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A. Report and Financial Statements for the Year Ended 31st August 2009

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Report of the Board for the Year Ended 31st August 2009

Membership of the Board

- The Revd James Booth
- The Revd Dr Keith Davies (*appointed Conference 2009*)
- The Revd Paul Flowers (*appointed Conference 2009*)
- The Revd David Gamble
- The Revd Doreen Hare
- The Revd Jennifer A Impey
- The Revd Ian Johnson (*resigned May 2009*)
- The Revd Michael Sparrow
- The Revd Kenneth Street (*Chair*)
- The Revd David Willie (*resigned May 2009*)
- Mr Duncan Booth (*resigned May 2009*)
- Mr Graham Danbury (*appointed Conference 2009*)
- Mr Ralph Dransfield (*appointed Conference 2009*)
- Dr Ian Harrison (*appointed Conference 2009*)
- Mrs Susan Howdle (*resigned May 2009*)
- Mr John Jefferson

Mr David Moore
Mr Malcolm Pearson
Mr Alan Pimlott
Mrs Eunice Shepherd (*resigned May 2009*)
Mr Terry Wynn (*Deputy Chair*)

The Revd Dr Keith Davies, Revd Paul Flowers and Messrs Ralph Dransfield, Graham Danbury and Dr Ian Harrison were appointed to the Board of Trustees for Methodist Church Purposes at the July 2009 Methodist Conference to comply with 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". The following Board members resigned during the last Connexional year:- Mr Duncan Booth, Mrs Susan Howdle, Mrs Eunice Shepherd and the Revds Ian Johnson and David Willie.

TMCP Staff Members

Joanne Broadbridge
Kate Cocking
Brian Couch
Amanda Flynn
Rachael Griffiths
Anne Hughes-Holmes (*Chief Executive*)
Neville Johnson (*deceased 24th March 2009*)
David Phillips
Kathrin Rosenfeld
Sven Sandal
Simon Speechley
Janet Street
Catherine Wood

Temporary Contracts

Jatinder Kandola
Richard Price

Office and Advisers

Office

Central Buildings
Oldham Street
Manchester, M1 1JQ

Bankers

HSBC
8 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

Stockbrokers
Gerrard
1 St James's Square
Manchester, M2 6DN

Solicitors
Potheary Witham Weld
70 St George's Square
London, SW1V 3RD

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board of Trustees for Methodist Church Purposes (TMCP) 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 has an established recruitment and appointment procedure. The Board 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 five positions, which had become vacant, during this last Connexional year. The Executive believes 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. The Board nominates one of the Connexional Trustees for appointment by the Methodist Council.

The Board is served by two committees:

The Executive Committee

This is a committee of three members, meeting at least three times a year. The Executive Committee report to the Board. Primarily the Executive oversee the management arrangements and Board meetings. It considers and approves management accounts, deals with all full trust applications and 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 make 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 various parts of the legal framework within which the Methodist Church is governed, allow for the setting up of separate bodies all reporting into the Methodist Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

- a) The Connexional Team provides the Board with services in regard to personnel, payroll and other administrative services used in common with the Resourcing Mission Office in Manchester.
- b) 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 CFB has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the CFB to discuss matters of mutual interest.

In the list below are those bodies considered to be related parties, which together with the Methodist Council report separately to the Methodist Conference, the ultimate controlling body, each year. Details of transactions occurring during the year and amounts owing by or to our principal related party (the Methodist Connexional Team) at 31st August 2009 is given as appropriate.

	Income from related party	Purchases from related party	Amount owed by/ (to) related party
Connexional Team	£107,672	£90,538	£28,018

In addition to this, the related party transactions with the Central Finance Board include the operations in the administration of the Board's custodian trustee responsibility.

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 5,370 or so local churches, 554 Circuits and 31 districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the Funds held in 8,515 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 project 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.

ACHIEVEMENTS AND PERFORMANCES

The Board is happy to report that all activities continue to be performed in an efficient and effective manner. At the Financial year end, the Board held 8,515 trusts with a total value of £242 million.

Permanent Endowments

The Board is working to help release capital from permanent endowments under the Charities Act 1993 (as amended by the Charities Act 2006) Section 75 Resolutions.

The Board is currently holding 2,427 permanent endowments on behalf of local churches and other managing trustees.

For 99% of endowments where annual income is less than £1,000, capital may be released without formal application to the Charity Commission. For endowments with an annual income which exceeds £1,000, it is necessary in all cases to make a formal application to the Charity Commission.

Annual Statement Distribution

This year 8,320 (92%) were sent by email and 708 (8%) sent by post – this equates to 4096 emails being sent in batches. The statements were successfully sent out, on schedule, on the 9th September, and to date we have received minimal feedback. It took approx 24 hours for all the statements to leave the office. Printed statements were sent out on the 10th September. We can hopefully assume that the low number of responses and the nature of these responses, again shows that this year's emailing of annual trust statements was a success. We are hoping to provide remote computer access to statements and this is something we are working on with the target to deliver by 2010.

Team Focus

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

Property "Consents" Scheme

The Property Consents process had reached a crucial stage in Autumn 2009 and Conference 2009 resolved that on 1st January 2010 all Districts would "go live".

A number of "Familiarisation Training Sessions" were held to ensure core issues were conveyed. TMCP helped in the planning and content of any matters which were specific to TMCP and affect our day to day work both as Custodian Trustees and in support of the Connexional Team.

It has been particularly difficult for both TMCP's legal and finance team over the latter part of this Connexional year. As the daily work performed is compliance and must be turned around, there has simply not been the capacity within the team resources to accommodate fully the tasks required to advance the consents process systems as adequately as the Board would wish. Given the complexity of the processes and the requirement for detailed knowledge, it was not possible to "buy-in" professional help. The Connexional Team did assist by funding a temporary Legal Secretary as from April 2009 and the Board is very grateful for this. It allowed the Legal Administrator to be the consents co-ordinator for our legal team and their help has been invaluable.

We value greatly our working relationship with our colleagues both here in Central Buildings, Manchester and in Methodist Church House, London.

Land Registration

Our Land Registry voluntary registration project continues apace with 14 Districts already involved in the process. A considerable number of individual Circuits have also approached TMCP and asked to be registered in advance of being invited to do so under the district arrangements. TMCP has agreed to this in every case.

TMCP has prepared a "Fact Sheet" which explains the registration procedure and answers several frequently asked questions. This is sent to all Managing Trustees and solicitors who enquire about the project.

It is anticipated that the majority of the project will have been completed by the end of 2010.

Data Protection

TMCP has a group registration with the Information Commissioner in respect of all personal data held within certain categories by TMCP, Districts, Circuits and Churches.

TMCP's notification does not cover the Methodist Conference, which is separately registered with the Commissioner. TMCP has notified the Commissioner under the following categories:

- Staff Administration
- Administration of Membership Records
- Fundraising
- Realising the Objectives of a Charitable Organisation or Voluntary Body
- Crime Prevention and Prosecution of Offenders

Standing Order 019 requires all groups registered under TMCP's notification to indemnify TMCP for any consequences of any breach of the Data Protection Act 1998. It also requires Districts, Circuits and Churches to register directly with the Commissioner if TMCP's block registration is not sufficiently comprehensive for their purposes, and to notify TMCP that they have done so.

Charity Registration

The Board has submitted an application for registration following detailed correspondence with the Charity Commission. The Charity Commission has advised that our application will be accepted and the Board awaits receipt of its registration number.

FINANCIAL REVIEW

The Trustees for Methodist Church Purposes ended the year to 31st August 2009 with net outgoing resources, before revaluations of investment assets, of £109,208. After adjusting for a net loss on investments of £166,006 there was a net movement in funds of £275,214.

The Management Charge for year end 31st August 2009 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.

In 2009 the office had been refurbished, but the costs have been written off to expenditure in the year.

Reserves Policy

The Board is keenly aware of the need, not only to secure their viability in the immediate future, but to provide reliable services over the longer term. More specifically, their policy in respect of use of the Administration Fund is:

- i. Subsidise the work of the Board and benefit the managing trustees.
- ii. Contribute to the cost of additional services which otherwise would be funded wholly by the Methodist Council or Districts.
- iii. Support and uphold the rights of trustees. The fund is available for unforeseen circumstances in these litigious days. It provides a safety net should the Board be called upon to meet additional obligations as part of its custodian trusteeship responsibilities.

The Board's policy is to use the income of £78,677 in 2008/09 (£95,407 in 2007/08) 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.

It is considered prudent to ensure that no dependence is placed upon an annual increase in the Administration Fund which may arise as a result of investment gains.

When the Annual Budget is prepared, the Reserves Policy is reviewed to ensure the appropriate allocation of the Administration Fund for the forthcoming year.

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, fraud and the volatility of the current investment market. 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:

- 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 it 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: 11th February 2010 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 2009 on pages 711 to 720 which comprise the Statement of Financial Activities, the Balance Sheet and notes 1 to 15. 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 consistent 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.

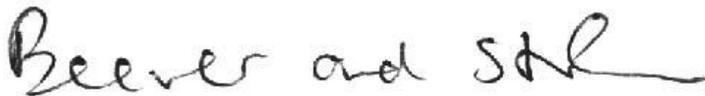
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularities 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 2009 and of its incoming resources and resources expended for the year then ended and have been properly prepared.

Custodian Trustees

In our opinion the investments referred to in note 1, detailed in certificates as at 31st August 2009 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.

A handwritten signature in black ink that reads "Beever and Struthers". The signature is written in a cursive, flowing style.

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

Dated: 11th February 2010

**BEEVER & STRUTHERS
Chartered Accountants
Registered Auditors**

**Statement of Financial Activities
For the Year Ended 31st August 2009**

		Unrestricted Funds 2009 £	Unrestricted Funds 2008 £
Incoming Resources			
Incoming resources from generated funds			
Voluntary Income	3 (a)	16,210	-
Investment Income	3 (b)	78,677	95,407
Incoming resources from charitable activities	3 (c)	425,644	408,813
		<hr/>	<hr/>
Total Incoming Resources		520,531	504,220
		<hr/>	<hr/>
Resources Expended			
Charitable Activities	4(a) (b)	617,689	545,341
Governance Costs	4(c)	12,050	17,561
		<hr/>	<hr/>
Total Resources Expended		629,739	562,902
		<hr/>	<hr/>
Net outgoing resources		(109,208)	(58,682)
		<hr/>	<hr/>
Other Recognised Gains and Losses			
Losses on investment assets	7	(166,006)	(180,938)
		<hr/>	<hr/>
Net movement in funds	10	(275,214)	(239,620)
		<hr/>	<hr/>
Reconciliation of Funds			
Fund balances brought forward at 1 st September		2,249,455	2,489,075
		<hr/>	<hr/>
Fund balances carried forward 31 st August	10	1,974,241	2,249,455
		<hr/>	<hr/>

**The above results all relate to continuing operations.
All recognised gains and losses are included in this statement.**

The notes on pages 713–720 form an integral part of these accounts.

Balance Sheet as at 31st August 2009

	Note	2009 £	2008 £
Fixed Assets			
Tangible fixed assets	6	–	–
Investments	7	1,938,512	2,194,904
Total Fixed Assets		1,938,512	2,194,904
Current Assets			
Debtors and prepayments	8	50,387	30,514
Cash in hand and at bank		9,904	54,974
Total current assets		60,291	85,488
Liabilities:			
Creditors:			
Amounts falling due within one year	9	(24,562)	(30,937)
Net Current Assets		35,729	54,551
Net Assets		1,974,241	2,249,455
The Funds of the Charity			
Unrestricted income funds	10	1,974,241	2,249,455
Total Charity Funds		1,974,241	2,249,455

Approved by the Board on: 11th February 2010 and signed on its behalf by:


 Board Member


 Board Member

The notes on pages 713–720 form an integral part of these accounts.

Notes to the Accounts For the Year Ended 31st August 2009

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 custodian trustee in respect of all property held on model trust or full trustee of a number of other trusts.

These accounts do not include investments of some £242 million (2008: £256 million) at market value held by the Board in its capacity as trustee or custodian trustee. Of the £242 million, approximately £4.3 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 costing over £5,000 are capitalised.

Existing Fixtures and Fittings have been written off.

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/(losses) on the revaluation of the investments are shown in note 7a.

(f). Incoming Resources

- a. 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.
- b. Dividends received from the Central Finance Board are recorded on a cash basis.

- c. Interest from investments is recognised on an accruals basis.
- d. 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 Generated funds

	2008	2007
	£	£
(a) Voluntary Income		
Trust 18529 bequest of M A Rose further to Conference resolution of 1999	16,210	-
(b) Investment Income		
Deposit Interest	11,570	23,156
Dividends	67,107	72,251
	78,677	95,407
(c) Incoming Resources from Charitable activities	2009	2008
	£	£
Management Charge	337,024	342,480
Methodist Council Contribution	87,267	63,750
Legal income and recovery of bank charges	1,353	2,583
	425,644	408,813

4(a) Analysis of Resources Expended

	Staff costs £	Support costs £	2009 £	2008 £
Direct charitable expenditure	465,430	152,259	617,689	545,341
Governance costs (note 4(c))	-	12,050	12,050	17,561
	465,430	164,309	629,739	562,902

4(b) Staff Costs

	2009 £	2008 £
Wages, Salaries and Agency costs	372,786	313,912
Social Security costs	35,934	31,201
Pension & PHI costs	56,710	39,870
	465,430	384,983
Average number of employees (all administration)	14	12
There are no employees with emoluments above £60,000.		

4(c) Governance Costs

	2009 £	2008 £
Trustees Expenses (note 13)	868	960
Committee Expenses (sundry costs)	438	204
Professional and Legal fees	-	135
Auditors Remuneration:		
In their capacity as external auditors	5,850	5,600
Charges for other services:	4,894	10,662
	12,050	17,561

5. Net movement in funds for the year

	2009 £	2008 £
Net movement in funds for the year is stated after charging:-		
Depreciation	-	924

6. Tangible Fixed Assets

	Fixtures & Fittings £	Computer £	Total £
Cost			
At 1 st September 2008	12,701	47,731	60,432
Disposals	(12,701)	-	(12,701)
At 31st August 2009	-	47,731	47,731
Depreciation			
At 1 st September 2008	12,701	47,731	60,432
Disposals	(12,701)	-	(12,701)
At 31st August 2009	-	47,731	47,731
Net Book Values			
At 31st August 2009	-	-	-
At 31 st August 2008	-	-	-

7. Investments

(a). Movement on Investments

	2009 £	2008 £
Market value 1 st September	2,194,904	2,375,683
Acquisitions	85,441	45,035
Disposal proceeds	(50,467)	(9,998)
Net Transfers from Trustees Interest Fund	(125,360)	(34,878)
Net Investment losses	(166,006)	(180,938)
Market value at 31 st August	1,938,512	2,194,904

(b). Analysis of Investments

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

	2009 Market Value £	2008 Market Value £
Central Finance Board		
Trustees Interest Fund	79,530	204,890
Managed Mixed Fund	17	19
Overseas Investment Fund	250,233	268,949
UK Equity Fund	1,159,480	1,238,865
Short Fixed Interest Fund	385,769	395,643
Property Investment Fund	63,483	86,538
	1,938,512	2,194,904

8. Debtors

	2009 £	2008 £
Debtors and prepayments	40,139	24,154
VAT	10,248	6,360
	<u>50,387</u>	<u>30,514</u>

9. Creditors

	2009 £	2008 £
Trade creditors	9,733	5,756
Accruals	14,829	25,181
	<u>24,562</u>	<u>30,937</u>

10. Unrestricted – Administration Fund

	2009 £	2008 £
Accumulated fund at 1 st September	2,249,455	2,489,075
Net movement in funds	(275,214)	(239,620)
	<u>1,974,241</u>	<u>2,249,455</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. 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 FRS 17 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 2009 by an independent actuary. The major assumptions used by the actuary were:-

	2009	2008
	%	%
Rate of increase in salaries	4.3	5.5
Rate of increase in pension payments	2.1/3.2/5.0	2.5/3.9/5.0
Discount rate	5.4	6.4
Inflation rate assumed	3.3	4.0

The major categories of the Scheme's assets as a percentage of the total Scheme assets are as follows:

	31 st August 2009	31 st August 2008
	%	%
Equities	62	60
Gilts	8	12
Corporate Bonds	17	14
Index Linked Bonds	5	6
Property	4	4
Cash	4	4

The following amounts at 31st August 2009 were measured in accordance with the requirements of FRS17.

	£ million
Total market value of assets	28.4
Present value of scheme liabilities	(30.7)
Net Pension Liability	(2.3)

The expected rate of return on the Scheme assets as at 31st August 2009 (for the following year) amounts to 6.7% pa.

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. This is because contributions paid into the Scheme are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Board. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer. Approximately 5.2% of the active membership of the scheme are employees of the Board.

The total employer contributions paid to the scheme during the year were £0.985m (2008: £0.934m), of which the Board's contributions totalled £49,328 (2008: £36,430).

A full actuarial valuation of the scheme was carried out at 1st September 2008 by an independent actuary. The valuation disclosed a past service deficit of £2.2m. The Scheme Actuary recommended a contribution rate of 24.1% of pensionable earnings for the employers with 8% of pensionable earnings from members, which is intended to meet the cost of benefits accruing to members from 1st September 2009 and to eliminate the past service deficit.

13. Transactions with Members of the Board and Connected Persons

Under the requirements of Accounting by Charities – Statement of Recommended Practice 2005, it is necessary to disclose details of certain transactions with members and connected persons.

	2009	2008	2009	2008
Nature of transaction	£	£	No	No
Travel expenses reimbursed	868	960	12	12

14. Landfill Grants

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

	2009	2008	2009	2008
Nature of transaction	£	£	No	No
Grants received	316,587	601,749	29	50
Grants paid	377,684	535,112	33	51

These amounts are not included in these financial statements.

15. Post Balance Sheet event

Following the fall in the stock market in the previous year, the increase in value of investments as at 31st August 2009 has continued upwards.

Investments held at 31st December 2009 show a 7% increase since the year end.

Following Financial Reporting Standard (FRS) 21, this is not reflected in the balance sheet.

B. General Report – an update on activities from 1st September 2009 onwards

The Report of the Board for the year ending the 31st August 2009 is contained within Section 1 as part of the Report & Financial Statements. The following Report deals with activities from September 2009.

During the current connexional year, the Board has met on 14th October 2009, 11th February 2010 and 5th May 2010. The May meeting of the Board is devoted principally to investment matters relating to its Administration Fund and the full trusts. The Executive met 2 times during the year, 24th November 2009, 23rd March 2010 and will meet on 13th July 2010. The Audit Committee meets at least twice a year and reports directly to the Board. It met on 1st December 2009 to consider the Accounts and to make arrangements for the 3 year Internal Audit programme and will meet again on 30 June 2010.

Key Issues

There are a number of Key issues arising:

2.1 Review of the Legal Section

Our Legal Team has, for many years, provided legal services for the Connexion on matters which, in some way or other, related to property transactions. It was and is still considered appropriate that a Legal Team, required to service the Custodian Trustee responsibilities, could be used as a resource in this way. Among other things it resulted in economies of scale and also ensured that there were no duplication of resources in terms of cost, effort or time.

This "shared" resource has worked well over the last decade and indeed, under a slightly different format, for many years prior to that.

We are currently looking at how we can provide a useful productive legal service within the parameters permitted by the regulatory framework prescribed by the Solicitors Regulation Authority (SRA). The SRA regulates solicitors in England and Wales. We recognise that local people need somewhere to go for guidance and we want to assist as much as possible, fundamentally "signposting", providing templates, precedents and guidance notes. We shall

continue to outline Methodist law and to liaise with legal representatives of Managing Trustees in order to help them deal with issues as quickly and as cost effectively as possible.

2.2 Resourcing Mission Office Review

The decision as to whether the Resourcing Mission office is closed and jobs relocated could have a tremendous impact on the Board on a number of levels. Whatever the outcome, the Trustees for Methodist Church Purposes will continue to be located in Manchester and given that there has been a long history of the sharing of resources there could be cost implications and staffing issues as a consequence.

There will be the need for consultation with the Board on an ongoing basis and a general awareness on the part of the Connexion as to the potential results of any decisions which are taken by the Methodist Council in this respect.

2.3 Internal Systems Review

Following the implementation of the Consents Process by the Connexional Team, we are endeavouring to adapt our in-house systems as comprehensively and completely as possible.

In addition, our internal review of our legal services and the recent amendments to Standing Orders which have resulted in changes to the use of money, all have implications in respect of in-house systems and again any changes as a result of these issues are being effected by the development of new internal procedures.

The development of a case management system should ensure that in-house systems provide the necessary information trail for all users. It is envisaged that we will interact electronically with our colleagues and friends across the Connexion on a much greater scale over forthcoming years with data/information being accessible remotely.

2.4 Land Registration

It is important that Districts understand that the Scheme, established by the Trustees for Methodist Church Purposes (TMCP), for the registration of the legal title of all property in England and Wales held under the Model Trusts, is entering its final stage.

Almost all districts have now been invited by TMCP to submit their deeds to the Land Registry for registration. There are various benefits to local churches and circuits of registering the title to their property through the Voluntary Scheme, particularly with regard to the management of the property. The main financial benefit of the Scheme is that the fee for first registration under the Scheme has been paid by TMCP, so the local managing trustees do not incur that cost. This has, therefore, resulted in a major cost-saving across the Connexion.

*****RESOLUTION**

49/1. The Conference adopted the Report & Financial Statements for the year ended 31st August 2009 and the Report on Activities from 1st September 2009.

C. The Roles of the Trustees for Methodist Church Purposes – (“The Board”)

During this current connexional year there have been major changes to the way in which dealings with property are conducted within the life of the Church. Significant changes to Part 9 of Standing Orders were made with much regulation being devolved to districts instead of the Council, an electronic system for giving consent to projects proposed by managing trustees was introduced, and most of the restrictions on the use by managing trustees of Model Trust capital and income were removed.

All of these changes call for a review of the way in which the Board (TMCP) relates both to managing trustees and to the Connexional Team so that there is clarity and mutual understanding both about the duties and responsibilities of the Board in property matters, and of the services it offers to the Church generally. Recognising the need for consultation on this matter it has been agreed that the Law and Polity Committee and the Board form a joint working party to address the issues.

In the meantime, and following consultation with the Law and Polity Committee this section of the Board's Report to Conference sets out some of the responsibilities which fall to the Board by virtue of certain Acts of Parliament, and some of the services it offers to the Church by virtue of being an incorporated board and a trust corporation. It is selective and does not claim to cover every role of the Board within the life of the Church.

It should be noted that there are three other incorporated bodies of trustees within the life of the Church; The Trustees for Manx Methodist Church Purposes, The Trustees for Jersey Methodist Church Purposes and The Trustees for the Bailiwick of Guernsey Methodist Church Purposes. The responsibilities outlined below relating to the Methodist Church Act 1976, in A below, are borne by those boards in relation to Methodist property in their jurisdictions, and not by TMCP which is the body for England, Wales and Scotland including Shetland. It is not the purpose of this paper to explore whether items 2-6 apply to the other Boards.

1. Some duties arising from the Methodist Church Act 1976 and the Model Trusts.

- i. The principal role of the Board, in terms of activity, is to act as custodian of Model Trust property held further to the Methodist Church Act 1976. In respect of such property the Board holds the legal title and acts in accordance with directions given by the managing trustees of such property e.g. to buy, sell or lease, or to release Model Trust monies for purposes permitted by the Model Trusts and Standing Orders. The Board may refuse to concur with the directions of managing trustees only if to do so would be a breach of trust, (for example by not complying with Standing Orders) or be illegal in some other way. To concur in those circumstances would put the Board itself in breach of trust.
- ii. Model Trust 21A gives an express power to the Board, together with others, 'to commence and prosecute proceedings in any court for the enforcement of the model trusts or for the restraint of any breach or prospective breach of the model trusts or of any Standing Order, direction or authority made or given under or pursuant to any provision of this Act ...'. That involves positive action, rather than just refusal to concur with the managing trustees in the proposed step. An illustration of a situation in which the Board might have to take such action is given in Standing Order 985(3) if managing trustees have made or are proposing to make unauthorised alterations to a listed building.
- iii. Much of the work of the Board relates to dealings with land (which includes buildings), buying, selling or leasing the same on behalf of managing trustees. The Board becomes the custodian of the capital proceeds of such transactions and the Standing Orders provide the way in which such proceeds are to be held by the Board and used by the managing trustees.
- iv. The Act also provides in Section 15, that gifts from any Will to local churches or circuits without an express declaration of trust shall be construed as being made to the Board to hold upon the model trusts. The Board will then apply the gift to the purposes of a specific church body, as directed by the Methodist Council, which if the church or circuit named in the Will still exists, will in practice always be that church or circuit. The Board's receipt for such monies from a Will is the effective discharge of the executor's duty in respect of that gift.

2. Duties which flow from the Trust Deed of 1866 (Trustees for Wesleyan Methodist Church Purposes) and the Trust Deed of 1914 (Trustees for United Methodist Church Purposes).

These bodies were established, inter alia, to hold investments in stocks, shares and bonds on behalf of local churches to avoid the problem of having to hold such investments in the names of local trustees. It is worth noting that a number of Trusts held by the Board, mainly permanent endowments with the provision to pay over the income to local churches or other Methodist funds, were originally held by the above two bodies of Trustees. They fell into the hands of the Board by virtue of the Methodist Church Act 1939. Whilst most investments held on behalf of managing trustees are now placed in Central Finance Board investment media (which can only be accessed through the Board – cash can be placed directly with CFB) managing trustees, or trustees of other monies held for Methodist purposes can request the Board to purchase and hold shares etc on their behalf.

3. The Public Trustee Act 1906 and the Law of Property Act 1926.

Further to these Acts the earlier Trustee bodies, and the Board, were registered as corporate bodies enabling them to hold property in their own names, including in 1932 proceeds of sale of Model Deed property.

Because the Board is a corporate body and able to hold land as a custodian, it was possible for land held on the Wesleyan Deed of 1833, the Deeds of the United and Primitive Methodist Churches and other Deeds, to be transferred to the Board under the Methodist Church Act 1976. It should be noted that the Board can and does hold property both as custodian and as full trustee which is not held on the Model Trusts but, for example, on Trusts declared by a Will and for other Methodist non-Model Trust purposes.

4. The Methodist Church Act 1939.

As already indicated, this Act created this new corporate body to serve the Methodist Church created by the Act of Union 1929 and subsumed into it the Wesleyan and United bodies. This Act also sets out the constitution of the Board and the method by which members are appointed to it by the Conference.

5. The Trust Deed of 1939.

Further to Section 11 of the 1939 Act, Conference adopted a Trust Deed (and further to Section 12 amended it in 2001) which among other things sets out how the Board is to hold property received by transfer, for the same purposes as were declared before transfer, from the previous custodians.

The Deed in Clause 1 also provides that if any property is transferred to the Board by a donor or testator, where a trust or obligation has been created by the donor or Will, the Board shall hold it on those trusts. Clause 2 provides that where no trust or obligation has been created then the Conference shall declare the trusts upon which the property is to be held. Over the past 25 years (at least) regular use has been made of this provision, following advice from our Solicitors, when the Board has been named in a Will but no obligation created. Two such instances will be brought to the 2010 Conference.

6. The Board as the Church's 'legal person'

- i. Further to Clause 2 of the above Deed, there have been occasions when a Will has named the President or other connexional officer or an administrative body (such as one of the old Divisions) as the recipient of a bequest. Our Solicitor's advice and judgment has been that these bequests fall to the Board to hold, and for the Trusts to be declared by the Conference, which may include the provision for example, 'to hold and pay over to the Methodist Church Fund ...' or for the purposes expressed by desire in the Will.

- ii. The Board is the corporate 'Person' which holds copyright on behalf of the Conference and its subsidiary bodies. The Revd Dr Brian Beck, during his period of office as Secretary of the Conference, drew attention to the fact that copyright is held either by an individual person or corporate legal person. It will be noted that all publications of the Methodist Publishing House and, for example, the works held in the Art Collection name TMCP as the holder of the copyright.
- iii. *Data Protection Acts.* (See Standing Order 019 (3).) In 1984 the Data Commissioner accepted an argument that the Board was entitled to register as 'Data Controller' for personal data held by local churches, circuits and districts. This relieved those bodies from having to pay £35 each per annum and the one fee paid by the Board covered all.

The Board then developed a scheme by which those holding data electronically (a limited number at that time) registered their intention with the Board and entered into commitments to provide information to the Board should an individual request details of data held about them. When in 1998 the Act was extended to cover paper records, the Board continued to register on behalf of all but no longer required notification from local bodies on the grounds that they were all holding personal data in one form or another. Whilst the Data Commissioner is aware of this arrangement we suspect that not all covered Methodist bodies are, and it may be time to remind churches, circuits and districts of this arrangement.

- iv. *ENTRUST and Landfill grants.* The Board is also registered as the 'environmental body' for Methodist land which it holds as custodian, again to save local churches from having to pay an individual fee if they wish to apply for a grant from a landfill operator. Conditions of this scheme are currently under review because of the commitments the Board has to make should the grant have to be repaid. However, this is another illustration of the way in which the Church is able to make use of the Board's status as a statutory corporate body and a 'legal person.'
- v. *Land Registration.* The land registration system means that title to land (including buildings) is proved by entry on the Land Registry rather than by production of deeds. Registration is now compulsory when there is a change of ownership, but because there has been no such change to the majority of our churches and many manses, they have not been registered. The Board, as "legal owner" of all property under the Methodist Church Act 1976 agreed a scheme with the Land Registry whereby all such property would be registered by a reduced fee which would have been paid by the Board. Full details of the scheme are available from the TMCP office.

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) or alternatively on our web site.

*****RESOLUTION**

49/2. The Conference received the Report on the roles and responsibilities of the Trustees for Methodist Church Purposes

D. Membership of the Board

The Conference of 2009 appointed new members to the Board, following the resignation of others, as listed in the first part of this Report dealing with the year to 31 August 2009 which lists all the current members.

Further to Section 5 of the Methodist Church Act 1939 members only cease to be so if they either die, become bankrupt, make an assignment with their creditors, refuse or become unfit to act, reside for twelve months out of the United Kingdom, cease to be members of the Methodist

Church or tender their resignation.

The Board has a policy of voluntary retirement when members reach either the age of 75 (for those members in office at the time of the adoption of the policy), or 70 for those appointed subsequently.

None of these events have occurred during the current year and therefore there are no vacancies in the membership of the Board to be filled by the Conference.

E. Declarations under the Methodist Church Trust Deed 1939

From time to time property is bequeathed to the Trustees for Methodist Church Purposes where no express or special trusts are declared by the legatee or where those terms are uncertain or are wishes only. In such cases clause 2 of the Trust Deed of 1939 adopted by the Conference further to Section 11 of the 1939 Act empowers the Conference to declare the trusts upon which the Board is to hold the property. Two such cases follow.

E.1 Geoffrey Relton, deceased.

Geoffrey Relton, who died in July 2009, by his Will bequeathed "A one ninth of the residue estate to the Trustees for Methodist Church Purposes, Central Buildings, Oldham Street, Manchester M1 1JQ with request that it be used for Carecent, St Saviourgate York."

The value of the bequest is currently £23,605.02.

Following enquiries, the Board has ascertained that "Carecent" is a charity subsidiary to Central Methodist Church, York and that the Church Council are trustees of the charity, appoint its officers, and manage its accounts.

The Board therefore proposes the following Resolution for adoption by the Conference.

*****RESOLUTION**

49/3. The Conference hereby directed that the bequest of Geoffrey Relton should be held by the Trustees for Methodist Church Purposes upon trust for the Carecent project of the Central Methodist Church Council, York and directed the Board to transfer the bequeathed property to the said Church Council in accordance with any instructions received from them.

E.2 Iris Nunn, deceased.

Iris Nunn, who died in January 2009, by her Will bequeathed of the residue of her estate "three such parts or shares to the Methodist Church Central Office with the wish that the same be used to benefit church parishioners and not be expended on Methodist Church buildings."

The value of the bequest is currently £111,584.72.

First, because the Will only expresses a 'wish', this is another case where it falls to the Conference to declare the trusts further to the Deed of 1939.

Second, as to 'Methodist Church Central Office', legal advice received in the past from the Connexional Solicitors is that such references and similar wording are to be read as referring to the Board as the incorporated body capable of holding such bequests on behalf of the Church.

Third, it has always been policy to reflect, as far as possible, the wish of the legator in any Directions which the Conference gives to the Board. In this case, Iris Nunn wishes to benefit

'church parishioners', which phrase the Board takes to mean 'lay persons within the Church community (not necessarily in formal membership)', and wished to exclude church buildings from benefit.

The Board holds, and has full discretion over the use of, a number of trusts the purposes of which include the making of charitable grants both to ministers and laypeople (not necessarily members) when they are in distress, or in other situations, such as needing assistance with residential care or recuperative holidays. None of these trusts are limited to lay persons.

If the Conference adopts the resolution below the Board will, in granting an application which might be met from one of its other discretionary trusts, consider drawing the grant from the Iris Nunn bequest if the applicant is a layperson within the church community.

The second part of the resolution will enable the Board to make grants, for example, to local church, circuit or district benevolence funds so that through those funds lay persons may be assisted.

*****RESOLUTION**

49/4. The Conference hereby directed that the bequest of Iris Nunn shall be held by the Trustees for Methodist Church Purposes upon trust to make grants to lay persons within the Methodist Church community for any charitable purpose as judged by the Board including relief of need, poverty or distress or to further education and, if funds allow, to make grants to other Methodist charitable bodies to assist lay persons for similar purposes.