

Trustees for Methodist Church Purposes

**Financial Statements
For the Year Ended 31 August 2001**

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**Report of the Board
For the Year Ended 31 August 2001**

Membership of the Board

Rev Nigel T Collinson	Mr Duncan Booth
Rev David Deeks	Mr K Peter Bounds
Rev Christine Hawke	Mr David Bradshaw
Rev Ian D Johnson	Mr J Robert Gillingwater
Rev G Michael Sparrow	Mrs Susan Howdle
Rev Kenneth Street	Mr Malcolm Pearson
Rev Peter W Sutcliffe	Mr Alan Pimlott
Rev Alison F Tomlin	Mr Gerald Pownall
Rev David F Willie	Mrs Eunice Shepherd

Rev Rita Armitage, Rev Stuart Jordan, Rev Margaret Lockwood, Miss Margaret Glendinning, Mr Peter T Hollows and Col (ret'd) Barry G Keast all resigned at the end of the February 2001 Board.

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.

Review for the Year and Future Plans

The financial effects of the Board's activities are set out in the accounts on pages 5 to 13.

The most significant feature of these accounts is the reduction in the value of the Board's General Fund of £464,620. This is due principally to the reduction in the market value of investments but also because of the policy of drawing on capital to meet administration costs. The drawing on capital for the second purpose will be reduced in the next connexional year because of the changes in management charges to the trusts (see below).

The Board met on 21 September 2000 and 15 February 2001.

Custodian Trustee

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 6500 or so local churches, 700 circuits and 33 districts together with a number of properties used for connexional purposes.

The Board is also custodian of all Model Trust monies held in approximately 10,000 separate trusts such as Circuit Advance Funds, proceeds of Sale, and Bequests on behalf of the Managing Trustees in the local Churches, Circuits and Districts. The value of the holdings is £186 million (2000: £189 million).

Review of Management and Governance Functions

The Board continues to grasp the opportunities afforded following the transfer of undertaking effected in 1999 by which the Board became the Employer of the staff which service its activities. With the advice of its Internal Auditors, the Board has continued to review the level of staff required to service its activities and has made a new appointment to concentrate principally on trust matters and conveyancing.

The Conference of 2001 agreed with the Board's policy of allowing its membership to reduce to 16 members (8 Ministerial and 8 Lay). The current membership of the Board is 18.

**Report of the Board (Continued)
For the Year Ended 31 August 2001**

Review of Management and Governance Functions (Continued)

The Board has strengthened the role of its Executive which now meets approximately six times a year with the Officers and, when appropriate, with all staff members. The Investment Committee has been disbanded and there will be an extra meeting of the Board devoted principally to investment matters during the connexional year 2001-2002.

The Audit Committee continues to function separately and its Chair reports direct to the Board.

Work for and by Methodist Council

Some work carried out by the Board's staff (approximately 10% of the whole) relates strictly to duties of the Council and largely relate to the preparation of Sharing Agreements. The cost of that work is met by the Council. The Council's Personnel Office and Wages section continue to provide appropriate services and the cost is met by the Board under an agency agreement.

Accommodation

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.

During 2002 it is anticipated that major works will be carried out at Central Buildings to install a new lift and to refurbish the Connexional Offices. This will inevitably lead to disruption of work both to the staff of TMCP and the connexional team.

Relations with Property Committee

Close links continue on a day to day basis with the staff of the Methodist Council who serve the Connexional Property Committee and who are housed in the same building. Such liaison is essential because the consent of the Committee is required for nearly all steps Managing Trustees wish to take and without that consent the Board, as custodian, cannot give effect to the decisions of the Managing Trustees.

Relations with the Central Finance Board

Regular meetings are held with officers of the Central Finance Board to discuss matters of mutual interest and a full meeting of the Board is held to receive advice on the investment management of the Full Trusts at which Central Finance Board Officers are present.

Management Charges

During the last connexional year, the Board was concerned to balance its books and to arrive at a fairer way of making charges to the funds of which it is custodian. A new annual charge came into effect after 1 September 2001 whereby all trusts are charged a percentage of the capital held. All other charges have been abolished, except for CHAPS charge of £25 per transaction, where applicable.

**Report of the Board (Continued)
For the Year Ended 31 August 2001**

Retirement Benefits

FRS17 'Retirement Benefits' was issued in December 2000 and will be fully effective for the period ending August 2003. FRS17 when applied in full will replace SSAP24 'Accounting for Pension Costs'.

FRS17 prescribes the following:-

In respect of defined contributions schemes the accounting treatment remains unchanged.

In respect of defined benefit schemes, "financial statements reflect at fair value the assets and at actuarial valuation using the projected unit method, the liabilities arising from an employer's retirement benefit obligations and any related funding".


"The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and changes in values of assets and liabilities are recognised in the accounting periods in which they arise".

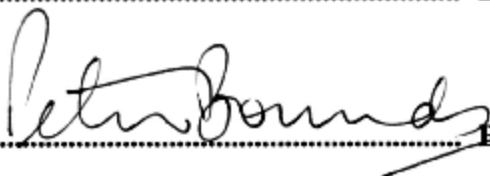
A full FRS17 statement is in Note 13 to these accounts.

Full Trusts

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, for example for recuperative holidays, and in others the Board is able to make grants for any Methodist charitable purpose.

Approved by the Board on: 14 . 2 . 02 and signed on its behalf by:


..... **Board Member**


..... **Board Member**

Auditors' Report to the Board

We have audited the financial statements on pages 5 to 13, which are defined in note 1 and have been prepared under the accounting policies set out in note 2 on pages 7 and 8.

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 and to cause them to be audited. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Trustees' affairs as at 31 August 2001 and of the deficit of net incoming resources for the year then ended and have been prepared in accordance with Accounting by Charities - Statement of Recommended Practice.

Custodian Trustees

In our opinion the investments referred to in note 1 on page 7, detailed in certificates as at 31 August 2001 and circulated to the Managing Trustees through the Superintendent Ministers and other responsible persons were in existence at that date and the income received has been accounted for to the respective Managing Trustees as listed on those statements.

Beever and Struthers

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

**BEEVER AND STRUTHERS
Chartered Accountants
Registered Auditors**

Dated: *14 February 2002*

The maintenance and integrity of the TMCP web site is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of Financial Activities
For the Year Ended 31 August 2001**

	Note	2001 £	2000 (as restated) £
Incoming Resources			
Income from investments		106,528	133,204
Bequest		-	3,000
Charge to Connexional Advance and Priority Fund		<u>4,112</u>	<u>4,481</u>
		<u>110,640</u>	<u>140,685</u>
Resources Expended			
Management and administration	3	340,434	323,667
Underpayment of VAT on Connexional Advance and Priority Fund from previous years		-	1,705
Less: Amounts recharged to Managing Trustees		<u>(113,243)</u>	<u>(122,493)</u>
Total resources expended		<u>227,191</u>	<u>202,879</u>
Net outgoing resources for the year		(116,551)	(62,194)
Other recognised gains and losses on investments			
Realised	6	7,105	2,216
Unrealised	6	<u>(355,174)</u>	<u>198,675</u>
		<u>(348,069)</u>	<u>200,891</u>
Net movement in funds	9	<u>(464,620)</u>	<u>138,697</u>
Statement of Total Gains and Losses			
(Deficit)/surplus for the year		(464,620)	138,697
Prior Period Adjustment (Note 10)		<u>(33,706)</u>	<u>-</u>
Total recognised (losses) and gains since the last annual report		<u>(498,326)</u>	<u>138,697</u>


The above results all derive from continuing operations.

The notes on pages 7 to 13 form an integral part of these accounts.

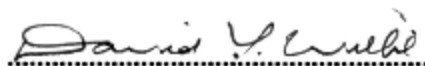
Balance Sheet as at
31 August 2001

	Note	2001 £	2000 (as restated) £
Fixed Assets			
Tangible fixed assets	5	32,824	65,798
Investments	6	<u>2,575,452</u>	<u>2,983,166</u>
		2,608,276	3,048,964
Current Assets			
Debtors and prepayments	7	6,422	4,279
Cash in hand and at bank		<u>27,663</u>	<u>71,481</u>
		34,085	75,760
Current Liabilities			
Creditors and accruals	8	<u>28,940</u>	<u>46,683</u>
Net Current Assets			
		<u>5,145</u>	<u>29,077</u>
		<u>2,613,421</u>	<u>3,078,041</u>
Funds Employed			
Unrestricted - General Fund	9	<u>2,613,421</u>	<u>3,078,041</u>

Approved by the Board on: 14.2.02 and signed on its behalf by:


.....

Board Member


.....

Board Member

The notes on pages 7 to 13 form an integral part of these accounts.

**Notes to the Accounts
For the Year Ended 31 August 2001**

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.

Income from investments is recognised in the Statement of Financial Activities on an accruals basis.

These accounts do not include investments of some £186 million (2000: £189 million) at market value held by the Board in its capacity as trustees or custodian trustees. Of the £186 million, approximately £2.6 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 Charities SORP in recognition of good practice.

(b). Cash flow statement

The Board is similar to a small company, and has elected to take advantage under FRS1 not to prepare a cash flow statement.

(c). 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.

Notes to the Accounts
For the Year Ended 31 August 2001

2. Statement of Accounting Policies (Continued)

(f). Retirement Benefits

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church which is a defined benefit scheme. Contributions payable to this scheme are charged to the statement of financial activities in the period to which they relate.

3. Management and Administration

	2001		2000	
	£	£	£	£
Wages and Salaries	210,364		180,403	
Social Security Costs	18,307		15,700	
Pension Costs	<u>22,445</u>		<u>19,249</u>	
	251,116		215,352	
Less amount recharged to Methodist Council	<u>(32,819)</u>		<u>(26,213)</u>	
		218,297		189,139
General expenses (Note 12)		52,097		57,723
Insurances		5,915		5,635
Audit fee and Accountancy		11,068		14,825
Depreciation		34,658		38,193
Computer Expenses		17,639		17,917
Legal and Professional		<u>760</u>		<u>235</u>
		<u>340,434</u>		<u>323,667</u>
Average number of employees (all administration)		<u>11</u>		<u>9</u>

Notes to the Accounts
For the Year Ended 31 August 2001

4. Surplus for the Year

Surplus for the year is stated after charging:-

	2001 £	2000 £
Depreciation	<u><u>34,658</u></u>	<u><u>38,193</u></u>
Auditors Remuneration In their capacity as external auditors	4,400	4,250
Charges for other services:		
Internal Audit	6,668	6,768
Accountancy Services	-	2,850
Computer Consultancy	<u>-</u>	<u>957</u>
	<u><u>11,068</u></u>	<u><u>14,825</u></u>

5. Tangible Fixed Assets

	Fixtures & Fittings £	Computer £	Total £
Cost			
At 1 September 2000	61,373	129,589	190,962
Additions	2,200	683	2,883
Disposals	<u>-</u>	<u>(3,995)</u>	<u>(3,995)</u>
At 31 August 2001	<u><u>63,573</u></u>	<u><u>126,277</u></u>	<u><u>189,850</u></u>
Depreciation			
At 1 September 2000	(41,770)	(83,394)	(125,164)
Charge for year	(12,348)	(22,310)	(34,658)
Disposals	<u>-</u>	<u>2,796</u>	<u>2,796</u>
At 31 August 2001	<u><u>(54,118)</u></u>	<u><u>(102,908)</u></u>	<u><u>(157,026)</u></u>
Net Book Values			
At 31 August 2001	<u><u>9,455</u></u>	<u><u>23,369</u></u>	<u><u>32,824</u></u>
At 31 August 2000	<u>19,603</u>	<u>46,195</u>	<u>65,798</u>

Notes to the Accounts
For the Year Ended 31 August 2001

6. Investments

(a). Movement on Investments	2001 £	2000 £
Market value 1 September	2,983,166	2,897,644
Additions	98,853	148,613
Disposals	(158,498)	(263,982)
Realised gains	7,105	2,216
Net unrealised (losses)/gains	<u>(355,174)</u>	<u>198,675</u>
Market value at 31 August	<u>2,575,452</u>	<u>2,983,166</u>

(b). Analysis of Investments

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

	Nominal Value £/Units	2001 Market Value £	2000 Market Value £
Central Finance Board			
Trustees Interest Fund	363,553	363,553	314,834
Managed Mixed Fund	-	-	623
Managed Fixed Interest Fund	-	-	-
Managed Equity Fund	-	-	1,229
Overseas Investment Fund	2,235	218,625	291,241
UK Equity Fund	13,496	1,518,961	1,835,314
Short Fixed Interest Fund	1,023	352,437	345,202
Long Fixed Interest Fund	1,627	131,866	194,710
Retail Corp'n 4.55% cum pref	885	10	13
Value at 31 August		<u>2,585,452</u>	<u>2,983,166</u>

	2001 £	2000 £
7. Debtors		
Sundry debtors	-	1,765
Prepayments and trade debtors	<u>6,422</u>	<u>2,514</u>
	<u>6,422</u>	<u>4,279</u>

Notes to the Accounts
For the Year Ended 31 August 2001

8. Creditors

Sundry Creditor	1,451	-
VAT Creditor	136	837
Accruals	<u>27,353</u>	<u>45,846</u>
	<u>28,940</u>	<u>46,683</u>

2001	2000
£	£

9. Unrestricted - General Fund

Accumulated fund at 1 September as previously stated	3,078,041	2,973,050
Prior Period Adjustment (Note 10)	<u>-</u>	<u>(33,706)</u>
At 1 September (as restated)	3,078,041	2,939,344
Deficit/surplus in period	<u>(464,620)</u>	<u>138,697</u>
At 31 August	<u>2,613,421</u>	<u>3,078,041</u>

10. Prior Period Adjustment

As part of the process of reconciling the global bank account, which includes amounts held by TMCP on behalf of other trusts, it was identified that the sum of £33,706 incurred by TMCP's own expenditure had not been deducted from TMCP's cash balances, resulting in those cash balances being overstated by £33,706. To correct this a prior period adjustment has been made to bank and reserves on the balance sheet.

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. General Expenses

	2001	2000
	£	£
Bank charges	4,428	4,177
Recruitment	3,610	8,598
Postage and Stationery	13,030	12,780
Rent	14,115	13,704
Telephone	2,121	2,276
Methodist Council	7,326	7,136
Trustees expenses	3,169	3,584
Sundry Expenses	<u>4,298</u>	<u>5,468</u>
	<u>52,097</u>	<u>57,723</u>

**Notes to the Accounts
For the Year Ended 31 August 2001**

13. Pension Costs

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church.

Pension and Assurance Scheme for Lay Employees of the Methodist Church

A valuation for the purposes of this disclosure was carried out at 31 August 2001 by an independent actuary. The major assumptions used by the actuary were:-

Rate of increase in salaries	4%
Rate of increase in pension payments	2.5% - 5.0%
Discount rate	5.8%
Inflation rate assumed	2.5%

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

	Long term rate of return expected at 31 August 2001	Value at 31 August 2001
	%	£ million
Equities	6.5	5.6
Bonds	5.8	2.8
Others	4.8	<u>0.7</u>
Total		<u>9.1</u>

The following amounts at 31 August 2001 were measured in accordance with the requirements of FRS17.

	£ million
Total market value of assets	9.1
Present value of scheme liabilities	<u>(11.1)</u>
Net Pension (Liability)	<u>(2.0)</u>

FRS17 Pensions Disclosure 31 August 2001

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. 5% of the membership of the scheme are employees of the Board.

The total employer contributions paid to the scheme during the year were £0.452m, of which the Board's contributions totalled £22,445. A full actuarial valuation of the scheme was carried out at 1 September 1999 by an independent actuary. The valuations disclosed a past service deficit of £0.648m. The actuary has accordingly recommended a contribution rate of 16.7% of pensionable salaries, which is intended to remove the deficit over the estimated working life of existing employees.

Notes to the Accounts
For the Year Ended 31 August 2001

14. 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:

	2001	2000
	£ p	£ p
Name of Recipient		
Professional Services		
Mr J R Gillingwater	1,200.00	1,200.00
Honoraria		
	£ p	£ p
Rev I D Johnson	-	762.00
Rev K E Street	-	762.00
Expenses		
	£ p	£ p
Rev R Armitage	-	20.60
Mr D Booth	3.50	-
Mr K P Bounds	195.82	10.40
Mr D Bradshaw	35.50	45.50
Rev Dr N Collinson	90.00	-
Rev D G Deeks	51.40	78.00
Mr J R Gillingwater	155.00	40.00
Miss M Glendinning	-	39.60
Rev C Hawke	20.60	-
Mrs S Howdle	24.70	13.50
Rev Dr S Jordan	-	20.00
Col B G Keast	67.50	-
Rev M Lockwood	12.15	-
Mr M Pearson	7.90	-
Mrs E Shepherd	49.40	-
Rev G M Sparrow	14.15	8.20
Rev K E Street	210.80	-
Rev P W Sutcliffe	79.40	54.35
Rev A Tomlin	14.50	14.66
Rev D Willie	29.45	16.00

There were no transactions with any other Board members during the year.