

22. Methodist Council Consolidated Accounts for the Year 2006-07

INTRODUCTION

Standing order 360(1) states that:

The Methodist Council shall submit to the Conference annually a unified statement of connexional finances, clearly distinguishing between restricted and unrestricted funds and conforming to the law and accounting regulations, so as to give an overall view of those moneys and other assets for which the Council is responsible.

The Consolidated Accounts (including the annual report) of the Methodist Council for the year ended 31 August 2007 fulfil this requirement. The full consolidated report is available for viewing or downloading from the Methodist Church website:

<http://www.methodistchurch.org.uk/index.cfm?fuseaction=churchlife.content&cmid=1668>.

Entities covered by the report include Cliff College, Guy Chester Centre, Hartley Victoria College, Methodist International Centre, Stipends Administration & Tax Recovery, Wesley College, Bristol and Wesley Study Centre, Durham.

The consolidated accounts 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 (SORP) 2005, Accounting and Reporting by Charities and the Charities Act 1993.

SUMMARY REVIEW OF FINANCIAL ACTIVITIES

The consolidated accounts of the Methodist Council for the year ended 31 August 2007 showed a net increase in funds (after revaluations) of approximately £4.1 million (compared to an increase of £12.1 million the previous year). A summary of the consolidated statement of financial activities (the not-for-profit equivalent of a typical income statement) is given below:

	2007	2006
	£'000	£'000
		(as restated)
Total Incoming Resources (Income)	36,316	35,462
Total Resources Expended (Expenditure)	33,875	29,525
Net Incoming Resources (Net income)	2,441	5,937
Gains on revaluation of investment assets	1,698	6,196
Net increase in funds	4,139	12,133
Total Funds balance brought forward (as re-stated)	117,465	105,602
Changes to entities consolidated	-	(270)
Total Funds balance carried forward	121,604	117,465

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Total incoming resources for the year came to £36.3 million, an increase of 2.4% from last year. Moderate increases in the district assessment, investment income and net gains on disposal of tangible fixed assets more than compensated for small decreases in other incomes.

Compared to last year, total resources expended (expenditure) went up by as much as 15%, from £29.5 million in 2006 to £33.9 million this year. This increase in expenditure was the net effect of:

- An overall increase in the amount of resources going into our core charitable activities, namely the Grants Programme, Formation in Ministry training and Direct Mission and Ministry; and
- A recognition this year of another £4 million representing additional grant commitments within the Fund for World Mission.

With a modest net gain on revaluation of investment assets of £1.7 million (2006 - £6.2 million), the Methodist Council ended the year with a net increase in funds of approximately £4.1 million comprising the gains on revaluation and a net incoming resources (that is - total incoming resources less total resources expended) of £2.4 million.

CLOSING FUNDS POSITION AND UNDERLYING NET ASSETS

At 31 August 2007, total funds balance stood at £121.6 million. Of this total,

- Endowment funds representing funds held on trust as capital funds, to be retained for the benefit of the Church account for £24.7 million or 20 percent
- Restricted funds including the ring fenced Funds for World Mission, Home Mission and Property account for £50.8 million or 42 percent of the total with
- Unrestricted funds including funds designated by the Council for specific purposes accounting for the balance – £46.1 million or 38 percent of the total funds.

In terms of the underlying net assets, the bulk of the funds - £92.2 million or 76 percent were held in the form of investments, mostly under the management of the Central Finance Board with a further £19.8 or 16 percent in the form of tangible fixed assets. Net current assets less long term creditors including short term deposits accounted for the remaining 8 percent.

INDEPENDENT AUDITOR'S REPORT

The Council's new auditors, Baker Tilly UK Audit LLP noted that except for the non-consolidation of the accounts of Southlands College in the Consolidated Accounts, in accordance with FRS 2, in their opinion the financial statements gave a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Council's and its subsidiaries' affairs as at 31 August 2007 and of the Group's, and Connexion's, incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

*****RESOLUTION**

22/1. The Conference receives the statement of accounts for the year 2006-07.