the following are therefore proposed for appointment to fill the places of those who have resigned:

- i. **Mr John Jefferson**
Bank official & Director of BACS. Trustee of Hostel for Homeless. Active in South Ribble Circuit.
- ii. **Mr David Moore**
Retired Banker, member of District Advance Fund Grant Committee and former Treasurer of Cliff College.
- iii. **The Revd David Gamble**
Connexional Officer for legal and constitutional affairs; member of the Joint Secretaries Group (2003-2008)

*****RESOLUTION**

- 12/2. The Conference appoints Mr David Moore, Mr John Jefferson and the Revd David Gamble as members of the Board of the Trustees for Methodist Church Purposes.