

Trustees for Methodist Church Purposes  
Report and Financial Statements  
For the Year Ended 31<sup>st</sup> August 2008

## Trustees for Methodist Church Purposes

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**Report of the Board for the Year Ended 31<sup>st</sup> August 2008***Membership of the Board*

The Rev'd James Booth	Mr Duncan Booth
The Rev'd David Deeks ( <i>resigned 8<sup>th</sup> May 2008</i> )	Mr Peter Bounds ( <i>resigned 8th May 2008</i> )
The Rev'd David G Gamble ( <i>appointed Conference 2008</i> )	Mr David Bradshaw ( <i>resigned 8th May 2008</i> )
The Rev'd Doreen Hare	Mrs Susan Howdle
The Rev'd Jennifer A Impey	Mr John Jefferson ( <i>appointed Conference2008</i> )
The Rev'd Ian D Johnson	Mr David Moore ( <i>appointed Conference2008</i> )
The Rev'd G Michael Sparrow	Mr Malcolm Pearson
The Rev'd Kenneth E Street ( <i>Chair from 1<sup>st</sup> September 2008</i> )	Mr G Alan Pimlott
The Rev'd David Willie ( <i>Chair to 31<sup>st</sup> August 2008</i> )	Mrs Eunice Shepherd
	Mr Terry Wynn

The Rev'd David G Gamble, Mr John Jefferson and Mr David Moore were appointed to the Board of Trustees for Methodist Church Purposes at the July 2008 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 retired during the last Connexional year:- Peter Bounds, David Bradshaw and The Rev'd David Deeks.

*TMCP Staff Members*

Joanne Broadbridge	David Phillips
Kate Cocking	Kathrin Rosenfeld
Brian Couch	Sven Sandal
Amanda Flynn	Simon Speechley
Rachael Griffiths	Janet Street
Anne Hughes-Holmes (Chief Executive)	Cathy Wood
Neville Johnson	

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

## Trustees for Methodist Church Purposes

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*Auditors:*

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

*Solicitors:*

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

*Stockbrokers:*

Gerrard  
1 St James's Square  
Manchester  
M2 6DN

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

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

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

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

The Board occupies offices at Central Buildings, Manchester which is a Model Trust property used also by the Connexional Team, the Manchester Circuit and the Methodist Centre (a local church in the circuit). The property is managed under a Joint Management Agreement to which the Methodist Council is party. Connexional Managing Trustees appointed by the Council are responsible for the area occupied by the Team and the Board. 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 who meet at least three times a year. They report to the Board of Trustees. Primarily the Executive oversee the management arrangements and oversee and arrange Board meetings. They consider and approve management accounts and deal with all full trust applications. They take 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 matters we have in common with the Resourcing Mission Office located 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.

**Relationships with Other Parties (cont'd)**

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 31<sup>st</sup> August 2008 is given as appropriate.

	Income from related party	Purchases from related party	Amount owed by / (to) related party
Connexional Team	£ 27,167	£ 103,898	( £ 6,804 )

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 5,479 or so local churches, 564 Circuits and 31 districts, together with a number of properties used for connexional purposes.

The Board is also custodian of the Funds held in 8,854 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 scheme as instructed by Managing Trustees.

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

**ACHIEVEMENTS AND PERFORMANCES**

The Board is happy to report that all activities continue to be performed in an efficient and effective manner. As at the financial year end, TMCP had 8,854 active trusts with a total value of £256 million.

**Permanent Endowments:**

TMCP is working to help release capital from permanent endowments. The Charities Act 2006 has made many amendments to the 1993 Act.

TMCP is currently holding 2,553 permanent endowments on behalf of local churches and other managing trustees.

For endowments where annual income does not exceed £50, and for 99% of endowments where annual income is less than £1,000, capital may be released without formal application to

### **Permanent Endowments (cont'd):**

the Charity Commission. For endowments with an annual income which exceeds £1,000, it will be necessary in all cases to make a formal application to the Charity Commission.

### **Annual Statement Distribution:**

Following the successful Annual Statement distribution in September 2007 which resulted in nearly half of all statements being distributed by email, all statements have been sent via email in September 2008. In due course 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 Church has now almost completed the assessment of the future shape of the Connexional Team. Part of this process included an overview of the staffing requirements and structure of the legal team.

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

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

### **Property 'Consents' Scheme:**

Under the current 'Approvals' scheme TMCP performs its work in collaboration with the Methodist Council, through close liaison with the Connexional Team, which under Standing Orders gives approval for transactions, including sales, purchases and leases.

Over the next year, the rolling out of the 'Consents System' will result in Districts providing consent to schemes rather than approval being given by the Methodist Council.

The web-based system will have triggers built into it to ensure that, where necessary, managing trustees are reminded that in some circumstances it would be good practice to refer to TMCP or specialist Connexional officers. In some instances referral will be mandatory. TMCP is working with the Connexion to ensure that full guidance notes are available to assist managing trustees and their advisers. In addition, we are assisting with the initial development and testing of the system to ensure that the end product meets all needs. In order that we perform our full role as custodian trustee, it is important that, although the process is simplified, certain key stages remain in place.

Following changes in systems, there will still be the need for close working links, on a day to day basis, with Connexional staff. We value greatly our relationship with our colleagues both here in Central Buildings, Manchester and in Methodist Church House, London.

### **Land Registration**

TMCP has been liaising with the Land Registry over the last three years or so and we have now paid a one-off fee which will enable the registration of all land held under Model Trusts in England and Wales. The Connexion will have no costs to bear in this respect and this represents a sizable saving.

Following completion of a pilot scheme TMCP is now in discussion with both the Land Registry and the Districts to consider the most appropriate timeline for rolling out the registration process, in order that the administrative burden is not too great. TMCP is mindful of other pressures such as charity registration, and we will work with the Districts to ensure the process puts as little strain on trustees as possible.

**FINANCIAL REVIEW**

The Trustees for Methodist Church Purposes ended the year to 31<sup>st</sup> August 2008 with net outgoing resources, before revaluations of investment assets, of £58,682. After adjusting for a net loss on investments of £180,938 there was a net reduction in funds of £239,620.

The Management Charge for year end 31<sup>st</sup> August 2008 was 0.155% and this remains the same for the following year.

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

**Reserves Policy**

The Board 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 £95,407 in 2007/8 (£81,130 in 2006/7) during this year from the Administration Fund together with an annual allocation of capital to contribute towards the cost to Managing Trustees of the operation of the Board's responsibilities.

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 19<sup>th</sup> 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the Statement of Recommended Practice 2005, Accounting and Reporting by Charities, have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that activities will continue.

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

In so far as the Board Members is 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: 12<sup>th</sup>February 2009 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 31<sup>st</sup> August 2008 on pages 10 to 19 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 not inconsistent with the financial statements, if the Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularities or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD (continued)**

**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 31<sup>st</sup> August 2008 and of its incoming resources and resources expended for the year then ended and have been properly prepared; and
- the information in the Board Report is not inconsistent with the financial statements.

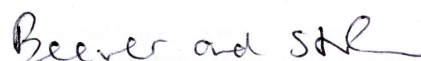
**Custodian Trustees**

In our opinion the investments referred to in note 1, detailed in certificates as at 31<sup>st</sup> August 2008 and circulated to the Managing Trustees, were in existence at that date and the income received has been accounted for to the respective Managing Trustees and listed on these statements.

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

**BEEVER & STRUTHERS**  
Chartered Accountants  
Registered Auditors

Dated: 12<sup>th</sup> February 2009



**Statement of Financial Activities**  
**For the Year Ended 31<sup>st</sup> August 2008**

		<b>Unrestricted Funds 2008</b>	Unrestricted Funds 2007
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Incoming Resources</b>			
Incoming resources from generated funds			
Investment Income		<b>95,407</b>	81,130
Incoming resources from charitable activities	3	<b>408,813</b>	362,899
<b>Total Incoming Resources</b>		<b>504,220</b>	450,029
<b>Resources Expended</b>			
Charitable Activities	4a & b	<b>545,341</b>	459,512
Governance Costs	4c	<b>17,561</b>	15,332
<b>Total Resources Expended</b>		<b>562,902</b>	474,844
<b>Net outgoing resources</b>		<b>(58,682)</b>	(24,815)
<b>Other Recognised Gains and Losses</b>			
(Losses) / Gains on investment assets	7	<b>(180,938)</b>	121,845
<b>Net movement in funds</b>	10	<b>(239,620)</b>	97,030
<b>Reconciliation of Funds</b>			
Fund balances brought forward at 1 <sup>st</sup> September		<b>2,489,075</b>	2,392,045
Fund balances carried forward 31 <sup>st</sup> August	10	<b>2,249,455</b>	2,489,075

**The above results all relate to continuing operations.**

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

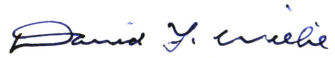
**The notes on pages 12 - 19 form an integral part of these accounts.**

Balance Sheet as at 31<sup>st</sup> August 2008

	Note	2008 £	2007 £
<b>Fixed Assets</b>			
Tangible fixed assets	6	-	924
Investments	7	<u>2,194,904</u>	<u>2,375,683</u>
<b>Total Fixed Assets</b>		<u>2,194,904</u>	<u>2,376,607</u>
<b>Current Assets</b>			
Debtors and prepayments	8	30,514	13,189
Cash in hand and at bank		<u>54,974</u>	<u>131,486</u>
<b>Total current assets</b>		<u>85,488</u>	<u>144,675</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Amounts falling due within one year	9	<u>(30,937)</u>	<u>(32,207)</u>
<b>Net Current Assets</b>		<u>54,551</u>	<u>112,468</u>
<b>Net Assets</b>		<u>2,249,455</u>	<u>2,489,075</u>
<b>The Funds of the Charity</b>			
Unrestricted income funds	10	<u>2,249,455</u>	<u>2,489,075</u>
<b>Total Charity Funds</b>		<u>2,249,455</u>	<u>2,489,075</u>

Approved by the Board on: 12<sup>th</sup> February 2009 and signed on its behalf by:

  
 ..... Board Member

  
 ..... Board Member

The notes on pages 12 - 19 form an integral part of these accounts.

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008****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 £ 256 million (2007: £259 million) at market value held by the Board in its capacity as trustee or custodian trustee. Of the £256 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 are capitalised. Only assets costing over £1,000 are capitalised.

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

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

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

**(d). Taxation**

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

**(e). Investments**

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

**Notes to the Accounts**  
For the Year Ended 31<sup>st</sup> August 2008

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

**(f). Incoming Resources**

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

**(g). Resources Expended**

Expenditure is recognised when a liability is incurred.

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

**(h). Pension Costs**

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

<b>3. Incoming Resources from Charitable activities</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Management Charge	<b>342,480</b>	317,332
Methodist Council Contribution	<b>63,750</b>	43,872
Legal income and recovery of bank charges	<b>2,583</b>	1,695
	<b><u>408,813</u></b>	<u>362,899</u>

**Notes to the Accounts**  
For the Year Ended 31<sup>st</sup> August 2008

**4a. Analysis of Resources Expended**

	Staff costs £	Support costs £	Depreciation £	2008 £	2007 £
Direct charitable expenditure	384,983	159,434	924	<b>545,341</b>	459,512
Governance costs (note 4c)	-	17,561	-	<b>17,561</b>	15,332
	<u>384,983</u>	<u>176,995</u>	<u>924</u>	<b><u>562,902</u></b>	<u>474,844</u>

Governance costs include expenses of Board members, external audit costs and costs associated with constitutional and statutory requirements.

**4b. Staff Costs**

	2008 £	2007 £
Wages and Salaries	<b>313,912</b>	264,167
Social Security Costs	<b>31,201</b>	27,467
Pension & PHI Costs	<b>39,870</b>	32,580
	<u><b>384,983</b></u>	<u>324,214</u>
Average number of employees (all administration)	<b>12</b>	11

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

**4c. Governance Costs**

	2008 £	2007 £
Trustees Expenses (note 13)	<b>1,164</b>	924
Professional and Legal fees	<b>135</b>	450
Auditors Remuneration:		
In their capacity as external auditors	<b>5,600</b>	6,550
Charges for other services:	<b>10,662</b>	7,408
	<u><b>17,561</b></u>	<u>15,332</u>

**5. Net movement in funds for the year**

	2008 £	2007 £
Net movement in funds for the year is stated after charging:-		
Depreciation	<u><b>924</b></u>	<u>2,352</u>

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008**

**6. Tangible Fixed Assets**

	<b>Fixtures &amp; Fittings £</b>	<b>Computer £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 <sup>st</sup> September 2007	12,701	48,596	61,297
Disposals	-	(865)	(865)
<b>At 31<sup>st</sup> August 2008</b>	<b><u>12,701</u></b>	<b><u>47,731</u></b>	<b><u>60,432</u></b>
<b>Depreciation</b>			
At 1 <sup>st</sup> September 2007	11,777	48,596	60,373
Charge for year	924	-	924
On disposal	-	(865)	(865)
<b>At 31<sup>st</sup> August 2008</b>	<b><u>12,701</u></b>	<b><u>47,731</u></b>	<b><u>60,432</u></b>
<b>Net Book Values</b>			
<b>At 31<sup>st</sup> August 2008</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
At 31 <sup>st</sup> August 2007	<u>924</u>	<u>-</u>	<u>924</u>
<b>Capital commitments</b>		<b>2008 £</b>	<b>2007 £</b>
Authorised but not contracted for in the financial statements		<u>17,532</u>	<u>-</u>

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008**

**7. Investments**

**(a). Movement on Investments**

	2008	2007
	£	£
Market value 1 <sup>st</sup> September	2,375,683	2,566,861
Acquisitions	45,035	55,020
Disposal proceeds	(9,998)	(70,009)
Transfers (Outflow)	(34,878)	(298,034)
Net Investment (losses) / gains	(180,938)	121,845
	<hr/>	<hr/>
Market value at 31 <sup>st</sup> August	<u>2,194,904</u>	<u>2,375,683</u>

**(b). Analysis of Investments**

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

	2008	2007
	Market Value	Market Value
	£	£
<b>Central Finance Board</b>		
Trustees Interest Fund	204,890	239,768
Managed Mixed Fund	19	20
Overseas Investment Fund	268,949	268,203
UK Equity Fund	1,238,865	1,389,714
Short Fixed Interest Fund	395,643	360,326
Property Investment Fund	86,538	117,652
	<hr/>	<hr/>
	<u>2,194,904</u>	<u>2,375,683</u>

**8. Debtors**

	2008	2007
	£	£
Prepayments and debtors	24,154	9,048
VAT	6,360	4,141
	<hr/>	<hr/>
	<u>30,514</u>	<u>13,189</u>

**9. Creditors**

	2008	2007
	£	£
Trade creditors	5,756	11,657
Accruals	25,181	20,550
	<hr/>	<hr/>
	<u>30,937</u>	<u>32,207</u>

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008**

**10. Unrestricted - Administration Fund**

	2008 £	2007 £
Accumulated fund at 1 <sup>st</sup> September	2,489,075	2,392,045
Net movement in funds	<u>(239,620)</u>	<u>97,030</u>
At 31 <sup>st</sup> August	<u><u>2,249,455</u></u>	<u><u>2,489,075</u></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 31<sup>st</sup> August 2008 by an independent actuary. The major assumptions used by the actuary were:-

	2008	2007
	%	%
Rate of increase in salaries	5.5	4.9
Rate of increase in pension payments	2.5/3.9/5.0	2.4/3.3/5.0
Discount rate	6.4	5.8
Inflation rate assumed	4.0	3.4

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008**

**12. Pension Costs (continued)**

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

	<b>31<sup>st</sup> August 2008</b>	<b>31<sup>st</sup> August 2007</b>
	%	%
Equities	60	59
Gilts	12	13
Corporate Bonds	14	13
Index Linked Bonds	6	6
Property	4	4
Cash	4	5

The following amounts at 31<sup>st</sup> August 2008 were measured in accordance with the requirements of FRS17.

	<b>£ million</b>
Total market value of assets	28.4
Present value of scheme liabilities	<u>(27.9)</u>
Net Pension Asset	<u>0.5</u>

The expected rate of return on the Scheme assets as at 31<sup>st</sup> August 2008 (for the following year) amounts to 6.9% 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 5.1% of the active membership of the scheme are employees of the Board.

The total employer contributions paid to the scheme during the year were £0.976m (2007: £0.929m), of which the Board's contributions totalled £35,579 (2007: £28,196).

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

**Notes to the Accounts**  
**For the Year Ended 31<sup>st</sup> August 2008**

**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>2008</b>	2007	<b>2008</b>	2007
<b>Nature of transaction</b>	<b>£</b>	<b>£</b>	<b>No</b>	<b>No</b>
Travel expenses re-imbursed	<b>1,164</b>	924	<b>12</b>	13

**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>2008</b>	2007	<b>2008</b>	2007
<b>Nature of transaction</b>	<b>£</b>	<b>£</b>	<b>No</b>	<b>No</b>
Grants received	<b>601,749</b>	753,236	<b>50</b>	50
Grants paid	<b>535,112</b>	746,155	<b>51</b>	50

These amounts are not included in these financial statements.

**15. Post Balance Sheet event**

As a result of the current economic climate and the fall in the stock market generally, there has been a decline in the value of the investments held since the balance sheet date.

The reduction in value of the investments held at 31<sup>st</sup> August 2008 between that date and the 31<sup>st</sup> December 2008 is approximately 12%.

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

## Appendix : breakdown of Charitable Activities

4. Charitable Activities	2008		2007	
	£	£	£	£
Wages and Salaries	313,912		264,167	
Social Security Costs	31,201		27,467	
Pension & PHI Costs	39,870		32,580	
		<b>384,983</b>		324,214
Staff Training, Welfare & Travel		5,381		3,846
Recruitment		10,568		504
Bank charges		7,478		5,546
Legal & Professional Fees		33,452		27,112
Printing, Postage and Stationery		11,105		13,780
Telephone		1,992		1,995
Insurances		2,911		2,797
Subscriptions and Publications		2,755		2,535
Design & Rebranding		10,414		-
Payroll, personnel and other services		38,924		33,689
Accommodation expenses		11,966		9,965
Computer Expenses		21,721		20,315
Depreciation		924		2,352
Sundry Expenses		767		838
Contribution to Client Trusts		-		24
Reallocation of Donation (Doris Binks)		-		10,000
		<b>545,341</b>		<b>459,512</b>
Average number of employees (all administration)		<b>12</b>		<b>11</b>

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