

**Trustees for Methodist Church Purposes**

**Financial Statements  
For the Year Ended 31st August 2003**

## **Trustees for Methodist Church Purposes**

### **Members of the Board as at 31<sup>st</sup> August 2003**

|  |                          |
|--|--------------------------|
| 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 Christine A Hawke                     | Mr J Robert Gillingwater |
| The Revd Ian D Johnson                         | Mrs Susan Howdle         |
| The Revd G Michael Sparrow                     | Mr Malcolm Pearson       |
| The Revd Kenneth E Street - <b>(Secretary)</b> | Mr G Alan Pimlott        |
| The Revd David F Willie - <b>(Chairman)</b>    | Mrs Eunice Shepherd      |

### **TMCP Staff Members as at 31<sup>st</sup> August 2003**

|                    |                       |
|--------------------|-----------------------|
| Mr Brian Couch     | Mr David Phillips     |
| Mrs Amanda Flynn   | Mrs Margaret Pryde    |
| Miss Susan Jaggard | Mrs Kathrin Rosenfeld |
| Mr Neville Johnson | Mr Simon Speechley    |
| Mrs Kathleen Mason | Mrs Janet Street      |

### **Office and Advisers**

#### ***Office:***

Central Buildings  
Oldham Street  
Manchester M1 1JQ

#### ***Auditors:***

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

#### ***Bankers:***

HSBC  
22 Victoria Street  
Westminster  
London SW1H 0NJ

Central Finance Board of the Methodist Church  
4<sup>th</sup> Floor, Friendly House  
52-58 Tabernacle Street  
London EC2A 4PL

#### ***Solicitors:***

Pothecary & Barratt  
Talbot House  
Talbot Court  
Gracechurch Street  
London EC3V 0BS

#### ***Stockbrokers:***

Gerrard  
1 St James's Square  
Manchester M2 6DN

**Trustees for Methodist Church Purposes**

**Financial Statements  
For the Year Ended 31 August 2003**

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**Report of the Board  
For the Year Ended 31 August 2003**

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.

**Membership of the Board**

|   |                          |
|---|--------------------------|
| The Revd James Booth - (from July 2003)         | Mr Duncan Booth          |
| The Revd Nigel T Collinson – (until May 2003)   | Mr K Peter Bounds        |
| The Revd David G Deeks                          | Mr David Bradshaw        |
| The Revd Doreen Hare - (from July 2003)         | Mr J Robert Gillingwater |
| The Revd Christine A Hawke                      | 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 Alison F Tomlin - (Until January 2003) |                          |
| The Revd David F Willie - (Chairman)            |                          |

During the year The Revd Nigel Collinson and The Revd Alison Tomlin resigned, and The Revd Doreen Hare and The Revd James Booth were appointed as members by the Conference of 2003.

The Conference of 2001 agreed with the Board's policy of allowing its membership to reduce to 16 members (being equal numbers of ministers and lay persons in accordance with the Methodist Church Act of 1939); and given the resignations and appointments reported above, that figure is being maintained.

**Review for the Year and Future Plans**

The financial effects of the Board's activities are set out in the accounts on pages 6 to 14.

The Board met on 10<sup>th</sup> October 2002, 13<sup>th</sup> February 2003 and 15<sup>th</sup> May 2003.

**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 6,200 or so local churches, 621 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 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 £193 million (2002 : £185 million).

**Review of Management and Governance Functions**

The Board was deeply saddened by the sudden death of its Financial Officer, Frank Chellaswamy on 28<sup>th</sup> April 2003. He had done much, together with Neville Johnson - the Legal Officer, to draw together the staff in its service to the Board.

In the light of this it was felt right to continue to co-ordinate the work of the financial and legal sections through an appointment of a General Manager. It is expected that such an appointment will be made in the year 2003/04 and the Board acknowledges its gratitude to the remaining staff who have maintained the service to Managing Trustees during this period.

When the appointment of the General Manager is made, the Board will review the administrative responsibilities of its officers and of the Executive in the light of that appointment.

**Report of the Board (Continued)  
For the Year Ended 31 August 2003**

**Review of Management & Governance Functions (continued)**

The Board's Executive meets approximately six times a year with the Officers and, when appropriate, with all staff members. One meeting of the Board is devoted principally to investment matters relating to its Administration Fund and the full trusts.

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

**Reserves Policy**

At its meeting in May 2002, the Board adopted a Policy on the use of the reserve in its Administration Fund which was subsequently adopted by the Conference of 2002 and confirmed by the Conference of 2003. The Board's policy is to use the income from the Administration Fund together with an annually decided allocation of capital, to subsidise 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 judgement 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 has reviewed the criteria for the investment of the Trustees Interest Fund in collaboration with the Central Finance Board.

The investment policy for trusts of which it 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 is putting in hand policies 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.

**Work for and by Methodist Council**

Some work carried out by the Board's staff 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.

**Relations with Methodist Property Office**

Close links continued on a day to day basis with the staff of the Methodist Council who serve the Methodist Property Office under the oversight of the Connexional Property Committee, appointed by the Council and who are housed in the same building. Such liaison is essential because the consent of the Connexional Property 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.

**Report of the Board (Continued)  
For the Year Ended 31 August 2003**

**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.

**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: 12/2/2004 and signed on its behalf by:

David Y. Curran Board Member

[Signature] Board Member

**Independent Auditors' Report to the Board**

We have audited the financial statements of the Trustees for Methodist Church Purposes for the year ended 31st August 2003 on pages 6 to 14, which comprise the Statement of Financial Activities, the Balance Sheet and notes 1 to 14. These financial statements have been prepared under 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 and cause them to be audited.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 whether it is consistent with the audited financial statements. We 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 United Kingdom 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 irregularities or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent Auditors' Report to the Board (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Board's affairs as at 31 August 2003 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 31 August 2003 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.

*Beever and Struthers*

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

**BEEVERAND STRUTHERS**  
Chartered Accountants  
Registered Auditors

Dated: *12 February 2004*

**Statement of Financial Activities  
For the Year Ended 31 August 2003**

|   | Note | 2003<br>£        | 2002<br>£        |
|---|------|------------------|------------------|
| <b>Incoming Resources</b>                           |      |                  |                  |
| Income from investments                             |      | 79,971           | 90,239           |
| Charge to Connexional Advance and<br>Priority Fund  |      | <u>4,321</u>     | <u>4,215</u>     |
|   |      | <u>84,292</u>    | <u>94,454</u>    |
| <b>Resources Expended</b>                           |      |                  |                  |
| Management and administration                       | 3    | 341,887          | 375,474          |
| <b>Less: Amounts recharged to Managing Trustees</b> |      | <u>(248,131)</u> | <u>(248,385)</u> |
| Total resources expended                            |      | <u>93,756</u>    | <u>127,089</u>   |
| Net resources expended                              |      | (9,464)          | (32,635)         |
| Net gains / (losses) on investments                 | 6    | <u>12,152</u>    | <u>(402,880)</u> |
| <b>Net movement in funds</b>                        | 9    | 2,688            | (435,515)        |
| Fund balances brought forward at 1 September        |      | <u>2,177,906</u> | <u>2,613,421</u> |
| Fund balances carried forward 31 August             |      | <u>2,180,594</u> | <u>2,177,906</u> |

**The above results all derive from continuing operations.**

**All recognised gains and losses are included in this statement.**

**The above surpluses are the historical cost surpluses.**

**The notes on pages 8 to 14 form an integral part of these accounts.**

**Balance Sheet as at  
31 August 2003**

|                                    | Note | 2003<br>£        | 2002<br>£        |
|------------------------------------|------|------------------|------------------|
| <b>Fixed Assets</b>                |      |                  |                  |
| Tangible fixed assets              | 5    | 18,567           | 17,304           |
| Investments                        | 6    | <u>2,060,547</u> | <u>2,048,261</u> |
|                                    |      | <u>2,079,114</u> | <u>2,065,565</u> |
| <b>Current Assets</b>              |      |                  |                  |
| Debtors and prepayments            | 7    | 10,971           | 9,591            |
| Cash in hand and at bank           |      | <u>114,206</u>   | <u>126,984</u>   |
|                                    |      | 125,177          | 136,575          |
| <b>Current Liabilities</b>         |      |                  |                  |
| Creditors and accruals             | 8    | <u>23,697</u>    | <u>24,234</u>    |
| <b>Net Current Assets</b>          |      | <u>101,480</u>   | <u>112,341</u>   |
| <b>Total Assets</b>                |      | <u>2,180,594</u> | <u>2,177,906</u> |
| <b>Funds</b>                       |      |                  |                  |
| Unrestricted - Administration Fund | 9    | <u>2,180,594</u> | <u>2,177,906</u> |

Approved by the Board on: *12 Feb 2004* and signed on its behalf by:

*David J. Wells*  
.....

Board Member

*Kentone*  
.....

Board Member

The notes on pages 8 to 14 form an integral part of these accounts.

**Notes to the Accounts  
For the Year Ended 31 August 2003**

**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 £193 million (2002: £185 million) at market value held by the Board in its capacity as trustees or custodian trustees. Of the £193 million, approximately £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 Charities SORP issued in 2000 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.

**(f). Incoming Resources**

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

Interest from investments is recognised on an accruals basis.

**Notes to the Accounts  
For the Year Ended 31 August 2003**

**2. Statement of Accounting Policies (Continued)**

**(g). 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**

|   | 2003            |   | 2002            |   |
|---|-----------------|---|-----------------|---|
|   | £               | £ | £               | £ |
| Wages and Salaries                                  | 215,310         |   | 221,373         |   |
| Social Security Costs                               | 19,001          |   | 19,501          |   |
| Pension Costs                                       | <u>28,138</u>   |   | <u>29,926</u>   |   |
|   | 262,449         |   | 270,800         |   |
| <b>Less: Amount recharged to Methodist Council</b>  | <u>(36,798)</u> |   | <u>(34,479)</u> |   |
|   | 225,651         |   | 236,321         |   |
| General expenses (Note 11)                          | 53,550          |   | 57,488          |   |
| Insurances  | 7,359           |   | 6,114           |   |
| Audit fee and Accountancy                           | 14,672          |   | 12,626          |   |
| Depreciation  | 7,443           |   | 27,969          |   |
| Computer Expenses                                   | 25,371          |   | 28,981          |   |
| Legal and Professional                              | <u>7,841</u>    |   | <u>5,975</u>    |   |
|   | <u>341,887</u>  |   | <u>375,474</u>  |   |
| Average number of employees<br>(all administration) | <u>11</u>       |   | <u>11</u>       |   |

There are no employees with emoluments above £50,000.

Notes to the Accounts  
For the Year Ended 31 August 2003

|  |                      |               |
|--|----------------------|---------------|
| <b>4. Net resources expended for the year</b>                  | <b>2003</b>          | 2002          |
| Net resources expended for the year is stated after charging:- | £                    | £             |
| <b>Depreciation</b>  | <b><u>7,443</u></b>  | <u>27,969</u> |
| <b>Auditors Remuneration</b>                                   |                      |               |
| In their capacity as external auditors                         | <b>4,667</b>         | 4,450         |
| Charges for other services:                                    |                      |               |
| Internal Audit   | <b>9,385</b>         | 7,276         |
| Other Services   | <b><u>620</u></b>    | <u>900</u>    |
|  | <b><u>14,672</u></b> | <u>12,626</u> |

**5. Tangible Fixed Assets**

|                          | <b>Fixtures &amp;<br/>Fittings<br/>£</b> | <b>Computer<br/>£</b> | <b>Total<br/>£</b>    |
|--------------------------|--|-----------------------|-----------------------|
| <b>Cost</b>              |  |                       |                       |
| At 1 September 2002      | 64,529                                   | 120,994               | 185,523               |
| Additions                | 8,706                                    | -                     | 8,706                 |
| Disposals                | <u>-</u>                                 | <u>-</u>              | <u>-</u>              |
| <b>At 31 August 2003</b> | <b><u>73,235</u></b>                     | <b><u>120,994</u></b> | <b><u>194,229</u></b> |
| <b>Depreciation</b>      |  |                       |                       |
| At 1 September 2002      | 61,973                                   | 106,246               | 168,219               |
| Charge for year          | 1,559                                    | 5,884                 | 7,443                 |
| Disposals                | <u>-</u>                                 | <u>-</u>              | <u>-</u>              |
| <b>At 31 August 2003</b> | <b><u>63,532</u></b>                     | <b><u>112,130</u></b> | <b><u>175,662</u></b> |
| <b>Net Book Values</b>   |  |                       |                       |
| <b>At 31 August 2003</b> | <b><u>9,703</u></b>                      | <b><u>8,864</u></b>   | <b><u>18,567</u></b>  |
| At 31 August 2002        | <u>2,556</u>                             | <u>14,748</u>         | <u>17,304</u>         |

Notes to the Accounts  
For the Year Ended 31 August 2003

6. Investments

| (a). Movement on Investments    | 2003<br>£        | 2002<br>£        |
|---------------------------------|------------------|------------------|
| Market value 1 September        | 2,048,261        | 2,575,452        |
| Additions                       | 116,732          | 150,027          |
| Disposals                       | (116,598)        | (274,338)        |
| Net investment gains / (losses) | <u>12,152</u>    | <u>(402,880)</u> |
| Market value at 31 August       | <u>2,060,547</u> | <u>2,048,261</u> |

(b). Analysis of Investments

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

|                              | 2003<br>Market<br>Value<br>£ | 2002<br>Market<br>Value<br>£ |
|------------------------------|------------------------------|------------------------------|
| <b>Central Finance Board</b> |                              |                              |
| Trustees Interest Fund       | 296,108                      | 189,221                      |
| Overseas Investment Fund     | 179,596                      | 168,053                      |
| UK Equity Fund               | 1,304,197                    | 1,302,590                    |
| Short Fixed Interest Fund    | 280,646                      | 356,226                      |
| Long Fixed Interest Fund     | -                            | 32,160                       |
| Retail Corp'n 4.55% cum pref | <u>-</u>                     | <u>11</u>                    |
| <b>Value at 31 August</b>    | <u>2,060,547</u>             | <u>2,048,261</u>             |

|                               | 2003<br>£     | 2002<br>£    |
|-------------------------------|---------------|--------------|
| <b>7. Debtors</b>             |               |              |
| Prepayments and trade debtors | 7,186         | 7,342        |
| VAT Debtor                    | <u>3,785</u>  | <u>2,249</u> |
|                               | <u>10,971</u> | <u>9,591</u> |

Notes to the Accounts  
For the Year Ended 31 August 2003

**8. Creditors**

|                 | 2003<br>£            | 2002<br>£            |
|-----------------|----------------------|----------------------|
| Sundry Creditor | -                    | 1,451                |
| Accruals        | <u>23,697</u>        | <u>22,783</u>        |
|                 | <u><u>23,697</u></u> | <u><u>24,234</u></u> |

**9. Unrestricted - Administration Fund**

|   | 2003<br>£               | 2002<br>£               |
|---|-------------------------|-------------------------|
| Accumulated fund at 1 September               | 2,177,906               | 2,613,421               |
| Net incoming resources / (resources expended) | <u>2,688</u>            | <u>(435,515)</u>        |
| At 31 August                                  | <u><u>2,180,594</u></u> | <u><u>2,177,906</u></u> |

**10. 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.

**11. General Expenses**

|                                      | 2003<br>£            | 2002<br>£            |
|--------------------------------------|----------------------|----------------------|
| Bank charges                         | 4,154                | 4,361                |
| Postage and Stationery               | 12,364               | 15,684               |
| Accommodation expenses               | 14,468               | 19,486               |
| Telephone                            | 2,013                | 2,597                |
| Payroll and personnel services       | 11,825               | 7,691                |
| Board and Committee meeting expenses | 2,514                | 2,183                |
| Staff Training, Welfare & Travel     | 5,084                | 2,964                |
| Sundry Expenses                      | <u>1,128</u>         | <u>2,522</u>         |
|                                      | <u><u>53,550</u></u> | <u><u>57,488</u></u> |

**Notes to the Accounts  
For the Year Ended 31 August 2003**

**12. Pension Costs**

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church, a defined benefit scheme. The Board makes a pension contribution, equal to 16.7% of the basic salary of its staff, to the scheme.

**Statement of Standard Accounting Practice (SSAP) 24 Disclosures**

Contributions to the scheme are charged to the Statement of Financial Activities (SOFA) so as to spread the cost of pensions over employees' working lives with the Methodist Church. The costs are determined by an independent actuary on the basis of triennial valuations using the Attained Age Method. The last full actuarial valuation of the whole scheme was carried out as at 1 September 2002 by an independent actuary.

This valuation showed that the market value of the scheme's assets was £8.8 m and that the actual value of these assets represented 73% of the benefits that had accrued to members after allowing for expected increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those referring to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 6.1% pa, salary increases would average 3.9% pa and that past and future pensions would increase at either 5% or 2.4% depending on whether guaranteed or linked to inflation respectively.

The contributions by the Board and members of the scheme from 1 September 2003 are now 20.6% and 7% respectively, which is intended to remove the deficit over the estimated average remaining service lives of employees.

Trustees for Methodist Church Purposes contributions to the scheme for the year were £28,138 (2002: £29,926). There was no provision/prepayment at 31 August 2003.

**Financial Reporting Standard (FRS) 17 Disclosures**

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, hence it is accounted for as a defined contribution scheme under FRS17. Accordingly, the FRS 17 pension disclosures are limited to the information set out above.

The deficit in the whole pension scheme at 1 September 2003 calculated using an FRS 17 basis was £5.88m (2002: £4.25m). The key assumptions used to calculate the FRS 17 liability were:

|                                      | <b>2003</b>    | 2002    |
|--------------------------------------|----------------|---------|
|                                      | %              | %       |
| Rate of increase in salaries         | <b>4.2</b>     | 3.9     |
| Rate of increase in pension payments | <b>2.6-5.0</b> | 2.4-5.0 |
| Discount rate                        | <b>5.4</b>     | 5.6     |
| Inflation rate assumed               | <b>2.7</b>     | 2.4     |

**Notes to the Accounts  
For the Year Ended 31 August 2003**

**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.

| <b>Nature of transaction</b> | <b>2003</b><br>£ | 2002<br>£ | <b>2003</b><br>No | 2002<br>No |
|------------------------------|------------------|-----------|-------------------|------------|
| Professional services        | -                | 1,200     | <b>1</b>          | 1          |
| Travel expenses re-imbursed  | <b>1,247</b>     | 904       | <b>12</b>         | 14         |

**14. Landfill Grants**

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

| <b>Nature of transaction</b> | <b>2003</b><br>£ | 2002<br>£ | <b>2003</b><br>No | 2002<br>No |
|------------------------------|------------------|-----------|-------------------|------------|
| Grants received              | <b>326,998</b>   | 318,139   | <b>30</b>         | 27         |
| Grants paid                  | <b>325,285</b>   | 258,480   | <b>29</b>         | 26         |

These amounts are not included in these financial statements.