

Consolidated Accounts for the Year Ended 31 August 2018

Contact Name and Details	The Revd Timothy A Swindell, Connexional Treasurer and Hylda Wilson, Director of Finance and Resources
Status of Paper	Final
Action Required	Decision
Resolution	2/1. In accordance with SO 212(1), the Council adopts the consolidated accounts for the year ended 31 August 2018, and directs that a unified statement of connexional finances be presented to the Conference as required by SO 360.

Summary of Content

Subject and Aims	Full consolidated accounts of the Methodist Church in Great Britain for 2017/18 to be adopted by the Methodist Council and a summary presented to the Conference as the unified statement of connexional finances required by Standing Order 360.
Background Context and Relevant Documents (with function)	<p>When the Methodist Church in Great Britain was registered with the Charity Commission it was agreed that the accounts of the registered charity would be those of the Methodist Council. The full consolidated accounts are presented to the Council and adopted by the Council under SO 212 (1).</p> <p>Under SO 360 the Council has to present to the Conference a “unified statement of connexional finances.... so as to give an overall view of those moneys and other assets for which the council is responsible”. The final report will be submitted to the Conference as the trustee body of the registered charity.</p>

Consolidated Report and Financial Statements

For the year ended 31 August 2018

(Cover – to follow)

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The Methodist Church in Great Britain

Welcome from the Revd Canon Gareth J Powell

Sisters and brothers in Christ,

I wrote in my preface to last year's report that "the Methodist Church has thought a good deal about the numbers that represent our common life". This process of prayerful and strategic reflection has continued to gather momentum over the past year, and the numbers in this report represent some of the ways in which the Church is now seeking to respond.

The origins of this process of prayerful reflection lay in the stark reality of our decline in membership, disclosed in reports to the 2018 Methodist Conference and particularly the triennial statistical returns. The Church saw in these figures, not a reason to despair, but a resounding call to action – a call to equip and give confidence to the Methodist people to share the gospel with those in our local communities and to make more followers of Jesus Christ. From this sprang a willingness to reform, paying careful attention to the promptings of the Holy Spirit to ensure that the Methodist Church is faithful to our calling as we participate in God's mission.

With that call to action in our ears, a series of discussions at bodies including the Methodist Council and the Connexional Leaders' Forum led to the reaffirmation of 'Our Calling' as the primary strategic driver for the Church. This gives a context to all our priorities and plans, and has led to a set of objectives that we know as: 'Reaffirming Our Calling'. Discussion groups at the 2018 Conference provided an opportunity to reflect on these objectives and to listen together for the will of God. The Methodist Church has committed to pursue an agenda of which the broad lines have now been set, as described in the section of this report headed: 'Plans for the Future'. The implications of this have led to the reorganisation of some parts of the Connexional Team to better support the work of Local Churches, Circuits and Districts in living out 'Our Calling'; in bringing forward strategies for the missional use of property and finance; and in seeking to realign all that we do with the objectives that the Church has agreed.

And yet... It is impossible to capture in any set of figures the breadth and depth of the mission and ministry of the Methodist Church, and the life and work of the Methodist Council. The 2018 Conference also received major reports on our understanding of ministry, on our covenant relationship with the Church of England, and on the Church's understanding of marriage and relationships. So much has been done and so much remains still to do in these and many other areas. Inevitably, this report can only reflect a small portion of the day-to-day reality of seeking to be the Church of God in this time and place.

The Revd Canon Gareth J Powell

Secretary of the Methodist Conference

The Methodist Church in Great Britain

The Methodist Church in Great Britain Trustees' Report

Strategic objectives, aims and purposes of The Methodist Church in Great Britain

The activities covered in these financial statements fall within the work of The Methodist Church in Great Britain ("The Methodist Church"). The aim of The Methodist Church in Great Britain is to fulfil its calling, which is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. It does this through its strategic objectives, which are:

1. Worship – to increase awareness of God's presence and to celebrate God's love;
2. Learning and caring – to help people to learn and grow as Christians, through mutual support and care;
3. Service – to be a good neighbour to people in need and to challenge injustice; and
4. Evangelism – to make more followers of Jesus Christ.

Public benefit requirement

The trustees of The Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011.

This guidance sets out two key principles:

1. The organisation must have an identifiable benefit.
2. The benefit must be to the public or a section of the public.

The Church exists *inter alia*, to:

1. increase awareness of God's presence and to celebrate God's love;
2. help people to learn and grow as Christians, through mutual support and care; and
3. be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

Structure

The entities included in this report are not a record of all the financial activities of The Methodist Church in Great Britain, as they do not include local church, circuit and district financial statements. The names of the entities included in this report, are listed on the group structure diagram in 'Note 1' of the financial statements on page 37 and include:

Activities managed or administered by the Connexional Team (hereafter referred to as the "Connexional Funds")	
Cliff College	(a separately registered charity)
Cliff College Outreach Limited	(a separately registered company)
Cliff (Methodist) Developments Limited	(a separately registered company)
All We Can	(a separately registered charity)
Southlands Methodist Trust	(a separately registered charity)
Methodist International Centre Limited	(a separately registered company)
Westminster College Oxford Trust Limited	(a separately registered company)
Westminster College Oxford Trust	(a separately registered charity)

These financial statements are the consolidated financial statements for the Methodist Council and entities under its control.

The Methodist Church registered as a charity on 20 October 2009 (1132208 – "The Methodist Church in Great Britain") when it became necessary for excepted charities with a gross annual income over £100,000 to register.

The Methodist Church in Great Britain

Structure (continued)

The members of the Methodist Conference are the trustees and their names are publicly available on the Charity Commission website. The Methodist Council is appointed annually by Conference to undertake ongoing work on behalf of the Conference (which only meets once a year). Amongst other functions, the Council is responsible for the adoption annually of a unified statement of Connexional finances, clearly distinguishing between restricted and unrestricted funds, and conforming to the law and accounting regulations to give an overall view of those monies and other assets for which the Council is responsible. The Council is further responsible for presenting the unified statement of Connexional finances to the Conference. The names of the members of the Methodist Council are appended at the end of these financial statements.

Governance and oversight

The Constitutional Practice and Discipline of The Methodist Church (2018 edition) Volumes 1 and 2 contain the governing documents of The Methodist Church. The authority under which the Conference acts is legally given by The Methodist Church Act 1976. The Deed of Union provides for the Conference to be the governing body of the Methodist Church. The next 'tier' of authority is given by the Model Trusts in the second Schedule of the Act and the Deed of Union. These derive their authority from the Act. Thirdly, there are the Standing Orders and guidelines adopted by the Conference, which are far more detailed and more easily changed, provided that they are within the limits prescribed by the Act, the Model Trusts and the Deed.

Much of the day-to-day work for which the Methodist Council is responsible is delegated to the Connexional Secretary and other members of the Senior Leadership Group of the Connexional Team for matters relating to the objectives of the Connexional Team, and to local trustees in the case of the self-accounting entities. These local trustees are accountable to the Methodist Council.

The basic governance structure as far as these consolidated financial statements are concerned is presented in the diagram below.



The Methodist Conference

This is the ultimate decision-making body of The Methodist Church. It sets policy for the Church, exercises discipline and ensures effective management and administration of the Church's affairs. The Conference meets annually in Representative and Presbyteral Sessions (and there is, in addition, a Conference Diaconal Committee). The Conference is a representative body of 306 members comprising ministers and laypersons from the 31 districts of The Methodist Church as well as other sections of the Church.

The Methodist Church in Great Britain

Governance and oversight (continued)

The Methodist Council

The Methodist Council consists of 54 members most of whom hold office for four years. It meets at least three times a year; it last met in October 2018, and will next meet in January 2019. Its terms of reference are to:

- continuously review the life of The Methodist Church;
- study the work of The Methodist Church and witness throughout the Connexion;
- indicate what changes are necessary or what steps should be taken to make the work of the Church more effective;
- give spiritual leadership to the Church;
- implement Conference decisions;
- report annually to the Conference, bringing to its notice matters to which it believes the Conference ought to give urgent attention; and
- protect the assets of The Methodist Church.

In addition to the above, it is responsible for (*inter alia*):

- adopting and presenting to the Conference the unified statement of Connexional finances;
- recommending the budget for the Methodist Church Fund (unrestricted general fund);
- employing lay members of the Connexional Team and being the responsible body recommending the stationing of the Church's ordained members within the team;
- administering the following funds:
 - the Methodist Church Fund
 - the Connexional Priority Fund
 - the World Mission Fund
 - the Mission in Britain Fund
 - the Fund for Training
 - the Fund for Property
 - the Epworth Fund
 - the Fund for the Support of Presbyters and Deacons
 - the Sabbatical Fund;
- making recommendations on expenditure and amounts to be contributed by the circuits through districts to fund the next Connexional year;
- recommending to the Conference minimum stipends for ministers and probationers, including additional allowances to be paid to superintendent ministers, district chairs and the maximum to be reimbursed from the Connexional Sabbatical Fund;
- dealing with all model trust property affairs for all Home Districts and the building, legal and financial aspects of shared schemes under the Sharing of Church Buildings Act 1969, where that act applies;
- acting generally in relation to property affairs and constituted to discharge the responsibilities of the former Property Division; and
- ensuring that the sale, lease, rental or lending of artefacts, publications and records which are model trust property and which in the view of the Council are historically significant are scrutinised before going ahead.

The following committees have an oversight/governance role and report to the Methodist Council:

The Strategy and Resources Committee

The Conference appoints annually the Strategy and Resources Committee (SRC), a sub-committee of the Methodist Council. The SRC advises the Council in relation to all matters that are within the SRC's terms of reference, having regard to advice of non-voting members. The Committee, which met four times in 2017/2018, has specific responsibility for detailed review and subsequent reporting to the Council on the following aspects of its work:

- detailed examination of the annual consolidated financial statements and budgets;
- recommending to the Methodist Council the three year Connexional finance budgets;
- supervising the work of the Secretary of the Conference and the Connexional Team;

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Governance and oversight (continued)

- exercising oversight of the general work of the Connexional Team and reporting to the Council and the Conference;
- ensuring that a collaborative style of working is adopted throughout the Connexional Team; and
- identifying and managing risks.

The Audit Committee

This is a committee of the Conference appointed on the nomination of the Methodist Council. To safeguard its independence, members of the Methodist Council or the Connexional Team are barred from serving. This committee nevertheless has powers to require the Connexional Treasurers and any appropriate staff members of the Connexional Team to attend its meetings.

Meeting three times in the year and reporting annually to the Methodist Council, the Audit Committee has responsibility for:

- advising the Council on the appointment of external auditors;
- reviewing, with the auditors, the consolidated financial statements;
- reviewing the effectiveness of procedures relating to risks;
- reviewing the effectiveness of the financial and other internal control systems with regards to monies and other assets for which the Council is responsible;
- approving the annual risk-based internal audit plan, receiving internal audit reports, regular progress reports and risk updates; and
- submitting an annual report to the Council.

The Investment Committee

The Methodist Council appoints the Investment Committee. It meets up to four times a year and has a membership of six people, including the Connexional Treasurers. Its remit is to:

- supervise the management of all the investment assets;
- manage the assets agreed to be under the direction of the Investment Committee; and
- liaise with other boards or committees that report to the Methodist Council to ensure that all investment assets are subject to appropriate oversight and day-to-day management.

Oversight committees

To assist the Council in discharging its duties there are a number of other committees, the key ones being:

- **The Finance Sub-Committee of the Strategy and Resources Committee** whose remit is to:
 - provide expert advice on financial matters to the SRC;
 - provide the core membership of the Conference Financial Committee; and
 - represent the Council as the employer in discussions with the trustees of Connexional pension schemes.
- **The Connexional Allowances Committee** which is responsible for recommending allowances for ministers and awarding grants from the following funds:
 - The Fund for the Support of Presbyters and Deacons;
 - The Methodist Medical Benevolent Fund;
 - The Methodist Ministers' Children's Relief Association; and
 - The Connexional Travel Fund.
- **The Connexional Grants Committee** which is responsible for:
 - all Connexional grants;
 - monitoring all grants made by sub-committees and grant streams;
 - operating within the annual budget set by the Council;
 - monitoring the use of District Advance Funds (DAFs); and
 - establishing clear processes for the longer-term monitoring and evaluation of grant expenditure.

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Governance and oversight (continued)

- **The Network Committee** which up to 31 August 2018 was responsible for:
 - developing and maintaining the learning and training of lay people and ministers and the pursuit of scholarship, research and innovation throughout the Connexion;
 - ensuring the generation of income from those centres for which the committee has managing trustee responsibilities and the appropriate use of the resources so generated;
 - reviewing and monitoring of the fulfilment of the terms of all agreements reached between the Council and any training institutions with which the Council has agreements; and
 - working collaboratively with the Ministries Committee to ensure the implementation of Connexional policy as respects learning, training, scholarship, research and innovation.

By decision of the Methodist Conference of 2018, the Network Committee was disbanded and its work will be dealt with, *inter alia*, by the Property Development Committee and the Ministries Committee.
- **The Property Development Committee** works to develop and maintain a Connexional property strategy. It will:
 - develop and propose to the Council policies in respect of the use of Methodist property;
 - exercise such managing trustee responsibilities and duties as may be delegated to it by the Council;
 - be responsible for identifying funding sources from across the range of Methodist investments and financial resources and from external sources for the development of Methodist property;
 - review and monitor the use of all property held by bodies reporting to the Council, advising the Council on the effectiveness of current and planned use of property held by such bodies; and
 - offer advice to any Methodist trustees body that so requests it regarding any development, disposal or mortgage of any property or part of any property held on the Model Trust.
- **The Ministries Committee** which reports to the Methodist Council to enable the Church to develop and maintain a strategic vision for the use of ordained, accredited, commissioned and informal ministries and offices, and is accountable for developing and supporting programmes and processes for candidacy, training, oversight and related matters.
- **The Safeguarding Committee** has wide-ranging responsibilities for promoting safeguarding practice and safe recruitment across the Connexion, and advising the Methodist Council on all related issues.

Other oversight bodies

- The trustees of All We Can (the operating name of the Methodist Relief and Development Fund), whose remit is to receive, hold and transmit monies for relief, rehabilitation and development under Methodist, ecumenical or other appropriate oversight, primarily overseas;
- Local managing trustees for those bodies which report to the Council but are not administered by the Connexional Team (self-accounting entities).

A comprehensive list of the subsidiaries whose financial statements are included in The Methodist Church Consolidated Financial Statements is provided on page 37. For each of them, with the exception of Westminster College Oxford Trust Ltd, a local governance committee or group of managing trustees is appointed by the Council to oversee the entity, within the terms of responsibility delegated to them by the Council. Ultimate control in all these cases resides with the Methodist Council. In the case of Westminster College Oxford Trust Ltd, the Conference appoints the trustees, subject to the approval of the Methodist Council and they in turn report to the Conference. Through a governance scrutiny process overseen by the SRC, the Council aims to monitor standards of governance in all the entities that are accountable to the Council and the Conference.

The Methodist Council appoints members to the various trustee bodies, on the recommendations of existing members. This follows a selection process that involves a skills audit and advertisement for trustees with the appropriate skills and expertise. Appointments are normally for a six-year period but each trustee body will have its own governing document that will set out the terms of appointment and re-appointment.

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Governance and oversight (continued)

All new members of the Council undergo induction to familiarise themselves with the aims and work of the charity, and to ensure they understand fully their responsibilities as trustees and the organisational expectations in terms of their commitment. As part of the induction programme, trustees are provided with constitutional, governance, financial and organisational documentation. Trustees receive regular updates, and are made aware of relevant events and training opportunities.

Overview of the work of The Methodist Church in Great Britain

The calling of The Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. Most of the work of the Church occurs within or is associated with local churches throughout the country:

- 4,374 places of worship, with around 180,000 members;
- the work of around 1,600 active Methodist ministers, of whom around 180 are in chaplaincy roles;
- approximately 192,000 visits to a Methodist service each week, including 27,000 by children and young people;
- 474,000 additional visits to groups and outreach activities associated with the Church;
- 25,000 pupils enrolled in 86 Methodist schools;
- innumerable hours of voluntary time given by our members, local preachers, office holders and others in the community contributing to the diverse activities of the local church.

This report cannot capture in detail the breadth and depth of the Church's work. The following 'key activities' section lists a range of activities from around the Connexion as examples of that work.

Key activities

The work of the Church in 2017/2018 as reported to the Methodist Conference

The government and discipline of The Methodist Church, along with the management and administration of its affairs, are vested in the Methodist Conference that meets annually. The Conference receives reports covering all aspects of the Church's life and witness. At its meeting in Nottingham in June-July 2018, these included:

- training and ordination of ministers: 38 new presbyters and 5 deacons, having completed their training, were received into Full Connexion and subsequently ordained; 4 presbyters were additionally received into Full Connexion by transfer;
- receipt of the consolidated financial statements of the Church for the previous year (2016/2017);
- a major report considering the nature and understanding of ministry within the Church, with a draft Statement of the Conference which has now been made widely available for study and discussion;
- a report on *Mission and Ministry in Covenant* with the Church of England, including proposals for the interchangeability of ministers and related measures representing a 'profound sign of reconciliation';
- receipt of an interim report from the Marriage and Relationships Task Group, tasked with 'revisiting' the Methodist Church's understanding of marriage, which received a long and respectful debate. More work is to be done on key theological arguments, with a further report to be brought in 2019;
- an update on the extensive work of the Methodist Council, which acts on behalf of the Conference when the latter is not sitting;
- a report from the Methodist Council concerning the future of Methodist Church House in London including the decision to demolish and rebuild to a new design subject to planning permission being granted;

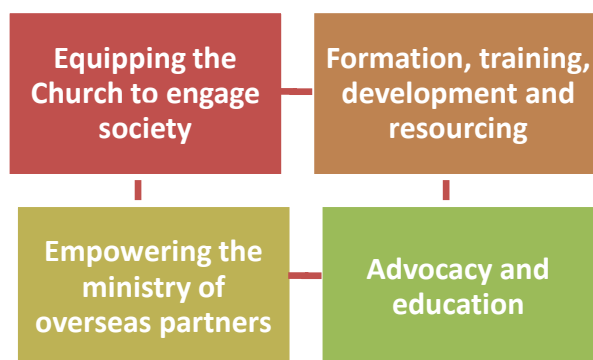
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Key activities (continued)

- reports from 3Generate, Methodist Children and Youth Assembly 2018, on issues affecting children and young people: 3Generate received agreement from the Conference to encourage all churches, Circuits and Districts to engage in a Year of Testimony in 2019/2020;
- debate and, in many cases, adoption of Memorials and Notices of Motion submitted by circuits and districts, covering a wide range of issues including alternative approaches to ministerial training, lessening the burden of collecting statistics in the Church, arms sales, inclusion of intersex and transgender people, rough sleeping, human trafficking, refugees and anti-Semitism; and
- discussion groups on 'Reaffirming our Calling', as reflected in the Secretary's preface to this report.

Organisation of the work

In 2017/2018 The Methodist Church in Great Britain, in response to its calling and in pursuit of the strategic objectives shown at the start of this report, organised its work in the following four key areas:



Each of these is reviewed in turn below, followed by a summary of the grants programmes that support the Church's work across all of the above.

1. Equipping the Church to engage society

- Taking the theme of 'Day by Day' the President, and Vice President of the Methodist Conference, the Revd Loraine N Mellor, and Jill Baker, travelled extensively across the Connexion encouraging the Church to learn afresh from the example of the early Church seen in Acts 2:42-47, to recover confidence in sharing and spreading the gospel, and to develop a vision for growth.
- **Conferences.** Among others, the Reimagine Circuits conference toured the Connexion in early 2018, inspiring new thinking and with a theme of 'Planning for Life'. A conference on the theme of pilgrimage was run to reflect some of the interests of the Vice-President.
- A new Methodist Church website was launched and continues to provide a very wide range of resources and information for the Church as it seeks to fulfil its calling.
- The Church joined with the Church of England and others in 'Thy Kingdom Come', a 'global wave of prayer' running between Ascension Day and Pentecost. As part of this, Methodist beacon events were held in Cornwall, London, Oxford and West Yorkshire.
- New resources for sharing our faith with one another and with wider society were published at the end of the year under the title *Talking of God Together*.
- The Church continued to provide numerous chaplaincies in further and higher education institutions and the armed forces. An Armed Forces Community Covenant was signed in November 2017 at a special event at Methodist Church House.
- The Methodist Council endorsed proposals to develop 'Eco Circuit' and 'Eco District' as a further development of the Eco Church programme launched by A Rocha in 2016.

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Key activities (continued)

- 943 delegates aged 8-23 attended the 2017 3Generate event, supported by 138 volunteers, 32 staff, 9 ONE Programme Participants (OPP - a youth programme) and 10 elected youth representatives. With group leaders, the total number of participants was 1,234 – a new record. The theme this year was ‘Wonderfully Prophetic’. 3Generate’s call to the Church to engage in a ‘Year of Testimony’ was received by the Conference in 2018.
- The Church and Community team also produced a new resource called 3Generate Local, with ideas and guidance for running ‘3Gen Local’ events in districts, circuits and churches.

Supporting local work through grants

The missional work of The Methodist Church in Great Britain is enabled in part by grants administered by the Connexional Grants Committee. This committee distributes money held by: the Mission in Britain Fund, the World Mission Fund, the Fund for Property, the Epworth Fund and the Connexional Priority Fund. It aims to support well-organised and costed project and building initiatives aimed at equipping the Church and making a real difference to the work of Christian mission. (See also Grant programmes, page 15, and for criteria in detail, <https://www.methodist.org.uk/our-work/our-work-in-britain/grants/apply-for-a-grant/>.)

A few examples follow of grants supporting the Church across Britain and awarded this year:

(Non-property grants)

• Ecumenical Church Plant, Bordon	£226,122
• Northwich New Thing	£176,000
• Cumbria Mission enabler	£160,000
• Lincolnshire Coast Chaplaincy	£150,000
• Chinese Mission in the North East	£142,000

(Property grants)

• Bedale and District Methodist Church	£150,000
• Bromley Road, Beckenham	£150,000
• Englesea Brook	£125,000
• Bowthorpe Road, Norwich	£125,000

2. Formation, training, development and resourcing

The Queen’s Foundation

Queen’s leads the Church’s responsibility for initial ministerial training (IMT), with three basic pathways on offer: full-time, part-time, and Circuit-based Learning. In the year 2017/18, the Foundation worked with 68 student presbyters and deacons and 46 probationer ministers. They represent around 40% of Queen’s learning and formational community, alongside Anglicans and some others.

Cliff College

Cliff College continues to act as a focus for lay ministry development with a renewed focus on ‘equipping the church in evangelism and mission’. In recent years, the College has worked in partnership with members of the Discipleship and Ministries Learning Network (DMLN) in the delivery of a range of courses, including Worship

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Key activities (continued)

Leading & Preaching, Family Ministry, Pioneering Ministry and Administrative Ministry. Cliff continues to develop its undergraduate and postgraduate programmes with an increasing number of students joining the programmes, all of which support and encourage the development of individuals in their lay ministry roles. The annual Cliff Festival continues to flourish with over 1,500 people gathering for a weekend of worship, study and fellowship supported by growing work with children, young people and young adults.

In 2017 the senior leadership of the College was reorganised with Revd Ashley Cooper joining as Principal, following his role as Senior Minister at Swan Bank Methodist Church in Stoke and the Superintendent of the Burslem Mission Circuit, and Paul Taylor as Operations Director, following his role as Director of Learning & Development (Regions) in the Connexional Team of the Methodist Church. Dr Justin Thacker, already on the staff at the College, became the Academic Director.

Southlands Methodist Trust

The Southlands Methodist Trust (SMT) is an educational charity, focused on encouraging the Methodist ethos of Southlands College (the Methodist-founded College of the University of Roehampton) and the development of the college's contributions to the research and learning of the wider Church and society.

During the reporting year, the SMT's main research and educational activities focused on the Susanna Wesley Foundation (www.susannawesleyfoundation.org). Alongside this, grants from the Trust also supported research and research-related activities across a range of subject areas deemed to be of importance and interest to the Church and Society. This included subjects such as teaching in faith schools, ecumenical social action, and the church's relationship with migrant communities.

The SMT sponsors a young person to spend two years working as Assistant Chaplain at the college as part of a discernment process. This year for the first time, that role is attached to an ecumenical project to develop a Methodist-Roman Catholic student community housed on campus. It also supports chaplaincy activities and student-led ventures to encourage commitment to social action, such as the Southlands Venture.

The SMT retains ownership of the college's historic records and has been in the process of upgrading the archive to make it more accessible to the public as a resource for studying teacher training and the Methodist Church's involvement in education.

One Intern

The Methodist Church launched its One Intern programme in September 2017, with a cohort of seven full-time interns aged between 20 and 26 years. The yearlong initiative was designed with an emphasis on vocation and faith in the professional sphere. The interns are placed this year in Action for Children, the Central Finance Board, the Academy of Executive Coaching and the House of Lords, as well as within the Connexional Team.

3. Empowering the ministry of overseas partners

The Methodist Church in Great Britain has Partner Churches in over 65 countries across the globe, and the continuing development of our relationships is overseen by the Global Relationships Strategic Oversight Subcommittee (GRSOSC). During the year, work carried out under the supervision of GRSOSC included a major review of the Mission Partner programme which continues to send mission personnel to work with some of our Partner Churches.

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Key activities (continued)

The World Church Relations team has also developed a number of new ways for people to serve overseas for shorter periods than with the Mission Partner programme. These include 'Encounter Worldwide' and 'Encounter Together', as well as participation in the Global Mission Fellows (GMF) programme run by the United Methodist Church. Work was carried out during the year to prepare for the first GMFs, due to come to the UK in 2018/2019.

Another very significant line of development is the provision of 'capacity building' services to support Partner Churches in developing their own strategies and in becoming more self-sufficient, in financial or other ways. Work was undertaken during the year with the Methodist Church of Sierra Leone, where a capacity-building project was carried out largely by All We Can, working with the Church's World Church Relationships team. This pilot has shown the value of such work, which will be formalised and extended in the coming year.

Being in partnership does not in itself imply that we will provide grant funding, which is only one way of expressing that partnership. However, grants do play a valuable role in building the capacity of our partners and assisting them in other ways. The Strategy for Global Relationships defines the following priorities for grants from the World Mission Fund:

- building the capacity, leadership, and long-term stability of Partner Churches;
- encouraging evangelism, outreach and engagement with the wider society (including interfaith and peace initiatives);
- supporting partners who have a special emphasis on issues of justice, inclusion, education, health and empowerment, and support for those who have been marginalised because of their identity, faith, ethnicity, gender or economic status;
- assisting Partner Churches in responding to emergencies, natural disasters and where there has been human violence or ethnic conflict; and
- supporting partner organisations that have close relationships with Partner Churches overseas and are used by them for the ministry and mission of that Church.

Work funded by grants in 2017-18 is illustrated by the following small sample of projects:

- | | |
|---|---------|
| • Methodist Church of Argentina, Skills for Effective Mission Leaders, | £10,000 |
| • Iglesia Evangelica Metodista en Bolivia, Evangelist, | £30,500 |
| • Iglesia Evangélica Metodista Unida del Ecuador, Ministry for vulnerable and high-risk children in Atucucho, | £29,100 |
| • Church of Bangladesh, Mission projects, including women, | £16,000 |
| • Methodist Church, Sri Lanka, PhD for church leader, | £56,500 |
| • Methodist Church in Fiji, Annual grant for capacity building, | £23,000 |
| • Presbyterian Church in Cameroon, Support PCC Church Structure and schools re-opening, | £66,000 |
| • Methodist Church Nigeria, Solidarity grant for severe storms. | £10,000 |

4. Advocacy and education

Wesley Trust

In response to the need for a pathway for those Methodist schools wishing to become Academies, the Wesley Trust was launched during the course of the year. The Trust is a not-for-profit Multi-Academy Trust that provides

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Key activities (continued)

a home for any school planning to become an Academy. Alongside providing a home for established Methodist schools planning to become academies, it will welcome new schools and community schools who seek to benefit from the services and connections the Trust provides.

Joint Public Issues Team

The Joint Public Issues Team (JPIT) ran a conference in Manchester in March 2018 with the theme *Brave New World?* This was attended by over 300 people, with workshops on intergenerational justice, poverty, politics, peacemaking, combating hate crime and more.

Areas of work during the year, on which JPIT produced a variety of reports and online resources, included Universal Credit, the hostile environment for refugees and asylum seekers (report released under the title *Destitution, Discrimination and Distrust*) and housing and homelessness (six bible studies were launched on this topic). A first phase of work was completed on Terrorism, this will come to fruition in the coming year.

JPIT launched a Faith in Politics podcast, with interviews of leading politicians largely carried out by Interns in the team, and also a Peace and Justice Forum, aimed at increasing the engagement of young people in politics and the issues of social justice. During the year, the JPIT website was also completely overhauled and relaunched.

Methodist Publishing

The Connexional Team publishes a wide range of printed and online materials to resource the Church: this year, such resources included the *Superintendent's Handbook*, a guide to *Ministerial Development Review*, and revamped Safeguarding materials, in addition to 'perennials' such as the *Methodist Prayer Handbook* and *Methodist Diary*. 2017/2018 also saw the continued flourishing of *the connexion* magazine, which aims to share stories, encourage the Methodist people and inspire new local initiatives, under the editorship of the Revd Dr David Perry.

Other publications this year included worship and prayer materials supporting *Thy Kingdom Come*, a new *Methodist Heritage handbook*, and a new edition of the Methodist catechism under the title *What We Believe*.

Supporting the advocacy of All We Can

In 1938, the Revd Henry Carter called on Methodists to support an appeal to aid refugees escaping Nazi persecution. This appeal marked the beginning of the Methodist movement from which All We Can, the Methodist relief and development agency, evolved. Eighty years on from that refugee crisis in Europe, in June 2018, the incoming President and Vice-President of the Methodist Conference travelled to Jordan with All We Can to meet with refugees. They met with Syrian and Iraqi people seeking sanctuary in host communities in Jordan. Revd Michaela Youngson said of the experience, "I was able to see the difference generosity and giving makes in the lives of women and children and men who have been through hardships most of us can't imagine."

In September 2017, All We Can and The Methodist Church in Britain launched a joint appeal to respond to the needs of displaced people in another part of the world – Rohingya refugees fleeing violence and persecution in Myanmar, now living in refugee camps in southern Bangladesh. Money raised through the appeal has supported work to improve sanitation, has provided essential food supplies and has helped create women's safe spaces within the camps. Additionally, life-saving work funded through the joint East Africa Famine Appeal launched in 2016, has continued in 2017/18 to meet the needs of communities in the region affected by the threat of famine.

The Methodist Church in Great Britain

Key activities (continued)

Grant programmes

Connexional grants are only offered to projects in line with the Calling and Priorities of The Methodist Church – and with the understanding that the One Mission of God is the same across the UK and the world.

When considering grant applications, the Connexional Grants Committee (CGC) examined how applicants intended to fulfil the calling of The Methodist Church in Great Britain:

- to increase awareness of God's presence and to celebrate God's love through worship;
- to help people to grow and learn as Christians, through mutual support and care;
- to be a good neighbour to people in need and to challenge injustice; and
- to make more followers of Jesus Christ.

The CGC sought to concentrate its resources on projects that:

- underpin every activity with God-centred worship and prayer;
- support community development and action for justice, especially among the most disadvantaged – in Britain and worldwide;
- develop confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved;
- encourage fresh ways of being Church; and
- nurture a culture in the Church, which is people-centred and flexible.

Mission and Ministry in Britain grants £5.5m (2017: £5.3m)

The Connexional Grants Committee (CGC) receives applications for funding for Mission and Ministry in Britain, including Chaplaincy, Methodist Action on Poverty and Justice (MAPJ), Property and Mission & Ministry streams. The CGC assesses these applications against criteria for eligibility and impact. The first allows the committee to assess whether the project should be funded from its resources; the second enables the committee to prioritise competing applications based on potential impact.

The general situation in 2017-18 was for a significant upward trend in the number and value of applications. 143 applications were received (up from 117) for a total value of £12.0m (£10.4m in the previous year). This increase proved challenging for the decision-making process. The previous fast-track process for lower-value applications was discontinued, and a new minimum value of £20,000 introduced for grants other than MAPJ.

The total grants awarded included just over £1m for MAPJ projects, with 25 awards in total. Grants made from the Fund for Property totalled £1.9m (up from £1.6m) with additional support for property from the Connexional Priority Fund.

World Mission Fund grants £3.6m (2017: £2.5m)

The Central Grants Committee (CGC) also administers the Church's international grants. These are given to Partner Churches and organisations overseas to support mission and ministry in their communities. These grants are made from the World Mission Fund and the entire cost of a multi-year grant, where there is no break clause, is committed in the year it is approved. The grants cover four main streams:

1. Annual grants to support the core work of our partners.
2. Scholarship and Leadership Training (SALT), enabling key partner personnel to study for qualifications.

The Methodist Church in Great Britain

Key activities (continued)

3. Nationals in Mission Appointments (NMA), funding posts for which our partners have the people but not the financial resources.
4. General Grants – many in response to natural disasters or other unforeseen events.

All We Can – Methodist Relief and Development grants £2.7m (2017: £1.4m)

All We Can awards grants through local partners in its priority countries that are registered Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) or development offices of Methodist Churches. Humanitarian aid is only allocated through organisations that are existing All We Can partners, Methodist churches, or through Action by Churches Together (ACT).

Personnel support grants £1.7m (2017: £1.4m)

Small grants are made to Methodist presbyters, deacons, lay employees and local preachers and their families towards the education of their children, during times of ill health and for one-off financial support. Giving for this purpose draws on a variety of funds including the Fund for the Support of Presbyters and Deacons, Trinity Hall Trust and several benevolent funds.

The figures disclosed above in key activities do not link directly with Note 10 because the activities are not classified in the same way.

Plans for the future

Throughout the coming year The Methodist Council plans to continue pursuing the objectives of the Methodist Church in particular through pursuing the objectives collectively referred to as: 'Reaffirming Our Calling'. The main strands of this work include:

Worship

- Supporting local preachers and ministers to deliver high-quality worship around the Connexion, through work including refinement of the *Worship: Leading and Preaching* course, introducing mandatory Continuing Development for local preachers, and piloting new developments in ministerial training;
- Encouraging the ministry of the whole people of God, through work on discipleship, increasing vocations, and improvements in the deployment of ordained ministers. The Methodist people will be encouraged to commit to accountable discipleship through development of a Methodist Way of Life.

Learning and Caring

- Supporting districts, circuits and churches more effectively through cost-effective Connexional specialist services, the availability of financial resources supporting Our Calling, the introduction of finance and property strategies for the Church, etc;
- Reviewing the patterns of oversight, leadership and governance in the Church, including the working of various key committees, to ensure these are fit for purpose.

Service

- Being an inclusive and diverse Church, developing a strategy for evangelism and discipleship for those less well served by reason of race or class, taking forward work on Equality, Diversity and Inclusion (EDI) and maintaining the growth of 3Generate;
- Pursuing social holiness through resourcing transformative work, ensuring that our grants programmes and our work with other partners are all fully aligned to enable work in the hardest-to-reach places.

Evangelism

- Equipping the Methodist people to confidently share the gospel of Christ in their local communities, through work including providing new resources for growth, evangelism and apologetics, and ensuring that all churches, circuits and districts have Mission Plans in place;

The Methodist Church in Great Britain

Key activities (continued)

- Seeking to transform the world in line with acting prophetically and in pursuit of the vision of One Mission, continuing to deliver on the Strategy for Global Relationships, encouraging twinning between British districts and overseas partners, and ensuring that Fellowship Groups in the UK are supported.

Remuneration of key management personnel

The Methodist Council oversees the operation of the Church on a day-to-day basis. It acts as the employing body for staff and the appointing body for ministers serving within the Connexional Team. It delegates the monitoring of the Connexional Team to its Strategy and Resources Committee (SRC). The Senior Leadership Group of the Connexional Team comprises the key management personnel of the Church in charge of directing and controlling, running and operating the Team on a day-to-day basis.

Two senior leadership posts, the Secretary of the Conference and the Assistant Secretary of the Conference, have to be held by ordained ministers. They each receive the standard stipend plus a fixed percentage allowance. The levels of both are set annually by the Methodist Conference. The pay of the senior employed staff is set by a job grading panel by reference to the Hays Pay and Grading Scale. In view of the nature of the Church's work, the salaries are benchmarked against pay levels in other charities of a similar size run on a voluntary basis. The salaries for senior staff posts are determined as part of the same salary scale as is used for all staff posts.

Trustees are required to disclose all relevant interests and register them with the Conference Office. In accordance with the Church's policy, trustees must withdraw from decisions where a conflict of interest arises.

Details of the expenses reimbursed and related party transactions relating to the Council and the SRC are in Notes 25 - 27 to the financial statements.

Fundraising activities

The Methodist Church raises funds through investment management, trading activity, property transactions and voluntary income. It receives a proportion of funds raised locally on the sale of property owned by circuits.

It does not employ external fundraisers or undertake direct fundraising campaigns, such as direct mail or telephone canvassing of donations. It is registered with the Fundraising Regulator and indirectly raises funds from individuals by the following means:

- A proportion of the weekly offertory and other donations in churches to support the central work of the Church; and
- Donations for the mission funds (Mission in Britain Fund, Fund for Property, World Mission Fund) collected by churches, circuits and districts; The Methodist Church will assist churches, circuits and districts in this work for example by providing collecting boxes and worship resources.

The Methodist Church has not been made aware of any complaints from its fundraising activities.

Financial Review

The activities covered in these consolidated financial statements are those under the oversight of the Methodist Council. The Methodist Church in Great Britain is the registered charity and the Charity Commission has agreed that these financial statements can properly serve as the financial statements of the charity.

The total income for the year was £43.4m (2017: £46m) a decrease of 5.8% compared to the previous year. The net income for the year was a surplus of £0.24m (2017: £16m), a decrease of 98.5%, including net investments gains of £6.7m (2017: £18m).

The Methodist Church in Great Britain

Financial review (continued)

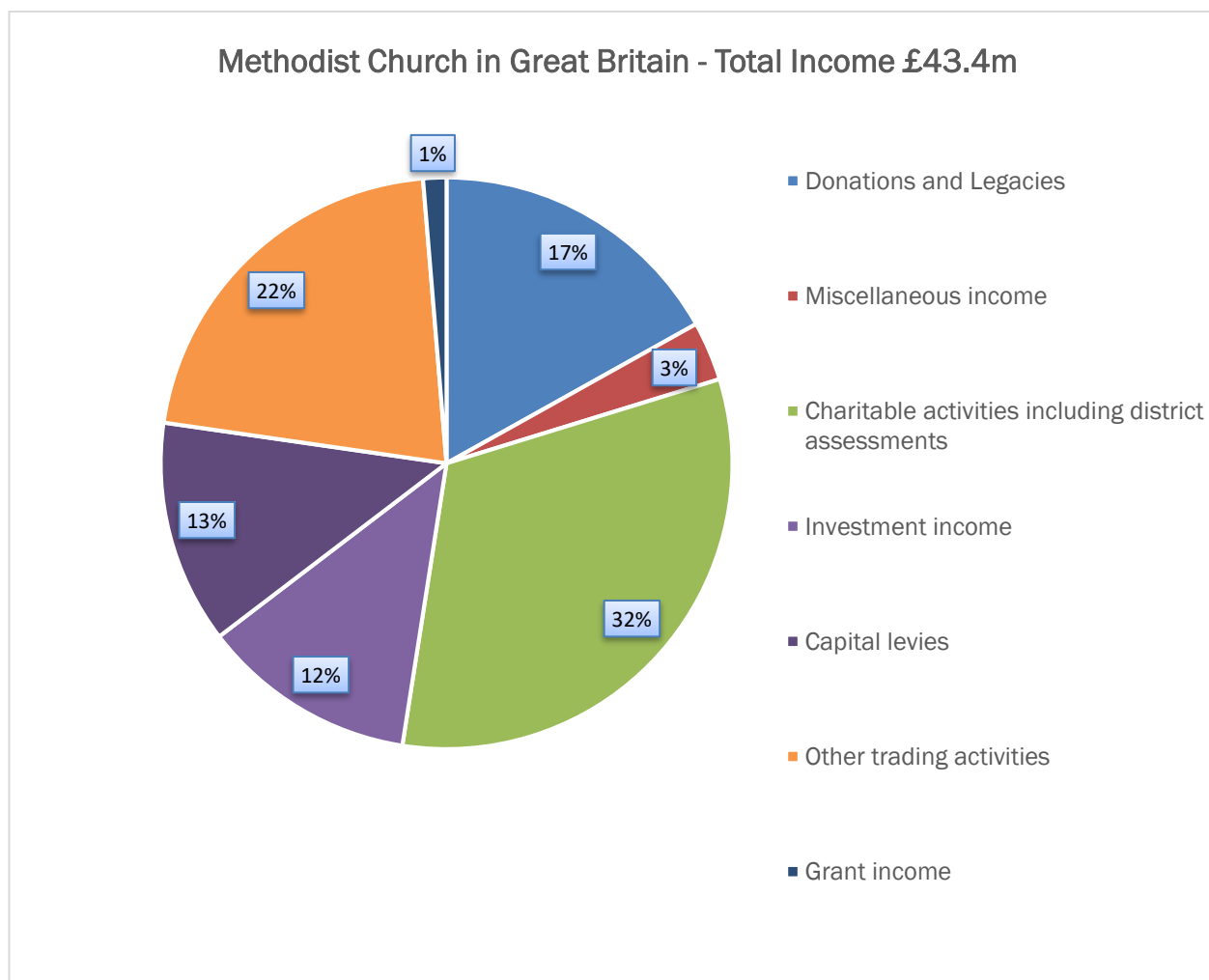
Other recognised gains for the year were £11.2m (2017: £9m). £11m arose from the actuarial revaluation of the Pension and Assurance Scheme for Lay Employees of The Methodist Church. The gain arose due to changes in the assumptions used to value the Scheme assets and liabilities for the financial statements. (These assumptions may be different to those used to calculate future contributions). A detailed disclosure on the Scheme's financial position is provided in Note 28 (page 76).

Income

Total income decreased by 5.8% this year mainly due to a decrease in property levies of 37.3% with fewer properties sold compared to previous year. There was however a decrease of 9.5% on trading activities and increase of 13.7% on investment income. A detailed analysis of income is provided in Notes 3-6 (pages 46-48).

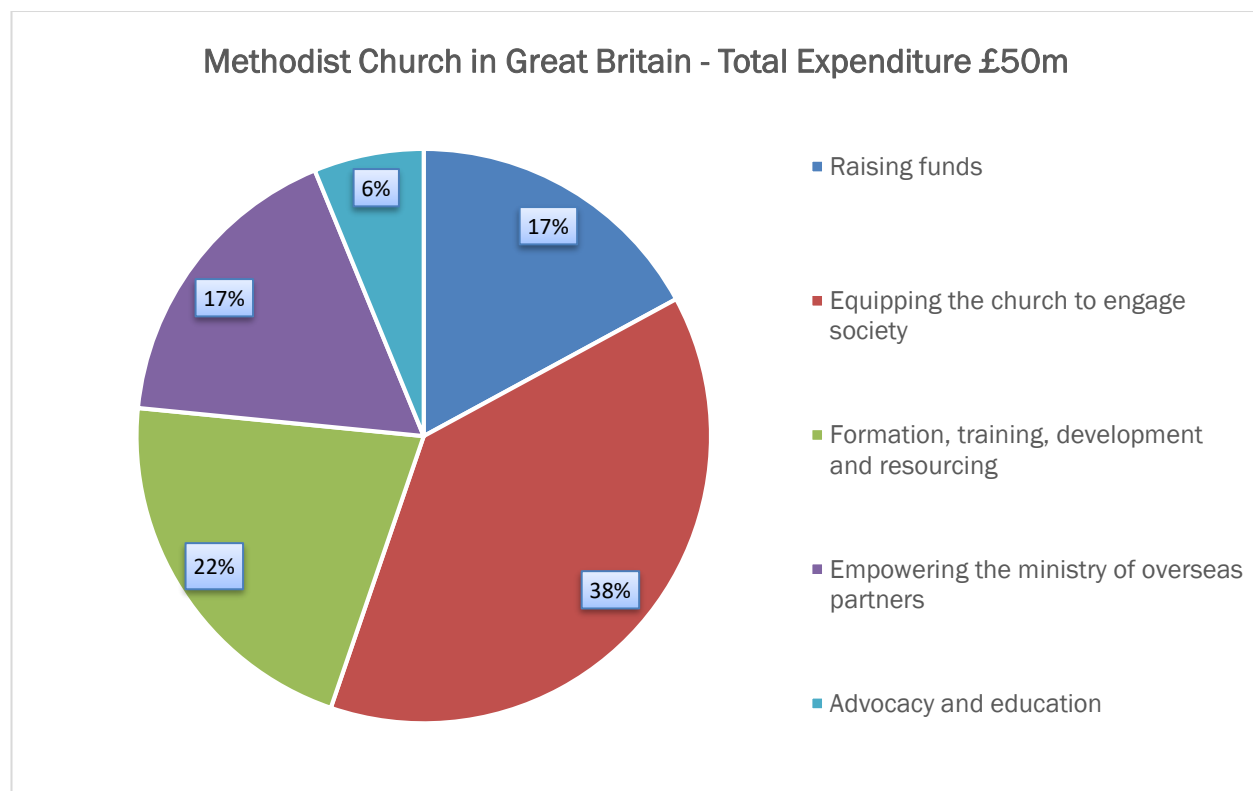
Expenditure

Total expenditure increased by 4.2% to £50m (2017: £48m). Of this, £41.3m was spent on direct charitable activities (2017: £39m). This includes all amounts spent in furtherance of our mission including grants and direct programme activities. Spending from restricted funds was greater than income by 38.1%. This is reflecting the reserves policy by Council to reduce reserves to new policy levels and use excess reserves in a planned manner over three years. A detailed analysis of expenditure by activity is included in Notes 7-8 (pages 48-49).



The Methodist Church in Great Britain

Financial review (continued)



Managed reserves

The total value of funds held at 31 August 2018 was £284m (2017: £273m). There are restricted reserves of £168m (2017: £172m), unrestricted reserves of £96.1m (2017: £82.4m), and endowment reserves of £20m (2017: £19m).

The Methodist Church in Great Britain does not have a blanket reserves policy to cover its operations. Rather, the policies are set locally by the relevant trustee bodies and take into account the unique risk factors faced by each entity. The unrestricted funds reported in these financial statements are under the trusteeship of the Methodist Council, therefore the reserves policy outlined below is that of the Methodist Council. There are five main unrestricted funds:

- the Methodist Church Fund (also known as the general fund);
- Methodist International Centre (included within general funds);
- the Connexional Priority Fund;
- the Pension Reserve Fund; and
- the Epworth Fund.

General funds

At 31 August 2018, the balance of the unrestricted general funds was £47m (2017: £45m). Of this, £38m (2017: £38m) is invested in fixed assets, used in the day-to-day running of the Council's activities and that of one of its subsidiary undertakings, which is therefore not available for use as a reserve. The trustees approved a reserves balance of £7.5 million, which is approximately six months of expenditure. This would ensure that there is sufficient cash or near cash at hand at all times to enable operations to continue smoothly and without the disruption that might otherwise arise when receipts and payments occur irregularly or are delayed or accelerated. At 31 August 2018 the free reserves balance was £9m (2017: £7m).

The Methodist Church in Great Britain

Managed reserves (continued)

Designated funds

Designated funds are part of the unrestricted funds, which the trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The trustees may cancel the designation if they later decide that the activity should not proceed or continue with the project for which the funds were designated.

At 31 August 2018, the designated funds totalled £49 million (2017: £47 million) of which there were three main funds with balances as follows:

• The Connexional Priority Fund	£11.0 million
• Epworth Fund	£7.0 million
• The Pension Reserve Fund	£30.5 million
• Others	<u>£0.5 million</u>
	£49.0 million

The Connexional Priority Fund (CPF), as a large designated fund, reflects the Connexional nature of The Methodist Church. Its income is derived from levies on property sales. It serves to redistribute money around the Connexion as a proportion of money released in one area becomes available for new mission and ministry elsewhere. The Methodist Council in 2015 approved a reserves policy for this fund, setting the long-term uncommitted reserves level of the CPF at £5 million. Around £3 million of this will cover the potential claims for levy refunds as applications can be made regarding replacement projects for up to five years under Standing Order (SO) 973. The remaining £2 million will cover year-to-year fluctuations in levy income and investment values.

The Epworth Fund was set up with the proceeds from the sale of Epworth House, City Road, London in 1987. The Church wanted the fund to be used in the long term for innovative projects, expenditure for which could not always be justified using other resources and designated an amount of £5 million for this purpose. It receives approximately £0.2m annually from investments and has the potential for some capital appreciation. The current expenditure policy is in line with the reserves policy and serves to ensure that the fund balance does not fall below £5m.

At 31 August 2018 the reserves position on the designated funds is above the policy by £8 million. The CPF's reserves are above the policy by £6 million and the Epworth Fund is above policy by £2 million. The balance held in the smaller designated funds is detailed in Note 19c (page 63) in the notes to the financial statements.

Financial risks

The Council's general reserves enable it to make long-term commitments to projects, and to protect its work against adverse financial events. A formal review of the reserve levels takes place every three years. In the intervening years the Strategy and Resources Committee (SRC) considers the impact of the financial risks associated with the income and expenditure streams and balance sheet items and assesses the appropriateness of the reserve range. This allows time for fundamental restructuring, in the event of a major downturn, and to protect the current programme of work from unexpected demands. The goal is to plan for the effective deployment of the available financial resources to achieve the aims of The Methodist Church, which are:

- Worship – to increase awareness of God's presence and to celebrate God's love;
- Learning and caring – to help people to learn and grow as Christians, through mutual support and care;
- Service – supporting community development and action for justice, especially among the most deprived and poor – in Britain and worldwide; and
- Evangelism – developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved.

The Methodist Church in Great Britain

Managed reserves (continued)

The Council is faced with the following financial risks:

- dependency on limited income sources (the Methodist Church Fund (MCF) assessment, investment income and donations);
- fluctuations in investment income;
- fluctuations in income from the levies on proceeds of property sales;
- inability to attract donations from the general public;
- an increase in the defined benefit pension scheme liabilities;
- an unforeseen increase in the requirement for additional Connexional manses; and
- a sustained fall in the value of investments and property held by the Council.

The MCF assessment is the main source of unrestricted income for the Council. It is a major contributor to the funding of a number of key activities including the administration of the Connexional Funds, the Discipleship and Ministries Learning Network and major aspects of the governance processes such as the Methodist Council and the Conference.

The assessment is a charge upon circuit receipts. The impact of a reduction in membership and a turbulent economic environment has left a number of circuits expressing doubts about their ability to meet the assessment. If these trends continue, there is a risk that the annual increases in the assessment will not be sustainable and in a few years, we could see a decline. If this decline were to happen, it would be gradual, and with the three year planning processes in place, the Council would have time to adjust.

Other sources of income available to the Council are donations, legacies and investment income. Legacy income, when received, is significant but prone to fluctuation. Unrestricted donations have been mainly from a single donor, who provides support on a year-by-year basis.

The impact of a sustained fall in the investments and other assets held by the Council could be felt in two ways: first, a deficit in the statement of financial activities occurring over a number of years; second, difficulties in realising assets with the potential for consequent cash flow, and operational problems.

A key financial risk faced by the Church is the level of the deficit within the defined benefit pension schemes. In order to mitigate this risk, the Pension Reserve Fund was established by the 2009 Conference as a fund outside the schemes, which could be used to meet future funding deficits. This fund has the benefit of providing comfort to the Pension Fund trustees of the financial support of the Church for the schemes and enables them to follow an investment policy more likely to generate higher returns than a more conservative policy. The fund has made annual contributions of £1 million up to 2018 to the Methodist Ministers' Pension Scheme (MMPS) in order to help eliminate the deficit. An additional contribution of £650k was also made to the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) scheme in 2017/18 to reduce the deficit balance on that scheme.

The Methodist Council is considering the future of the PASLEMC with the possibility of closing to new entrants with effect from 1 April 2019. Consultations have been held with members of the scheme. Existing members would continue to benefit from the current scheme arrangements until 31 March 2019. After this date, the PASLEMC would no longer accept further member contributions, and members would therefore not build up any further benefits in the Scheme i.e. Pensionable Service in this Scheme would cease from 31 March 2019. Contributions up until the end of March 2019 would accumulate benefits in accordance with the Rules of the Scheme. The pension that members have already built up would be retained in the Scheme and, upon retirement, they would receive that pension, and any inflationary increases granted.

The Methodist Church in Great Britain

Managed reserves (continued)

The accumulating level of reserves expected to be held in the Pension Reserve Fund forms part of the 'employer covenant' with the pension trustee boards and is therefore currently considered appropriate. This fund is defined by SO 974(iA) and decisions regarding its use can only be taken by Conference.

Investments

As at 31 August 2018, the Church held fixed asset investments with a fair value of £189 million (2017: £181 million). The Investment Committee regularly reviews the investment portfolio and performs an annual review of the investment policy. The Church's investment objective is to seek an optimal return from income and capital combined. The Investment Committee is satisfied with the overall performance of the investment portfolio against agreed benchmarks.

Funds not immediately required are invested in marketable securities through The Methodist Church's in-house investment manager, the Central Finance Board (CFB) of The Methodist Church, whose mission is to:

- provide a high-quality investment service, seeking above average returns for long-term investors;
- follow a discipline in which the ethical dimension is an integral part of all investment decisions;
- construct investment portfolios which are consistent with the moral stance and teachings of the Christian faith;
- encourage strategic thinking on the ethics of investment; and
- be a Christian witness in the investment community.

To ensure that the CFB is working to the highest ethical standards, the trustees established the Joint Advisory Committee for the Ethics of Investment (JACEI), which is made up of five people nominated by the CFB and five by the Methodist Council. The committee monitors the activities of the CFB to ensure that it complies with the ethical stance of the Church.

With regard to investment management the Investment Committee and representatives from the Connexional Team decide, after taking advice from the CFB, the most appropriate investment strategy for each fund under the management of the Connexional Team.

In addition to marketable securities, some funds hold freehold property as investments. These tend to be either given to the fund, or are redundant properties that are either rented out or are awaiting disposal. The value of these properties is small in relation to the overall amounts held in marketable securities £48m vs £189m (2017: £48m vs £181m).

Performance and holdings

The total returns as at 31 August 2018 for CFB managed funds are summarised as follows:

	3 months to 31.08.18 %	1 year to 31.08.18 % p.a.	Since 11.07.16 % p.a.
Managed Long-Term MC Fund	+3.0	+9.4	+11.9
Proprietary ethical Benchmark	+2.0	+7.7	+11.1
Benchmark without ethics	+1.8	+7.2	+11.0

The Methodist Church in Great Britain

	3 months (%)	1 year to 31.08.18 % p.a	Since 11.07.16 % p.a.
Managed Medium-Term MC Fund	+1.7	+5.2	+7.3
Proprietary ethical Benchmark	+1.0	+4.2	+6.4
Benchmark without ethics	+0.9	+3.9	+6.4

	3 months (%)	1 year (%)	10 years % p.a.
CFB UK Equity Fund	+0.2	+7.6	+7.6
Proprietary ethical Benchmark	-1.1	+6.1	+7.5
FTSE All Share	-1.7	+4.7	+7.5

	3 months (%)	1 year (%)	10 years % p.a.
CFB Overseas Fund	+7.1	+13.6	+11.3
FTSE All World ex UK Benchmark	+6.2	+11.3	+11.4

Fixed Interest

	3 months (%)	1 year (%)	10 years % p.a.
Short Fixed Interest Fund	-0.2	-1.1	+3.9
Short Fixed Interest Composite	-0.2	-1.1	+3.8

	3 months (%)	1 year (%)	10 years % p.a.
Corporate Bond Fund	+0.1	-0.9	+6.2
Corporate Bond Fund Composite	0.0	-0.7	+5.7

	3 months (%)	1 year (%)	10 years % p.a.
Deposit Fund	+0.1	+0.4	+1.0
Benchmark	+0.1	+0.3	+0.5

Property

(to 30 June 2018)	3 months (%)	1 year (%)	10 years % p.a.
Property Fund	+2.8	+11.5	+5.6
IPD All Balanced Funds Index	+2.0	+9.7	+4.9

Principal risks and uncertainties

The Methodist Church in Great Britain has a risk management policy, which has been set by the Methodist Council for use both by the trustees and by the Connexional Team on behalf of the trustees. The risk management policy is designed to identify and analyse key strategic and operational risks facing The Methodist Church and, where at unacceptable levels, to take steps to mitigate the risks.

The Methodist Church in Great Britain

Principal risks and uncertainties (continued)

We define key strategic and operational risks as those that, without effective or appropriate mitigation, are highly likely to occur and would have a positive or negative impact on the Church's ability to fulfil its purpose of advancing the Christian faith in accordance with its doctrinal standards. These risks are reported to the trustees through a risk management process, which allows them both to challenge any assumptions the management team has made about risks and to understand the context in which decisions are taken. This helps to ensure that the most serious risks are being managed effectively.

The trustees recognise that it is neither possible nor appropriate to seek to eliminate risk entirely. We recognise that risk taking is inherent within the task of communicating the gospel; John Wesley himself took risks in establishing the Methodist communities. Our task, therefore, is to embrace risks that aim to advance the Church's purposes while ensuring that we avoid or minimise those risks that might have a negative impact. Effective risk management processes will help to increase the likelihood of the Church fulfilling its mission.

The most significant risks faced by the Church are:

- inability to create new Methodist disciples results in further decline, ultimately resulting in The Methodist Church ceasing to exist;
- lack of coherent strategy and an inability to identify priorities contributes to decline, ultimately resulting in The Methodist Church ceasing to exist;
- circuits decide to leave the Connexional framework resulting in reduction or break up of the Methodist Connexion;
- changes in government policy result in loss of favourable charitable status in law;
- ineffective recruitment and training of those who fulfil ministerial/lay roles results in shortage/surplus of ministers or decline in membership due to poor standard/allocation of ministers/lay workers;
- reputational damage hinders engagement with society and church growth, or results in litigation;
- ineffective stewardship of resources which would increase the financial risks and damage the church's reputation;
- dependency on limited income sources (the MCF assessment, investment income and donations);
- the impact of economic fluctuations on the Methodist Church's assets, liabilities and ability to raise funds to enable us to continue our work; and
- an unforeseen increase in the actuarial shortfall on the pension funds for which the Council could be deemed responsible.

Risk management

The trustees consider that the following framework provides the Church with adequate measures to minimise the impact of identified risks.

Risk appetite

Risk appetite is the amount of risk that the Church is willing to accept in relation to key drivers of the organisation. Our risk management philosophy is to minimise risk but it enables us to accept additional risk, providing the impact has been evaluated, mitigation measures have been put in place and a regular robust monitoring process is established. This approach to reviewing risk enables the Methodist Council to adopt appropriate behaviours, decisions and controls according to the priorities in the Connexional Team's strategy plan.

Prior to any risk being accepted, we consider the likelihood of the risk occurring and the impact on the Church if the risk did occur. Any risk that seriously threatens the ability of The Methodist Church in Great Britain, now or in the future, to further its purpose of advancing the Christian faith will not be acceptable. If such a risk cannot be extinguished then all steps will be taken to minimise the likelihood of the risk occurring.

Principal risks and uncertainties (continued)

Risk strategy and responsibilities

The Council's role in the oversight of risk is to set the ethos for risk management and to promote a culture of risk management within the activities of The Methodist Church in Great Britain on behalf of the trustees, including:

- determining the risk appetite for key drivers of the Church; which types of risk are acceptable and which are not; setting of standards and expectations of staff with respect to conduct and probity;
- approving major decisions affecting the Church's risk profile or exposure;
- monitoring the management of significant risks on an annual basis by the Audit Committee and the Strategy and Resources Committee on behalf of the Council;
- satisfying itself that the less significant risks are being managed actively, with the appropriate controls in place and working effectively; and
- annually reviewing the Connexional Team's approach to risk management; approving changes or improvements to key elements of its processes and procedures; forming an opinion on whether or not the Team has complied with expected risk management practice. For example:
 - Policies and procedures: attached to significant risks are a series of policies that underpin the internal control system. Written procedures support the policies where appropriate.
 - Reporting: the Senior Leadership Group of the Connexional Team, the Council and its committees (Audit Committee and the Strategy and Resources Committee) receive a number of key reports on a regular basis, which allow for the monitoring of key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior Leadership Group and the Council, if appropriate.
 - Strategic planning and budgeting: the strategic planning and budgeting process, undertaken by the Strategy and Resources Committee, is used to set objectives, agree action plans and allocate resources. Progress towards meeting strategic plan objectives is monitored regularly.
 - Risk register: registers exist for both the corporate and programme dimensions of the life of the Church. These documents are formally appraised annually, and updated for emerging risks as these arise. Additionally, improvement actions and risk indicators are monitored regularly.
 - Team risk management: the senior managers are expected to use the framework of the plan to ensure that risk management is embedded within their areas of responsibility and that significant risks are identified, assessed and referred to the Connexional Secretary, who acts as the Church's 'Risk Champion'. This also includes the removal of any previously-listed risks where the threat is no longer significant enough to be included in the document.
 - Audit Committee: in its report to the Council on internal controls, the Audit Committee alerts the Council to any emerging issues. In addition, the Committee oversees internal audit, external audit and management as required in its review of the internal controls. The Committee is therefore well-placed to provide advice to the Council on the effectiveness of the internal control system, including the Team's system for the management of risk.
 - Internal audit programme: internal audit is an important element of the internal control process. Apart from the normal programme of work, the internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.
 - External audit: the external audit provides a report to the Audit Committee on the operation of the internal financial controls and the statutory requirements placed upon the trustee body.
 - Third party reports: from time to time, the use of external consultants will be necessary in areas such as health and safety and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

The Methodist Church in Great Britain

Principal risks and uncertainties (continued)

Monitoring and review of the policy

The risk management policy is reviewed by the Senior Leadership Group of the Connexional Team, meeting annually as the Risk Management Group, which makes reports to the Audit Committee and makes recommendations to the Strategy and Resources Committee and/or the Council.

For the year under review, the Council is satisfied that the major risks to which the Church is exposed have been assessed and is satisfied that systems are in place to manage and mitigate exposure to them.

Risk management is part of the wider system of internal control. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Church to respond to a variety of operational, legal, financial and commercial risks.

The environment

The Methodist Church takes its responsibility towards the environment seriously (as detailed in *Hope in God's Future*). The Methodist Church has set itself an ambitious target of an 80% reduction of carbon emissions by 2050. Interim targets will need to be reviewed annually against a carbon management plan and budgets.

Our environmental goals

- Improved knowledge of the footprint of The Methodist Church and of the measures that would be most effective in reducing carbon emissions.
- Improved knowledge of further technical support can be made available to support circuits' adaptation of buildings.
- Further financial resources identified to support reduction in carbon emissions.
- Better equip staff and ministers to make informed choices to reduce their carbon footprint.

Related 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 Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

- a) The Trustees for Methodist Church Purposes, (TMCP) are the custodian trustees of all property held on the Model Trust of The Methodist Church Act 1976, except for properties in the Channel Islands and the Isle of Man which are held by the Trustees for Jersey Methodist Church Purposes, the Trustees for Guernsey Methodist Church Purposes and the Trustees for Manx Methodist Church Purposes.
- b) The Central Finance Board of The Methodist Church (CFB) 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 for the Connexional Team as well as other organisations within Methodism.
- c) The Methodist Ministers' Housing Society set up under the Community and Co-operative Benefit Societies Act 2014, and operating from Methodist Church House in London, provides housing and associated amenities for retired Methodist presbyters, deacons and their partners. The Methodist Council makes regular grants from the Fund for the Support of Presbyters and Deacons (FSPD) in support of its work under Standing Order 364.
- d) The Queen's Foundation for Ecumenical and Theological Education offers training pathways for student ministers to prepare for ordained ministry in The Methodist Church.

The Methodist Church in Great Britain

Related parties (continued)

- e) Other Methodist bodies with which the Connexional Team have regular dealings include the Methodist Ministers' and Lay Employees' Pension Trusts and the Methodist Independent Schools Trust.

Details of transactions with these related parties and any outstanding balances at the year end are provided under Note 27 (page 74) of the financial statements.

Statement of trustees' responsibilities

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution proposing the reappointment of RSM UK Audit LLP as auditor to the charity will be put to the Methodist Council.

RSM UK Audit LLP has indicated its willingness to continue in office.

Mrs Jill Baker
Chair of the Council

January 2019

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain

Opinion

We have audited the financial statements of Methodist Church in Great Britain (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Consolidated Statement of Financial Activities, the Connexional Funds Statement of Financial Activities, the Consolidated and Connexional Funds Balance Sheets, the Consolidated and Connexional Funds Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2018 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Consolidated Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain (continued)

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 28, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain (continued)

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row, Birmingham
West Midlands B2 5AF

Date:

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Methodist Church in Great Britain

Consolidated statement of financial activities

For the year ended 31 August 2018

	Notes	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2017 Total £000
Income and endowments from:									
Donations and legacies	3a	1,206	6,123	-	7,329	653	6,699	-	7,352
Charitable activities	3e	13,466	516	-	13,982	13,325	71	-	13,396
Investments	4a	1,487	3,788	-	5,275	1,320	3,318	-	4,638
Other trading activities	5a	7,650	1,636	-	9,286	8,049	2,214	-	10,263
Other									
Capital levies	6a	5,484	-	-	5,484	8,742	-	-	8,742
Grants	6b	6	565	-	571	-	585	-	585
Miscellaneous income	3c	786	665	-	1,451	572	485	-	1,057
Net gains on the disposal of tangible fixed assets		-	-	-	-	-	2	-	2
Total income		30,085	13,293	-	43,378	32,661	13,374	-	46,035
Expenditure on:									
Raising funds	7a	6,816	1,515	16	8,347	6,404	1,977	15	8,396
Charitable activities									
Equipping the church to engage society	7a, 20a, 21a	13,183	5,857	-	19,040	12,551	6,174	-	18,725
Formation, training, development and resourcing	7a, 20a, 21a	7,172	3,448	-	10,620	7,106	3,518	-	10,624
Empowering the ministry of overseas partners	7a, 20a, 21a	1,707	6,868	-	8,575	1,534	6,103	-	7,637
Advocacy and education	7a, 20a, 21a	2,413	672	-	3,085	2,322	97	-	2,419
Net loss on the disposal of tangible fixed assets		-	-	-	-	37	-	-	37
Total expenditure on charitable activities		24,475	16,845	-	41,320	23,550	15,892	-	39,442
Total expenditure		31,291	18,360	16	49,667	29,954	17,869	15	47,838
Net gains on investments	14a	2,607	2,925	1,000	6,532	3,444	13,044	1,376	17,864
Net income		1,401	(2,142)	984	243	6,151	8,549	1,361	16,061
Transfers between funds	22	1,332	(1,513)	181	-	1,187	(1,340)	153	-
Net income after transfers		2,733	(3,655)	1,165	243	7,338	7,209	1,514	16,061
Other recognised gains and losses:									
Remeasurement of net defined benefit pension scheme liability	28	11,024	139	-	11,163	8,644	63	-	8,707
Gains on revaluation of charitable properties		-	-	-	-	55	-	-	55
Net movement in funds		13,757	(3,516)	1,165	11,406	16,037	7,272	1,514	24,823
Total funds at 1 September		82,373	171,501	18,960	272,834	66,336	164,229	17,446	248,011
Total funds at 31 August		96,130	167,985	20,125	284,240	82,373	171,501	18,960	272,834

The Methodist Church in Great Britain

Statement of financial activities - The Connexional Funds

For the year ended 31 August 2018

	Notes	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2017 Total £000
Income and endowments from:									
Donations and legacies	3b	1,206	3,695	-	4,901	653	3,924	-	4,577
Charitable activities	3e	13,466	516	-	13,982	13,325	71	-	13,396
Investments	4b	3,405	2,829	-	6,234	3,761	2,815	-	6,576
Other trading activities	5b	369	1,187	-	1,556	863	1,762	-	2,625
Other									
Capital levies	6a	5,484	-	-	5,484	8,742	-	-	8,742
Grants	6c	6	81	-	87	-	180	-	180
Miscellaneous income	3d	791	160	-	951	617	65	-	682
Net gains on the disposal of tangible fixed assets		-	-	-	-	-	2	-	2
Total income		24,727	8,468	-	33,195	27,961	8,819	-	36,780
Expenditure on:									
Raising funds	7b	1,667	1,515	16	3,198	1,611	1,425	15	3,051
Charitable activities									
Equipping the church to engage society	7b, 20b, 21b	13,218	5,857	-	19,075	12,553	6,172	-	18,725
Formation, training, development and resourcing	7b, 20b, 21b	7,733	730	-	8,463	7,669	949	-	8,618
Empowering the ministry of overseas partners	7b, 20b, 21b	1,612	4,789	-	6,401	1,569	3,642	-	5,211
Advocacy and education	7b, 20b, 21b	2,418	172	-	2,590	2,322	70	-	2,392
Net loss on the disposal of tangible fixed assets		-	-	-	-	37	-	-	37
Total expenditure on charitable activities		24,981	11,548	-	36,529	24,150	10,833	-	34,983
Total expenditure		26,648	13,063	16	39,727	25,761	12,258	15	38,034
Net gains on investments	14b	2,778	2,869	1,000	6,647	3,444	5,886	1,376	10,706
Net income		857	(1,726)	984	115	5,644	2,447	1,361	9,452
Transfers between funds	22	1,332	(1,513)	181	-	1,187	(1,340)	153	-
Net income after transfers		2,189	(3,239)	1,165	115	6,831	1,107	1,514	9,452
Other recognised gains and losses:									
Remeasurement of net defined benefit pension scheme liability	28	11,024	139	-	11,163	8,644	63	-	8,707
Gains on revaluation of charitable properties		-	-	-	-	52	-	-	52
Net movement in funds		13,213	(3,100)	1,165	11,278	15,527	1,170	1,514	18,211
Total funds at 1 September		81,643	139,871	18,960	240,474	66,116	138,701	17,446	222,263
Total funds at 31 August		94,856	136,771	20,125	251,752	81,643	139,871	18,960	240,474

The Methodist Church in Great Britain

Balance Sheets as at 31 August 2018

		The Methodist Church in Great Britain		The Connexional Funds	
	Notes	2018	2017	2018	2017
		£000	£000	£000	£000
Fixed assets					
Intangible assets	13c	165	178	154	176
Tangible fixed assets	13	96,536	96,210	88,281	88,853
Investments	14	188,685	181,424	165,865	158,694
		285,386	277,812	254,300	247,723
Current assets					
Stocks	17	83	119	68	103
Debtors	15	5,100	6,112	4,876	5,215
Short-term deposits		14,729	24,133	13,284	21,456
Cash at bank and in hand		7,259	6,612	2,262	2,049
Total current assets		27,171	36,976	20,490	28,823
Creditors					
Amounts falling due within one year	16a	(16,789)	(20,751)	(15,432)	(18,578)
Net current assets		10,382	16,225	5,058	10,245
Total assets less current liabilities		295,768	294,037	259,358	257,968
Creditors					
Amounts falling due after more than one year	16b	(9,667)	(9,476)	(5,745)	(5,767)
Net assets excluding pension liability		286,101	284,561	253,613	252,201
Defined benefit pension scheme liability	28	(1,861)	(11,727)	(1,861)	(11,727)
Net assets including pension liability	23	284,240	272,834	251,752	240,474
The funds of the charity					
Unrestricted funds					
General funds		46,893	45,440	45,903	44,710
Designated funds		49,237	46,543	48,953	46,543
Defined benefit pension scheme liability	28	-	(9,610)	-	(9,610)
Total unrestricted funds	19,24	96,130	82,373	94,856	81,643
Restricted funds	20,24	167,985	171,501	136,771	139,871
Endowment funds	21	20,125	18,960	20,125	18,960
Total funds		284,240	272,834	251,752	240,474

Total unrestricted funds include revaluation reserve of £6.5m (2017: £6.5m) for both The Methodist Church in Great Britain and the Connexional Funds. Total restricted funds include revaluation reserve of £58.5m (2017: £58.5m) for The Methodist Church in Great Britain and £56.5m (2017: £56.5m) for The Connexional Funds.

The notes on pages 36 to 81 form an integral part of these accounts.

Approved and authorised for issue by the Board of Trustees on 25 January 2019 and signed on their behalf by:

Mrs Jill Baker
Chair of the Council

The Reverend Timothy Swindell
Connexional Treasurer

The Methodist Church in Great Britain
Cash flow statements for the year ended 31 August 2018

	The Methodist Church in Great Britain		The Connexional Funds		
	Note	2018 £000	2017 £000	2018 £000	2017 £000
Statement of cash flows					
Cash flows from operating activities					
Net cash generated (used in)/from operating activities		(11,970)	5,784	(13,337)	(1)
Cash flows from investing activities					
Dividends, interest and rents from investments		4,511	4,594	5,472	6,532
Proceeds from the sale of property, plant and equipment		1,611	333	1,575	333
Purchase of property, plant and equipment	13a	(2,440)	(3,744)	(1,191)	(3,404)
Purchase of intangible assets	13c	(29)	(81)	(19)	(81)
Proceeds from the sale of investments	14a	2,794	8,434	2,326	8,347
Purchase of investments	14a	(3,523)	(5,485)	(2,850)	(5,313)
Net cash provided by investing activities		2,924	4,051	5,313	6,414
Cash flows from financing activities					
New borrowing		1,139	-	859	-
Repayment of loans		(850)	(957)	(794)	(796)
Net cash from/(used in) financing activities		289	(957)	65	(796)
Change in cash and cash equivalents in the reporting period		(8,757)	8,878	(7,959)	5,617
Cash and cash equivalents at the beginning of the reporting period		30,745	21,867	23,505	17,888
Cash and cash equivalents at the end of the reporting period		21,988	30,745	15,546	23,505
Reconciliation of net income to net cash flow from operating activities					
Net income for the reporting period (as per the statement of financial activities)		243	16,061	115	9,452
Adjustments for:					
Depreciation and amortisation charges		412	376	97	225
Gain on the sale of fixed assets		-	(2)	-	37
Loss on the sale of fixed assets		133	37	133	(2)
Gains on investments		(6,532)	(17,864)	(6,647)	(10,706)
Investment income		(5,275)	(4,638)	(6,234)	(6,576)
(Increase)/decrease in stocks		36	26	35	42
Decrease/(increase) in debtors		1,776	1,021	1,101	1,163
(Decrease)/increase in creditors		(4,060)	10,191	(3,233)	5,788
Pension costs/difference between pension costs charged and paid		1,297	576	1,296	576
Net cash generated from/(used in) operating activities		(11,970)	5,784	(13,337)	(1)
Analysis of cash and cash equivalents					
Cash in hand and at bank		7,259	6,612	2,262	2,049
Short-term deposits (less than 3 months)		14,729	24,133	13,284	21,456
Total cash and cash equivalents		21,988	30,745	15,546	23,505

1. Accounting policies

a) Scope and basis of the preparation of the financial statements

The Methodist Church in Great Britain is a public benefit entity for the purposes of FRS 102, and therefore the financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the SORP').

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair" view. This departure has involved following "Accounting and Reporting by Charities preparing their financial statements in the UK and Republic of Ireland (FRS 102)" issued on 16 July 2014, rather than "Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005", which has since been withdrawn.

The preparation of the financial statements in accordance with FRS102 requires the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving higher degree of judgement, or areas where assumptions or estimates were significant to the financial statements are disclosed in Note 2 on page 43.

b) Preparation of the financial statements on a going concern basis

These financial statements have been prepared on the basis that The Methodist Church in Great Britain is a going concern. A comprehensive review of the Church's financial performance and general reserves position is covered in the financial statements and trustees' Report. Evidently, the Church has adequate financial resources and is able to manage the business risks. The planning processes, including financial projections, take into consideration the prevailing economic climate and its potential impact on the various sources of income and planned expenditure. The trustees have looked at least 12 months ahead and are satisfied that the Church has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the Church's ability to continue in operation.

c) Group financial statements

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Church and its subsidiary undertakings as set out in the diagram below.

The consolidation principles applied are based on the SORP, whereby the parent charity consolidates the subsidiaries it controls. Control in this context is the power to govern the financial and operating policies of an entity in order to benefit from its activities. This control is the power to appoint and remove trustees. The Methodist Council, as managing trustee, has the ability to govern the financial and operating policies of the entities.

The beneficial element of this control is demonstrated by the concurrence of purpose. All the subsidiary entities included in the consolidation contribute to the purposes and aims of the Methodist Church in Great Britain and benefit its beneficiaries.

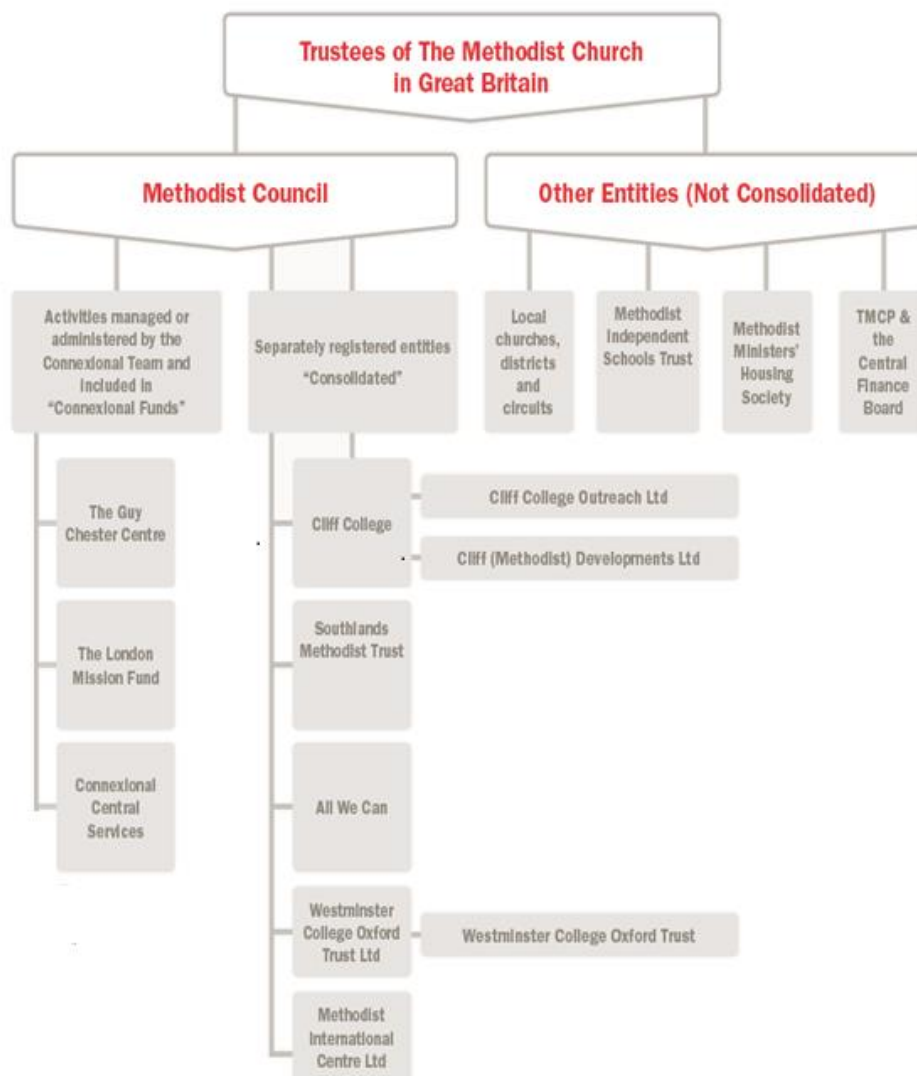
The results of the subsidiary entities are consolidated on a line-by-line basis in accordance with section 9 of FRS 102. Any inter-entity balances and transactions have been eliminated on consolidation. All the entities have the same reporting date and uniform group accounting policies have been adopted.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018

Accounting policies (continued)

d) The group structure



e) Excluded entities

There are a number of entities which form part of the wider picture of the Methodist Church in Great Britain, some of which are mentioned below. These entities are excluded from consolidation because the Methodist Council has no control over their financial and operating policies.

- Methodist churches, circuits and districts
- Methodist Independent Schools Trust
- Trustees for Methodist Church Purposes (TMCP)
- The Central Finance Board (CFB)
- The Methodist Ministers' Housing Society

f) Recognition of income and endowments

All income is accounted for when the Church has entitlement to the funds, the amount can be quantified and receipt of the funds is probable. Where income is received in advance of providing goods and/or services, it is deferred until the Church becomes entitled to that income.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018

Accounting policies (continued)

All income is reported gross. Any fee charged for fundraising by third parties and deducted from the amount collected before it is remitted to the Church is not offset against the fundraised income recognised in the financial statements but is reported as a fundraising expense.

Rental income from operating leases (net of incentives given to the lessees) is recognised on a straight-line basis over the lease term.

No amounts are included in the financial statements for services donated by volunteers.

District Assessment

The assessment is accounted for on a receivable basis. The amount can be measured reliably by the Church as they are published annually in advance in the Minutes of Conference. Standing Order 361 (2) states that the Methodist Church Fund shall be maintained “by an assessment levied by the Conference on each Circuit in the home church through the Districts [...]”. The assessment primarily funds the decisions of the Conference, part of which is the provision of certain services such as the administration of the connexionally held funds and the processing of ministerial stipends.

Donations

Donations are recognised when there is evidence of entitlement, receipt is probable and the amounts can be measured reliably. Where a donor has specified certain terms and conditions, the Church evaluates whether these conditions can be met before claiming entitlement. In any event, donations or gifts with conditions or terms which are outside of the Church’s stated purposes, or which are illegal are rejected by the Church.

Goods donated for on-going use by the Church in carrying out its activities are recognised as tangible fixed assets with the corresponding gain recognised as income from donations within the SOFA, subject to the capitalisation threshold of £1,000.

Legacies

Entitlement to a legacy is assumed when there is sufficient evidence that a gift has been left to the Church, usually through the notification of a will. Receipt of a legacy is deemed probable when there has been a grant of probate and it has been established that there are sufficient assets in the estate to pay the legacy and there are no conditions attached to the legacy that are outside the control of the Church, or uncertainty around the receipt of this gift. Income from pecuniary legacies is recognised upon notification or receipt if earlier.

Where legacies have been notified to the Church or the Church is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Capital (property) levies

Capital levies are due on the disposition of property by churches, circuits and districts under Standing Order 970 of the Constitutional Practice and Discipline of the Methodist Church. These are accounted for on a receipts basis when the disposal proceeds are deposited with the Church’s custodian, Trustees for Methodist Church Purposes. Capital levies are disclosed net of any refunds due back to the church, circuit or district.

Grants

Income from grants is recognised when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably. To this end, evidence of entitlement is assumed to exist when the formal offer of funding is communicated in writing to the Church. Where there is a performance condition attached to the grant, entitlement is only recognised when the conditions have been met.

g) Accounting for leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent-free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

Accounting policies (continued)

h) Recognition of expenditure

All expenditure is accounted for on an accruals basis when an obligation that can be measured or reliably estimated exists at the reporting date and it is more likely than not that payment will be made in settlement.

There are two main categories of expenditure shown in the statement of financial activities: expenditure on raising funds and charitable activities.

Expenditure on raising funds includes all expenditure incurred to raise income to spend on charitable purposes. Expenditure on charitable activities includes all costs incurred by the Church in undertaking activities that further its charitable aims for the benefit of its beneficiaries. This expenditure is further analysed into direct and support costs. Direct costs are those specifically related to producing the delivery of an activity or service, for example the costs incurred in training ministers; mission partners working overseas or the payment of grants to beneficiaries. Support costs are those which provide indirect support to front-line services – for example financial services, facilities management, development and personnel, governance costs and management information services. Support costs not attributable to a single activity have been allocated on a basis consistent with identified cost drivers for that cost category such as staff head count and floor space.

Grant commitments

Grants awarded are provided for in the SOFA in the year in which they are approved by the trustees and the offer is communicated to the recipient. Grants awarded but not paid are recorded as a liability within the balance sheet. Grants awarded subject to explicit conditions being met by the recipient before payments are made are not accrued until such conditions have been met. Such commitments are disclosed in the financial statements as contingent liabilities.

i) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general charitable objectives. Designated funds are a portion of the unrestricted funds that have been set aside for a particular purpose by the trustees. Restricted funds are donated for a particular purpose, the use of which is restricted to that purpose. The purposes of the main restricted and designated funds are set out in the notes to the financial statements. Endowment funds are either permanent or expendable. Permanent funds are normally held indefinitely, while trustees have the power to convert expendable funds into income. The return on endowment investments is made up of income earned.

The costs of raising and administering the restricted funds are charged against the specific fund. Any investment income or gain is allocated to the appropriate fund in the case of restricted funds and in accordance with the terms of the endowment in the case of endowment funds.

j) Pension costs

Defined benefit pension schemes

The Methodist Council participates in three main pension schemes: the Methodist Ministers' Pension Scheme (MMPS); the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC); and the Superannuation Scheme for Lay Mission Partners of the Methodist Church (SSMP).

The PASLEMC scheme is a group plan for accounting purposes, with the Methodist Council as the sponsoring employer with legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit cost and the relevant net defined benefit liability in its individual financial statements. Participation in a group pension plan is a related party transaction. The Council's policy is

Accounting policies (continued)

to recognise the contributions paid to the Scheme by other group employers as a credit in the Statement of Financial Activities.

The pension assets and liabilities in respect of the PASLEMC and SSMP schemes are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest cost for the year, are allocated to relevant expenditure headings within the SOFA. The MMPS scheme assets and liabilities are excluded for reasons set out on pages 43-44.

Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date, using the projected unit credit method, and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses in the SOFA. These amounts together with the return on plan assets less amounts included in net interest, and any unrecognised net surplus, are disclosed as re-measurements of the defined benefit liability. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The MMPS is a group scheme as all of the participating entities, mainly the circuits and the Council, are under the common control of the Conference. However, the Council has adopted a different accounting policy for this Scheme set out in detail in Note 12 for the reasons set out on pages 43-44. For the MMPS, costs equal to the contributions paid are recognised in the accounts as they fall due. Pension costs are allocated to activities and between funds according to an employee's normal job function.

Defined contribution pension schemes

Pension costs in respect of defined contribution schemes are charged to the SOFA for the period in which they are payable. Such costs are allocated to activities and between funds according to an employee's normal job function.

k) Stocks

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

l) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

m) Tangible fixed assets

All tangible fixed assets costing more than £1,000 are capitalised and included initially at cost, including any incidental expenses of acquisition and irrecoverable VAT. Subsequently, charitable (functional) land and buildings are held at valuation. The Church undertakes to perform the valuations every five years to ensure that the carrying amount does not differ materially from the fair value of the asset at the end of the reporting period. Work to existing properties which is capable of extending the useful life or otherwise adding to the value of the property is capitalised. All other expenditure incurred in respect of general repairs to functional assets is charged to the SOFA in the year it is incurred. Assets under construction are stated at cost and transferred to completed properties when ready for use.

Accounting policies (continued)

n) Depreciation

Tangible fixed assets are depreciated to their estimated residual values over their expected useful lives. The depreciation expense is charged or apportioned to the relevant SOFA heading reflecting the asset's use on a straight-line basis as follows:

Freehold land	nil
Freehold buildings	over 75 years
Computer equipment	over 3 years
Furniture and fittings	over 5 years
Motor vehicles	over 5 years

o) Impairment

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Church estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in the Statement of Financial Activities. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Financial Activities or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

p) Intangible fixed assets and amortisation

Intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment losses.

Computer software, including development costs, is capitalised as an intangible asset and amortised on a straight-line basis over the expected useful life of five years. Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

q) Heritage assets

There are four Methodist Heritage sites in Great Britain which fit into this definition. These are: The Old Rectory, Epworth, Lincolnshire - the childhood home of John and Charles Wesley; The New Room (John Wesley's Chapel), Bristol - the first ever Methodist building in the world; Wesley's Chapel & House, and The Museum of Methodism, London - John Wesley's London base (from which he travelled 250,000 miles to preach, and the place of his death and burial) and Englesea Brook Chapel & Museum of Primitive Methodism, near Crewe - exhibitions and activities focusing on one strand of 19th Century Methodism. These assets have not been consolidated in the financial statements because they belong to entities that are not under the control of the Methodist Council.

r) Investments

Investments are stated at fair value at the balance sheet date and the statement of financial activities shows net investment gains and losses arising from revaluation of the investment portfolio and disposals during the year. Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Subsequently, investment properties are measured at fair value. The surplus or deficit on revaluation is recognised in the statement of financial activities for the year. Investment properties are normally revalued triennially by independent professionals who hold recognised and relevant professional qualifications and have recent experience in the location and class of the investment property being valued. In the intervening periods, the trustees carry out the valuations. Investments held in units in the Central Finance Board are stated at the Board's published valuations. The value of the unlisted investments in William Leech (Investments) Ltd are stated at the underlying value of the net assets based on the company's audited balance sheet at 31 March

Accounting policies (continued)

2018, updated by the value of any share acquisitions (at cost) up to 31 August 2018. The assets are held at fair value.

s) Irrecoverable VAT

Irrecoverable VAT has been charged to the expenditure to which it relates within the statement of financial activities.

t) Cash and cash equivalents

Cash and cash equivalents includes cash and cash held on deposit with the Central Finance Board of the Methodist Church and the Trustees' Investment Fund of the Trustees for Methodist Church Purposes and which has a maturity of less than three months from the date of acquisition and used for working capital purposes. Cash and cash on deposit are cash and cash equivalents for the purposes of the cash flow statements.

u) Financial instruments

The Church has basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Creditors are recognised where the Church has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Concessionary loans made

Methodist ministers or probationers appointed for the first time to a station within the control of the Church are eligible to receive financial assistance from the Methodist Church Fund. This assistance may be given by way of grant or interest-free loan or a combination of both according to criteria set by the Methodist Council. The maximum amount for a loan is £6,000 repayable over six years. Additionally, loans may be advanced to other Methodist bodies from trusts under the control of the Methodist Council in line with the trust's individual objectives. Initial recognition and measurement of the loans is based on the actual value of the loan advanced. In subsequent years, the carrying amount is adjusted to reflect repayments. If a loan that has been made is found to be irrecoverable an adjustment will be made for impairment.

w) Termination benefits and payments

The Council may be committed, by legislation, contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments to employees when it terminates their employment.

Termination benefits that arise as a result of either the Council's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy during an organisational restructure. These are recognised as an expense and charged to the Statement of Financial Activities when the Council is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date; or to providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits that arise as part of a settlement agreement are recognised once the period of consultation between the employee and their representative is completed and terms are agreed upon.

2. Accounting estimates and judgments

In preparing the financial statements, the trustees are required to make estimates and judgments. The areas considered below are considered the most important in understanding the judgments that underlie the financial statements as well as the uncertainties inherent in accounting estimates that could affect the figures reported in the operating results, financial position and cash flows of the next or future accounting periods.

The accounting policies are set out in Note 1 to the financial statements.

Grant commitments

The Church empowers and supports the mission of overseas partners by way of annual support grants over a number of years. In addition to the expenditure recognised in the financial statements, the Church has commitments in respect of these programmes at the year end. The partner churches are obliged to report back to the Connexional Grants Committee on the use of the grants before the next instalment is released. Judgment is exercised as to satisfactory progress being made against the agreed project outcomes.

Cost allocation

Costs that are not attributable to a single activity are reallocated, or apportioned to activities on a basis consistent with identified cost drivers for that activity. Cost drivers utilised include the headcount and floor space and judgment is exercised in applying cost drivers to cost categories.

Actuarial assumptions in respect of defined benefit pension schemes

The application of actuarial assumptions relating to defined benefit pension schemes incorporated in the financial statements is in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. Movements on the defined pension schemes are shown in Note 28.

Defined benefit pension scheme commitments

The Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC)

The Methodist Council is the principal employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church, with its employees both past and present accounting for more than 80% of the current scheme members. As mentioned in Note 12, there are other employing bodies, four of whom are not consolidated in these financial statements. These are The Central Finance Board of the Methodist Church; Trustees for Methodist Church Purposes (TMCP) and the Methodist Ministers Housing Association (MMHA) and Methodist Central Hall Trustees. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit cost and relevant net defined benefit asset/liability of the Pension and Assurance Scheme for Lay Employees of the Methodist Church in its financial statements. This is because the Council is the sponsoring employer of this Scheme as it has legal responsibility for the plan. The Council is considering closing the scheme to new entrants from 31 March 2019, and consultations have taken place with members.

The Methodist Ministers' Pension Scheme (MMPS)

The MMPS is a defined benefit pension scheme for Methodist Ministers. It should be accounted for as is a group plan as all the participating employers, namely the circuits and Council, are under the common control of the Conference. At the end of the year, the Scheme balance was nil. It's funding position improved by £54.6m, in year. The scheme has not been included in these financial statements for the reasons set out below:

Accounting estimates and judgments (continued)

- a) There are approximately 1,312 ministers who are active members of MMPS of whom the Council is responsible for the pension contributions of around 70, the majority of 'employer' contributions coming from the circuits to which they are stationed annually by The Conference. The actual contributions made by the Methodist Council for the year were £2.15 million compared to £8.25 million paid by the circuits.
- b) The diagram on page 37 shows a simple structure of the Church - the entities that have been consolidated and the reasons for that as well as the entities that have been excluded. Hence, the Church as generally recognised, comprising the individual local churches and circuits and other entities reporting to The Conference, does not prepare consolidated financial statements. Each local church/circuit/district is an individual charity (those with annual income over £100k being registered as such) which shares the same governing document as the Methodist Church in Great Britain.
- c) According to the Scheme rules, the MMPS is intended to be a single-employer scheme and the Methodist Church is the sole statutory employer for the purposes of pension law. The Scheme Rules further require member contributions to be paid by the person responsible for the Member's remuneration. This is effectively the circuits where the individual ministers are stationed. As such the responsibility for current payments and for the deficit/surplus in the pension scheme is shared between the Council and the circuits with the bulk of the contributions coming from the circuits. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual circuits and other participating employers; such decision would be made by the Conference.
- d) The Recovery Plan to reduce the MMPS deficit comprises 9.8% per annum of stipends paid by the employing bodies plus a fixed lump sum contribution of £1 million per annum from the Pension Reserve Fund. As stated in the reserves policy section of the Trustees' Report on page 22, the Pension Reserve Fund was set up following a Conference decision to establish a fund outside of the pension schemes, which could be used to meet future funding deficits. The fund was designated by the Conference and is funded by a transfer of 45% of property sales income levy from the Connexional Priority Fund. Hence, the liability is not funded solely from general funds of the Council. It is probable that, if the deficit were to be required to be settled in full, the cost would be allocated at the discretion of the Conference across the Connexion and not from funds of the Council, except to the extent of the Pension Reserve.

Useful economic lives

The annual depreciation charge for tangible fixed assets, particularly buildings is sensitive to change in the estimated useful economic lives and residual value of the assets. As our policy is to revalue the buildings every five years and to undertake full quinquennial inspection in the intervening years, the useful economic lives will be assessed and amended where necessary, to reflect current circumstances. Note 13a shows the relevant tangible fixed assets.

Methodist Church House

The charity's Property Development Committee is considering options for the redevelopment of Methodist Church House. An outline plan was approved during the year for a new building to be developed on the existing site, subject to agreement of detailed plans, including planning permission, being approved. Given the current state of the project and in the absence of any indication of a decline in the property's service potential or market value, it is the trustees' view that sufficient certainty does not yet exist for any accounting adjustments to the carrying value of this property, arising from the proposed redevelopment, to be reflected in the current year's financial statements. At a point when the relevant decision-making process is further advanced and greater certainty as to the potential impact on the useful economic life and residual value of the building is known, the valuation in the financial statements will be updated to reflect these conditions.

Accounting estimates and judgments (continued)

Revaluation of functional property assets and investment properties

The Church carries its functional property assets and investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The Church obtains valuations to determine fair value on a cyclical basis; normally being every five years for functional properties and three years for investment properties. The trustees consider that this is sufficiently regular to ensure that their carrying amount does not differ materially from their fair value at the reporting date. Some of the key assumptions used to determine the fair value of the assets are based on the valuer's knowledge and experience of the market, values of similar properties that could be deemed subjective.

Revaluation gains on functional properties and investment properties are shown in Notes 24 and 14 respectively, and the relevant assets are included in Notes 13 and 14.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the lessee, where the Group is the lessor. This is relevant to the lease between Westminster College Oxford Trust and Oxford Brookes University as shown in Note 16c on page 61.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

3a. Donations and legacies - The Methodist Church in Great Britain	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Donations	604	4,439	5,043	577	5,346	5,923
Legacies	602	1,684	2,286	76	1,353	1,429
Total	1,206	6,123	7,329	653	6,699	7,352

3b. Donations and legacies - The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Donations	604	2,996	3,600	577	3,204	3,781
Legacies	602	699	1,301	76	720	796
Total	1,206	3,695	4,901	653	3,924	4,577

3c. Miscellaneous income - The Methodist Church in Great Britain	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Student fees	-	418	418	-	421	421
Seminars and events	246	88	334	182	2	184
Conference income	18	-	18	28	-	28
Bureau & Accountancy services	341	-	341	270	-	270
Others	181	159	340	92	62	154
Total	786	665	1,451	572	485	1,057

3d. Miscellaneous income - The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Seminars and events	246	-	246	182	-	182
Conference income	18	-	18	28	-	28
Administration & IT services	74	-	74	48	-	48
Bureau & Accountancy services	341	-	341	270	-	270
Others	112	160	272	89	65	154
Total	791	160	951	617	65	682

3e. Charitable activities - The Methodist Church in Great Britain and The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
District assessment	13,466	64	13,530	13,325	71	13,396
Rental Income	-	452	452	-	-	-
Total	13,466	516	13,982	13,325	71	13,396

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

4a. Investment income - The Methodist Church in Great Britain	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Central Finance Board	1,074	2,052	3,126	1,261	1,976	3,237
Interest and other investment income	61	24	85	59	147	206
Rental Income	352	884	1,236	-	510	510
William Leech Charities Fund	-	828	828	-	685	685
Total	1,487	3,788	5,275	1,320	3,318	4,638

4b. Investment income - The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Central Finance Board	1,074	1,930	3,004	2,095	1,919	4,014
Interest and other investment income	61	25	86	59	102	161
Gift aid from Methodist International Centre Ltd	1,336	-	1,336	1,607	-	1,607
Rental Income	934	46	980	-	109	109
William Leech Charities Fund	-	828	828	-	685	685
Total	3,405	2,829	6,234	3,761	2,815	6,576

5a Other trading activities - The Methodist Church in Great Britain	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Publishing	345	-	345	677	-	677
Room and conference hire	7,281	1,636	8,917	7,359	2,213	9,572
Advertising and fees	24	-	24	13	1	14
Total	7,650	1,636	9,286	8,049	2,214	10,263

5b Other trading activities - The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Publishing	345	-	345	677	-	677
Room and conference hire	-	1,187	1,187	173	1,762	1,935
Advertising and fees	24	-	24	13	-	13
Total	369	1,187	1,556	863	1,762	2,625

6a Capital levies

Standing Order 973 permits capital levies to be refunded for qualifying projects. Some of these levies may be refunded at any time. Therefore, a contingent liability exists in respect of income already recognised in the Connexional Priority Fund.

6b Grant income - The Methodist Church in Great Britain	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
Chiesa Valdese - All We Can	-	401	401	-	238	238
The Aldershot Military Trust	-	75	75	-	150	150
Other	6	89	95	-	197	197
Total	6	565	571	-	585	585

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

6c Grant income - The Connexional Funds	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£000	£000	£000	£000	£000	£000
The Aldershot Military Trust	-	75	75	-	150	150
Other	6	6	12	-	30	30
Total	6	81	87	-	180	180

7a. Expenditure - The Methodist Church in Great Britain	Grant Costs	Direct Costs	Support Costs	2018 Total	Grant Costs	Direct Costs	Support Costs	2017 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds	-	8,052	295	8,347	-	8,122	274	8,396
Total	-	8,052	295	8,347	-	8,122	274	8,396
Charitable activities								
Equipping the church to engage with society	9,480	8,468	1,092	19,040	9,818	7,891	1,016	18,725
Formation, training, development and resourcing	2,281	6,692	1,647	10,620	2,517	6,630	1,477	10,624
Empowering the ministry of overseas partners	4,656	3,478	441	8,575	3,994	3,256	387	7,637
Advocacy and education	101	1,939	1,045	3,085	30	1,414	975	2,419
Net loss on the disposal of tangible fixed assets	-	-	-	-	-	37	-	37
Total	16,518	20,577	4,225	41,320	16,359	19,228	3,855	39,442
Total	16,518	28,629	4,520	49,667	16,359	27,350	4,129	47,838

The basis of allocation of support costs is described in Note 8. Grant expenditure is further analysed in Note 10.

7b. Expenditure - The Connexional Funds	Grant Costs	Direct Costs	Support Costs	2018 Total	Grant Costs	Direct Costs	Support Costs	2017 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds	-	2,903	295	3,198	-	2,777	274	3,051
Total	-	2,903	295	3,198	-	2,777	274	3,051
Charitable activities								
Equipping the church to engage with society	9,480	8,502	1,093	19,075	9,818	7,891	1,016	18,725
Formation, training, development and resourcing	2,349	4,467	1,647	8,463	2,636	4,505	1,477	8,618
Empowering the ministry of overseas partners	3,563	2,398	440	6,401	2,545	2,279	387	5,211
Advocacy and education	101	1,444	1,045	2,590	30	1,387	975	2,392
Net loss on the disposal of tangible fixed assets	-	-	-	-	-	37	-	37
Total	15,493	16,811	4,225	36,529	15,029	16,099	3,855	34,983
Total	15,493	19,714	4,520	39,727	15,029	18,876	4,129	38,034

The basis of allocation of support costs is described in Note 8. Grant expenditure is further analysed in Note 10.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

8a. Support costs by activity - The Methodist Church in Great Britain and The Connexional Funds

		Equipping the church to engage society	Formation, training, development and resourcing	Empowering the ministry of overseas partners	Advocacy & Education	Raising funds	2018 Total
		£000	£000	£000	£000	£000	£000
Facilities	Floor space	12	108	41	160	-	321
Development & Personnel	Per capita	206	509	120	112	106	1,053
Information Technology	Per capita	113	280	66	62	58	579
Financial Services	Per capita	254	627	147	138	131	1,297
Governance	Direct	507	123	67	573	-	1,270
Total		1,092	1,647	441	1,045	295	4,520

8b. Support costs by activity - The Methodist Church in Great Britain and The Connexional Funds

		Equipping the church to engage society	Formation, training, development and resourcing	Empowering the ministry of overseas partners	Advocacy & Education	Raising funds	2017 Total
		£000	£000	£000	£000	£000	£000
Facilities	Floor space	14	125	48	185	-	372
Development & Personnel	Per capita	174	430	101	95	89	889
Information Technology	Per capita	118	293	69	64	61	605
Financial Services	Per capita	240	592	139	130	124	1,225
Governance	Direct	470	37	30	501	-	1,038
Total		1,016	1,477	387	975	274	4,129

9. Subsidiaries

The results of the Council's subsidiaries (before consolidation adjustments) are included within the Statement of Financial Activities as follows:

	Cliff College	Southlands Methodist Trust	All We Can	Westminster College Oxford Trust Ltd	Methodist International Centre Ltd
	2018	2018	2018	2018	2018
	£000	£000	£000	£000	£000
Income from:					
Donations and legacies	364	-	2,063	-	-
Investments	63	438	21	536	-
Other trading activities	449	-	-	-	7,302
Other:	-	-	-	-	-
Grants	559	-	401	-	-
Miscellaneous income	672	10	-	-	50
Net gains on the disposal of tangible fixed assets	-	-	-	-	-
Total income	2,107	448	2,485	536	7,352
Expenditure on:					
Raising funds	154	-	499	-	5,960
Charitable activities					
Equipping the church to engage society	-	-	-	-	-
Formation, training, development and resourcing	1,826	429	-	364	-
Empowering the ministry of overseas partners	-	-	2,232	-	56
Advocacy and education	-	-	-	-	-
Total expenditure on charitable activities	1,826	429	2,232	364	56
Total expenditure	1,980	429	2,731	364	6,016
Net gains/(losses) on investments	(4)	25	18	17	-
Net income/(expenditure)	123	44	(228)	189	1,336
Distribution under Gift aid	-	-	-	-	(1,336)
Net movement in funds	123	44	(228)	189	-
Net Assets					
Fixed Assets	7,789	-	-	-	476
Investments	592	9,851	531	11,761	84
Current Assets	1,258	711	888	3,974	1,915
Creditors and Loans	(484)	(83)	(194)	(4,107)	(2,475)
Total	9,155	10,479	1,225	11,628	-

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

9. Subsidiaries (continued)

	Cliff College	Southlands Methodist Trust	All We Can	Westminster College Oxford Trust Ltd	Methodist International Centre Ltd
	2017	2017	2017	2017	2017
	£000	£000	£000	£000	£000
Income from:					
Donations and legacies	151	1	2,976	-	-
Investments	16	35	28	61	-
Other trading activities	508	402	-	-	7,191
Other:					
Grants	539	-	35	-	-
Miscellaneous income	582	-	-	-	48
Net gains on the disposal of tangible fixed assets	-	-	-	-	-
Total income	1,796	438	3,039	61	7,239
Expenditure on:					
Raising funds	163	-	552	-	5,632
Charitable activities					
Equipping the church to engage society	-	-	-	-	-
Formation, training, development and resourcing	1,698	398	-	449	-
Empowering the ministry of overseas partners	-	-	2,596	-	-
Advocacy and education	-	-	27	-	-
Total expenditure on charitable activities	1,698	398	2,623	449	-
Total expenditure	1,861	398	3,175	449	5,632
Net gains/(losses) on investments	(3)	65	41	7,056	-
Net income/(expenditure)	(68)	105	(95)	6,668	1,607
Distribution under Gift aid	-	-	-	-	(1,607)
Net movement in funds	(68)	105	(95)	6,668	-
Net Assets					
Fixed Assets	7,236	-	-	-	123
Investments	596	9,187	948	11,744	254
Current Assets	1,398	1,380	818	3,857	900
Creditors	(198)	(132)	(313)	(4,162)	(1,277)
Total	9,032	10,435	1,453	11,439	-

Cliff College

Charity Number 529386

The College was founded in 1883 to provide training for mission and evangelism to people from diverse backgrounds. It offers degrees validated by the University of Manchester in the areas of theology and mission as well as providing a wide variety of short courses and training events.

Cliff College Outreach Limited

Company Number 2331438

Cliff (Methodist) Developments Limited

Company Number 4934377

All We Can

Charity Number 291691

All We Can works through partnerships to end the cycle of suffering caused by poverty, inequality and injustice.

Southlands Methodist Trust

Charity Number 1100660

Southlands Methodist Trust supports educational activities, including research, chaplaincy and charitable work undertaken in and through Southlands College that reflect its Methodist foundation and ethos.

Methodist International Centre Limited

Company Number 3866984

A company set up for the Methodist Council to conduct trading in support of its charitable activities. It is an accredited ethical social enterprise hotel which also provides student accommodation.

Westminster College Oxford Trust Limited

Company Number 3714361

Westminster College Oxford Trust

Charity Number 309672

Westminster College Oxford Trust Ltd (WCOT) is the charitable company that acts as the managing trustee of the Westminster campus at Harcourt Hill, Oxford. WCOT oversees the continuing relationship between Oxford Brookes University and the Methodist Church, in relation to the physical developments on the campus. The lease of land and buildings was renewed for a term of ninety-nine years on 24 July, 2017.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

10a. Grant expenditure: The Methodist Church in Great Britain

Activity	Individuals	Institutions	2018 Total	2017 Total
	£000	£000	£000	£000
Equipping the church to engage with society				
Property grants	-	1,912	1,912	2,578
Ministerial and personnel support grants	1,692	363	2,055	1,901
Mission & ministry grants	-	5,513	5,513	5,339
Total	1,692	7,788	9,480	9,818
Formation, training, development & resourcing	£000	£000	£000	£000
The Discipleship & Ministries Learning Network	890	1,391	2,281	2,517
Total	890	1,391	2,281	2,517
Empowering the ministry of overseas partners	£000	£000	£000	£000
Annual grants	-	3,145	3,145	3,067
Nationals in mission appointment	-	900	900	532
Scholarship programmes	-	387	387	347
Ministerial and personnel support grants	-	114	114	-
Other	-	110	110	48
Total	-	4,656	4,656	3,994
Advocacy and education	-	101	101	30
Grand Total	2,582	13,936	16,518	16,359

10b. Grant expenditure: The Connexional Funds

Activity	Individuals	Institutions	2018 Total	2017 Total
	£000	£000	£000	£000
Equipping the church to engage with society				
Property grants	-	1,912	1,912	2,578
Ministerial and personnel support grants	1,692	363	2,055	1,901
Mission & ministry grants	-	5,513	5,513	5,339
Total	1,692	7,788	9,480	9,818
Formation, training, development & resourcing	£000	£000	£000	£000
The Discipleship & Ministries Learning Network	853	1,496	2,349	2,636
Total	853	1,496	2,349	2,636
Empowering the ministry of overseas partners	£000	£000	£000	£000
Annual grants	-	2,166	2,166	1,618
Nationals in mission appointment	-	900	900	532
Scholarship programmes	-	387	387	347
Ministerial and personnel support grants	-	110	110	48
Total	-	3,563	3,563	2,545
Advocacy and education	-	101	101	30
Grand Total	2,545	12,948	15,493	15,029

The figures in Note 10 are not intended to be the same as those listed for grants on page 15.

A detailed list of institutional grant recipients can be viewed using the following link:

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

11. Net income before transfers	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
This is stated after charging for the year ended 31 August as follows:				
Audit and consultancy fees	£000	£000	£000	£000
Payable to RSM UK Audit LLP	75	85	62	64
Payable to other auditors - for internal audit services	18	-	-	-
Payable to other auditors - for audit of self accounting entities	36	35	4	4
Payable to RSM UK Tax & Accounting Ltd for financial advice	4	11	-	-
Payable to RSM UK Tax & Accounting Ltd for taxation advice	5	3	5	3
Depreciation	370	297	56	148
Amortisation	42	79	41	77
Foreign exchange differences	3	4	3	4
Loan interest payable	58	58	57	55

12. Stipends and salary costs

The Methodist Council appointed or employed on average 440 (2017: 431) people during the year, of which Connexional Funds had 288 (2017: 285) and the costs were:

	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Stipends and salaries	13,312	12,601	9,100	8,966
Redundancy costs	124	4	112	4
Temporary staff costs	498	356	414	325
Social security costs	1,202	1,165	847	834
Pension costs - (defined contribution schemes)	2,336	1,481	2,323	1,324
Defined benefit pension costs excluding interest (Note 28)	1,432	1,603	1,445	1,603
Total	18,904	17,210	14,241	13,056

The Methodist Church in Great Britain

13 employees were paid £60k or more during the year (2017: 23 employees). The total aggregate pension contributions for these employees for the year were £142k (2017: £233k).

The Connexional Funds

Six employees were paid £60k or more during the year (2017: 16 employees). The total aggregate pension contributions for these employees for the year were £73k (2017: £197k).

	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	Number of employees	Number of employees	Number of employees	Number of employees
£60,001 - £70,000	9	14	5	11
£70,001 - £80,000	2	6	1	4
£80,001 - £90,000	1	2	-	1
£90,001 - £100,000	1	1	-	-

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

12. Stipends and salary costs (continued)

Actual average number of staff by activity	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
Governance	27.5	27.3	13.5	13.3
Raising funds	90.6	89.5	11.6	17.4
Administration and support	117.8	109.5	84.8	76.5
Equipping the church to engage with society	52.3	57.0	52.3	57.0
Formation, training development and resourcing	75.6	71.9	75.6	71.9
Empowering the ministry of overseas partners	62.6	61.2	43.3	41.7
Advocacy and education	14.1	15.0	6.6	7.5
Total	440.5	431.4	287.7	285.3

The average number of volunteers working for the Council during the year was 142 (2017: 139).

Volunteers play an important role in the Council. Their contribution is significant in terms of the time they commit to attending meetings, raising funds and delivering services to beneficiaries.

Key management personnel

The key management personnel of the Church comprise the Secretary and Assistant Secretary of the Conference, the Connexional Secretary, the Head of Mission and Advocacy, the Head of Discipleship and Ministries and the Director of Finance and Resources, collectively the Senior Leadership Group of the Connexional team. Their total remuneration inclusive of benefits and 13.8% employer's national insurance, but excluding pension contributions was £465k (2017: £400k). In addition, pension contributions of £75k were paid into defined benefit pension schemes on behalf of these personnel (2017: £64k).

Pension costs

The Methodist Council operates three main pension schemes:

- the Methodist Ministers' Pension Scheme (MMPS);
- the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC); and
- the Superannuation Scheme for Lay Mission Partners of the Methodist Church (SSMP).

The MMPS and PASLEMC schemes are final salary defined benefit pension schemes and both schemes are funded by the payment of contributions to separately administered trust funds. The SSMP is an unfunded scheme.

Defined Benefit Pension Scheme Actuary

The actuarial valuations for all the defined benefit schemes were performed by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWCI Consulting Ltd.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

12. Pension costs (continued)

The Methodist Ministers' Pension Scheme

The MMPS is treated as a group scheme for accounting purposes as all of the entities participating in the scheme, mainly the circuits and the Council, are under the common control of the Conference. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual circuits and the Council. A detailed explanation of the accounting treatment is provided in Note 2 on pages 43-44 with further information as required by FRS102 included on pages 79-81.

The Methodist Church in Great Britain is the sole statutory employer for purposes of pension law, that is The Church as defined in the Methodist Church Act 1976 and the Deed of Union 1939 of which the Conference is the supreme governing body. There are approximately 1,312 ministers who are active members of MMPS of whom the Council (the 'reporting entity') is responsible for the pension contributions of around 70, the majority of 'employer' pension contributions coming from the circuits to which they are stationed annually by the Conference, that also pay their stipends and employer national insurance contributions.

For the MMPS, costs equal to the contributions paid by the Council for ministers in posts under the control of the Council are recognised in these accounts as they fall due; likewise, pension contributions for ministers stationed at circuit level are paid by the individual circuit.

FRS 102 requires that if the net defined benefit pension cost is not reflected in the individual financial statements of the participating entities, it should be reflected in the individual financial statements of the group entity which is legally responsible for the plan. However, the Council is not legally responsible for the plan and so the liability has not been included in these financial statements. The agreement with the Trustees of MMPS for the making good of the technical deficit rests with the Conference and not the Council.

The Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC)

The PASLEMC scheme is treated as a group scheme for accounting purposes, with the Methodist Council as the sponsoring employer with legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit liability in its financial statements.

The PASLEMC scheme is a funded defined benefit arrangement which provides retirement benefits based on final pensionable earnings. The most recent actuarial valuation of the Scheme, carried out as at 1 September 2017, revealed that the Scheme had a deficit on the funding basis. The Methodist Council, the other participating employers and the Trustee of the Scheme put in place a Schedule of Contributions and a Recovery Plan which detailed the contributions that would be made to fund both this deficit and the additional future service shortfall accruing until 1 September 2019 when the employers' contribution rate will increase. It was agreed that contributions from the Methodist Church's Pension Reserve Fund would be made as follows:

- a lump sum of £650,000 per annum will be paid into the Scheme each August, starting August 2018 up to and including August 2022; and
- between £0 and £447,000 will be paid to the Scheme each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary each year having regard to Scheme experience.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Council is considering the closure of the scheme to new entrants from 31 March 2019. Consultations have been held with members of the scheme and a decision will be made in the next few months.

The Superannuation Scheme for Lay Mission Partners (SSMP)

The Superannuation Scheme for Lay Mission Partners of the Methodist Church operated by the Methodist Church is a defined benefit arrangement which provides retirement benefits calculated as fixed pension amounts for each year of service. The Scheme closed to the future accrual of benefits in 2007, when all remaining active members became deferred pensioners. The most recent actuarial valuation of the Scheme, carried out as at 1 January 2017, indicated that the Scheme had a deficit. The Church agreed to eliminate this deficit by paying a lump sum of £74,600 during the year ended 31 August 2018.

There are 44 members in total, 6 of whom are deferred pensioners. The scheme has been accounted for as a defined benefit scheme in accordance with FRS 102. The Scheme is now closed to new entrants.

The scheme provides a pension of £155.03 per year of qualifying service to a single retired mission partner or widow / widower, £206.75 per year of qualifying service to a married mission partner. The rates are increased annually in line with the retail price index. There are also retirement grants of £103.02 (single) / £137.70 (married) per year of qualifying service for those mission partners who withdraw before completing 10 years qualifying service. Mission partners who retire after completing 10 but less than 15 years qualifying service are given the option of receiving a withdrawal grant or a retirement pension at the appropriate retirement age. Mission partners who withdraw or retire after completing 15 years qualifying service receive a retirement grant and a pension at the appropriate retirement age.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 31 August 2018 by the Scheme's actuary and shown in Note 28.

Other pension schemes

The Methodist Council also participates in a number of smaller pension schemes. The members are mission partners currently working overseas. The schemes are: The Pensions Trust, The Scottish Public Pensions Agency (SPPA) and The Retirement Benefit Scheme (Ireland).

The Pensions Trust

There are 27 members in the scheme participating in the Trust's two defined contribution schemes: the Ethical Fund and the Flexible Retirement Plan. The pension charge for the year was £177k (2017: £178k). Further disclosures are deemed unnecessary on the grounds of immateriality.

The Scottish Public Pensions Agency (SPPA)

The Scheme is an unfunded multi employer defined benefit scheme. The scheme was not accounted for as a defined benefit scheme but as a defined contribution scheme in accordance with FRS 102. There are now no members in this scheme and no pension cost was charged this year (2017: £3k). Further disclosures are deemed unnecessary on the grounds of immateriality.

The Retirement Benefit Scheme (Ireland)

There is currently one member in this scheme. The pension charge for the year was £8.5k (2017: £8.2k). Further disclosures are deemed unnecessary on the grounds of immateriality.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

13a. Tangible fixed assets - The Methodist Church in Great Britain

	Freehold land and buildings	Furniture and fittings	Computer equipment	Motor vehicles	Total
At cost or valuation	£000	£000	£000	£000	£000
At 1 September 2017	95,793	2,383	1,774	36	99,986
Additions during the year	1,982	363	75	20	2,440
Disposals	(1,531)	(994)	(255)	-	(2,780)
Total	96,244	1,752	1,594	56	99,646
Depreciation					
At 1 September 2017	116	1,954	1,671	35	3,776
Charge for the year	152	155	59	4	370
Disposal	-	(834)	(202)	-	(1,036)
Total	268	1,275	1,528	39	3,110
Net book value as at 31 August 2018	95,976	477	66	17	96,536
Net book value as at 31 August 2017	95,677	429	103	1	96,210

13b. Tangible fixed assets - The Connexional Funds

	Freehold land and buildings	Furniture and fittings	Computer equipment	Motor vehicles	Total
At cost or valuation	£000	£000	£000	£000	£000
At 1 September 2017	88,534	1,886	1,459	19	91,898
Additions during the year	1,179	10	2	-	1,191
Disposals	(1,530)	(984)	(229)	-	(2,743)
Total	88,183	912	1,232	19	90,346
Depreciation					
At 1 September 2017	-	1,614	1,412	19	3,045
Charge for the year	-	48	8	-	56
Disposals	-	(834)	(202)	-	(1,036)
Total	-	828	1,218	19	2,065
Net book value as at 31 August 2018	88,183	84	14	-	88,281
Net book value as at 31 August 2017	88,534	272	47	-	88,853

13c. Intangible fixed assets

	The Methodist Church in Great Britain	The Connexional Funds
Software	£000	£000
At cost		
At 1 September 2017	309	305
Additions during the year	29	19
Total	338	324
Amortisation		
At 1 September 2017	131	129
Charge for the year	42	41
Total	173	170
Net book value as at 31 August 2018	165	154
Net book value as at 31 August 2017	178	176

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

13d. Revaluation of charitable land and buildings

The freehold land and buildings on hand were revalued on 1 September 2014.

The manses, which are residential and have a well established market were valued by reference to residential property sales websites. The valuations were undertaken by the Council's Facilities and Property Co-ordinator, Richard Farmery, RICS membership number 1274419 and BIFM is 0028518. All valuations and appraisals were carried out in accordance with the RICS Valuation - Professional Standards, January 2014, also known as The Red Book.

The commercial properties were valued by professional independent valuers as follows:

25 Marylebone Road, London - valuation by Andrew Low, Partner, Knight Frank (Commercial Business), BA, MSc, RICS;

93 Dollis Park N3 1BT - valuation by Tony Harris LLM FRICS FCIArb of Cluttons, Portman Street, London W1H 6DU;

Kings Cross Complex London WC1 - valuation by Tony Harris LLM FRICS FCIArb of Cluttons, Portman Street, London W1H 6DU;

1-5 Lambeth Road SE1 - valuation by Tony Harris LLM FRICS FCIArb of Cluttons, Portman Street, London W1H 6DU;

The Shrubbery, 35 Frindsbury Road, Strood, Kent, ME2 4TD - valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;

Elderfield Main Road, Otterbourne, Winchester, Hampshire SO21 2EQ - valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;

Colinwood, 79 Weston Road, Rochester, Kent, ME2 3HB - valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;

Cliff College, Calver, Hope Valley, Derbyshire S32 3XG - Valuation by M J Hull BSc (Hons) MRICS from SMC Chartered Surveyors, 54 Campo Lane, Sheffield S1 2EG;

North Bank Portfolio, Pages Lane/Meadow Drive, Muswell Hill N10 1PR - Valuation by James Gilmartin MRICS and Joe Salmon MRICS of Gilmartin Ley.

All the properties were valued at fair value in accordance with FRS 102.

The carrying value that would have been recognised had the assets been carried under the historical cost model is £24.6m (2017: £24.3m) for the Methodist Church in Great Britain and £19m (2017: £19.3m) for Connexional Funds.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

14a. Investments - The Methodist Church in Great Britain

	Investment properties	Central Finance Board Units	William Leech Charities Fund	Other Investments	2018	2017
	£000	£000	£000	£000	£000	£000
Fair value at 1 September 2017	48,380	121,095	10,984	965	181,424	166,509
Additions	-	3,323	200	-	3,523	5,485
Transfer	(254)	-	-	254	-	-
Disposals	(196)	(2,598)	-	-	(2,794)	(8,434)
Investment gains	49	6,131	523	(171)	6,532	17,864
Fair value as at 31 August 2018	47,979	127,951	11,707	1,048	188,685	181,424

14b. Investments - The Connexional Funds

	Investment properties	Central Finance Board Units	William Leech Charities Fund	Other Investments	2018	2017
	£000	£000	£000	£000	£000	£000
Fair value at 1 September 2017	28,977	117,834	10,983	900	158,694	151,022
Additions	-	2,650	200	-	2,850	5,313
Disposals	(196)	(2,130)	-	-	(2,326)	(8,347)
Investment gains	49	6,075	523	-	6,647	10,706
Fair value as at 31 August 2018	28,830	124,429	11,706	900	165,865	158,694

Investment additions and disposals

During the year, the Investment Committee reviewed the investment portfolio in line with the current investment policy.

William Leech Charities Fund

The Methodist Church holds investments valued at £11.7m (2017: £11m) in William Leech (Investments) Ltd which represents 20% of the company's net assets as at 31 August 2018. The holding is based on the company's audited accounts to 31 March 2018, updated with management accounts to 31 August 2018. The Methodist Church has a representative on the board of the company but cannot exert significant influence over it.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

	The Methodist Church in Great Britain		The Connexional Funds	
	2018 £000	2017 £000	2018 £000	2017 £000
14c. Analysis of movement of investment properties				
Fair value at the beginning of the year	48,380	39,648	28,977	27,376
Additions to investment properties at cost	-	233	-	102
Transfer	(254)	-	-	-
Disposals	(196)	(188)	(196)	(188)
Investment gains	49	8,687	49	1,687
Fair value at the end of the year	47,979	48,380	28,830	28,977

Included within investment properties are the following revalued properties:

i) Westminster College Oxford Trust

A property at Harcourt Hill Campus, Harcourt Hill, Oxford OX2 9AT. The current fair value of this property is £11m (2017: £11m). The property was revalued on 31 July 2017 by Andrew Lockhart BSc FRICS MCI Arb from Venables Sherrott Lockhart and Partners Ltd.

ii) London Mission Fund

The London Mission property portfolio was valued by Richard Moss MRICS and John Barrett FRICS from Cluttons LLP on 31 July, 2017.

- a) Hove Residential at 20 Bigwood Avenue with a fair value of £170k (2017: £170k)
- b) 213 Streatham High Road London, SW16 6EG: £345k (2017: £345k)
- c) Hostel at 229 King Street Hammersmith, London W6 9JT: £500k (2017: £500k)
- d) Maida Vale Library, Sutherland Avenue, London W9 2QT: £300k (2017: £300k)
- e) Central Hall Buildings, Archway, London N19 3UB: £1,750k (2017: £1,750k)

iii) Guy Chester Center

A property known as the Hazlehurst, 7 Colney Hatch Lane, London N10 1PN was valued on 31 August, 2017 by James Gilmartin MRICS from Gilmartin Ley Ltd. The fair value is £3,690k (2017: £3,690k).

The following properties were revalued during the year ended 31 August 2016:

i) Southland Methodist Trust

A property at Mount Clare Estate, Minstead Gardens, Roehampton SW15 4EB. The current fair value of this property is £8,150k (2017: £8,150k). The property was revalued on 31 October 2016 by Giles Sutcliffe MRICS and Richard Moss MRICS from Cluttons LLP.

ii) 4 John Wesley Road

This property is located in Werrington, Peterborough PE4 6ZP. The current market value is £1.25m (2017: £1.25m). The property was revalued by M A Hughes BSc (Hons) MRICS from Barker Storey Matthews, Chartered Surveyors, Town planners and Property Consultants on 31 August 2016.

The Church's policy is normally to revalue the investment properties every three years. For the period under review the trustees do not consider there to have been a change in the fair value of the remaining properties.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

15. Debtors	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Prepayments and accrued interest	1,860	1,913	1,025	1,297
Loans to other entities	40	-	40	-
Concessionary loans	568	585	560	585
Other debtors	2,632	3,614	3,251	3,333
Total	5,100	6,112	4,876	5,215

16a. Creditors: amounts due within one year	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Accruals	1,867	1,531	1,048	779
Loans	1,681	850	1,652	794
Tax and social security	728	551	308	235
Grant commitments	9,370	7,618	9,305	7,399
Other creditors	3,143	10,201	3,119	9,371
Total	16,789	20,751	15,432	18,578

16b. Creditors: amounts due after more than one year	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Loans	754	1,296	502	1,296
Deferred income	3,672	3,709	-	-
Grant commitments	5,241	4,471	5,243	4,471
Total	9,667	9,476	5,745	5,767

16c.

Deferred Income

Deferred Income relates to a lease premium received by Westminster College Trust from Oxford Brookes University. The 100 year lease commenced on the 1 August, 2017. A premium of £3.75m was paid and this is being spread over the life of the lease as per FRS 102 requirements.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

16c. (continued)

The total future minimum lease income receivable under non-cancellable operating leases was:

	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Operating lease income receivable no later than 1 year	420	420	-	-
Operating lease income receivable later than 1 year but no later than 5 years	1,680	1,680	-	-
Operating lease income receivable later than 5 years	39,025	39,445	-	-
	41,125	41,545	-	-

Loans

The London Mission Fund - The Methodist Church in Great Britain and The Connexional Funds

At the balance sheet date, The London Mission Fund received a loan of £859k (2017: £nil) from Tower Hamlets Circuit solely for the purpose of purchasing a new manse known as 10 Hayes Lane. The loan will be repaid when the previous manse - 93 Dollis Park, London N3 1BT is sold.

Interest is payable upon repayment of the loan and calculated on the basis of the return that Tower Hamlets Circuit would have received on its investments in Trust 19555. The £859k loan granted to The London Mission Fund was obtained from Trust 19555.

Cliff College - The Methodist Church in Great Britain

At the balance sheet date there is a new loan of £280k (2017: £nil) secured by a legal charge over the property known as 26 Ashenhurst Way, Leek, Staffordshire. ST13 5SB. The loan is repayable in 20 equal capital instalments on the 30 June and 31 December each year plus interest accrued in the 6 month period at the rate of 2.94% (APR) variable.

Southlands Methodist Trust - The Methodist Church in Great Britain

At the balance sheet date the loan balance is nil (2017: £56k).

Methodist International Centre - The Methodist Church in Great Britain and The Connexional Funds

At the balance sheet date there is a bank loan of £1.3m (2017: £2.1m) secured by a mortgage over the property known as Euston House, 81-103 Euston Street, London.

The carrying value of this property as at the balance sheet date is £20.7m.

Repayment terms

11 quarterly payments over 3 years, with a quarterly £200k principal loan repayment. The final quarterly payment is due on 31 May 2020 (£85k only). Interest is charged on a quarterly basis on the last calendar day of August, November, February and May at a fixed annual rate of 1.84%.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

17. Stocks	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Raw materials and consumables	-	3	-	-
Finished goods and goods for resale	83	116	68	103
Total	83	119	68	103

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the year were £57k (2017: £77k).

18. Financial instruments	The Methodist Church in Great Britain		The Connexional Funds	
	2018	2017	2018	2017
	£000	£000	£000	£000
Financial assets at fair value through profit or loss				
Listed investments	127,951	121,095	124,429	117,834
William Leech Charities Fund and other investments	12,755	11,949	12,606	11,883
Total	140,706	133,044	137,035	129,717

Financial assets that are debt instruments measured at amortised cost

Debtors	2,632	3,614	3,251	3,333
Total	2,632	3,614	3,251	3,333

Financial liabilities measured at amortised cost

Loans	2,435	2,146	2,154	2,090
Accruals	1,867	1,531	1,048	779
Other creditors	3,143	10,201	3,119	9,371
Total	7,445	13,878	6,321	12,240

Concessionary loans (at cost plus accrued interest less impairment)

Loans to ministers	524	531	524	531
Loan to Interhealth	4	4	4	4
Loan to Lesnes Abbey Circuit	40	50	40	50
Total	568	585	568	585

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
19a. Unrestricted funds							
General	45,440	23,186	(22,462)	-	(45)	774	46,893
Designated 19c	46,543	6,899	(7,415)	-	2,652	558	49,237
Defined Benefit Pension Scheme	(9,610)	-	(1,414)	11,024	-	-	-
Total	82,373	30,085	(31,291)	11,024	2,607	1,332	96,130

The Connexional Funds

	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
19b. Unrestricted funds							
General	44,710	17,828	(17,535)	-	126	774	45,903
Designated 19d	46,543	6,899	(7,699)	-	2,652	558	48,953
Defined Benefit Pension Scheme	(9,610)	-	(1,414)	11,024	-	-	-
Total	81,643	24,727	(26,648)	11,024	2,778	1,332	94,856

Transfers in of £1.38m to the general fund comprise a management levy received (£1.45m) and a payment to the Long-term Renewal Fund (£80k) Note 22 page 71.

The Methodist Church in Great Britain

	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
19c. Designated funds							
1) The Connexional Priority Fund	11,195	5,800	(4,118)	-	549	(2,816)	10,610
2) The Epworth Fund	7,078	179	(445)	-	395	(20)	7,187
3) The Connexional Travel Fund	256	5	(15)	-	7	-	253
4) The Designated Training Fund	249	-	(688)	-	-	1,004	565
5) The Computers in Ministry Fund	302	197	(445)	-	-	(20)	34
6) The Pension Reserve Fund	27,463	718	(1,704)	-	1,701	2,410	30,588
Total	46,543	6,899	(7,415)	-	2,652	558	49,237

The Connexional Funds

	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
19d. Designated funds							
1) The Connexional Priority Fund	11,195	5,800	(4,122)	-	549	(2,816)	10,606
2) The Epworth Fund	7,078	179	(445)	-	395	(20)	7,187
3) The Connexional Travel Fund	256	5	(15)	-	7	-	253
4) The Designated Training Fund	249	-	(968)	-	-	1,004	285
5) The Computers in Ministry Fund	302	197	(445)	-	-	(20)	34
6) The Pension Reserve Fund	27,463	718	(1,704)	-	1,701	2,410	30,588
Total	46,543	6,899	(7,699)	-	2,652	558	48,953

Transfers out of the Connexional Priority Fund relate to £349k management levy paid to the general fund and £2.5m to the Pension Reserve Fund (PRF), See Note 22 page 71.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

	Balance at 1 September 2016	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
19e. Unrestricted funds							
Designated 19f	39,776	10,180	(7,031)	-	3,303	315	46,543
General	42,895	22,481	(21,004)	-	196	872	45,440
Defined Benefit Pension Scheme	(16,335)	-	(1,919)	8,644	-	-	(9,610)
Total	66,336	32,661	(29,954)	8,644	3,499	1,187	82,373

The Connexional Funds

	Balance at 1 September 2016	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
19f. Unrestricted funds							
Designated 19f	39,776	10,180	(7,031)	-	3,303	315	46,543
General	42,675	17,781	(16,811)	-	193	872	44,710
Defined Benefit Pension Scheme	(16,335)	-	(1,919)	8,644	-	-	(9,610)
Total	66,116	27,961	(25,761)	8,644	3,496	1,187	81,643

Transfers in of £1.4m to the general fund comprise a management levy received (£1.5m) and a payment to the Long-term Renewal Fund (£100k) Note 22 page 71.

The Methodist Church in Great Britain and The Connexional Funds

	Balance at 1 September 2016	Income	Expenditure	Actuarial gains on DB pension scheme	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
19f. Designated funds							
1) The Connexional Priority Fund	10,315	9,070	(4,494)	-	785	(4,481)	11,195
2) The Epworth Fund	6,945	199	(605)	-	560	(21)	7,078
3) The Connexional Travel Fund	261	5	(21)	-	11	-	256
4) The Designated Training Fund	-	-	(705)	-	-	954	249
5) The Computers in Ministry Fund	284	203	(164)	-	-	(21)	302
6) The Pension Reserve Fund	21,971	703	(1,042)	-	1,947	3,884	27,463
Total	39,776	10,180	(7,031)	-	3,303	315	46,543

Transfers out of the Connexional Priority Fund relate to £547k management levy paid to the general fund and £3,934k to the Pension Reserve Fund (PRF). The PRF paid £50k management levy to the general fund (Note 22 page 71).

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

1) The Connexional Priority Fund (CPF)

The main source of income into this fund is primarily the levies charged on all capital proceeds from the disposal of Methodist land and buildings held for local, circuit or district purposes and any income arising therefrom is available for the purpose of (a) making grants to circuits and distribution to districts; (b) making an allocation by way of transfer between funds, to the Pension Reserve Fund in respect of the liabilities of the Methodist Ministers' Pension Scheme and the Pension and Assurance Methodist Scheme for Lay Employees of the Methodist Church and (c) funding the work of the Discipleship and Ministries Learning Network.

2) The Epworth Fund

This fund was set up following the sale of Epworth House, City Road, London in 1987 as a designated fund. The income from the fund is used to support innovative initiatives within The Methodist Church.

3) The Connexional Travel Fund

This fund has two purposes: (a) to award grants to ministers on long-term sick leave to compensate them for the absence of business reimbursements and (b) to make grants for island and long mainland journeys.

4) The Designated Training Fund

The main source of funding for the Designated Training Fund comes from the Methodist International and Guy Chester Centres respectively for the purpose of furthering the work of the Discipleship and Learning Network.

5) The Computers in Ministry Fund

This fund was set up following a decision by Conference to create a fund from which ministers and deacons would be able to purchase a computer for their work. Ministers and deacons are eligible to claim every four years.

6) The Pension Reserve Fund

This fund was set up following a 2009 Conference decision to establish a Pension Reserve Fund outside of the Pension and Assurance Scheme for Lay Employees of the Methodist Church and Methodist Ministers' Pension Schemes which would be available if required to be used to meet future funding deficits.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

	Balance at 1 September 2017	Income	Expenditure	Actuarial losses on DB pension scheme	Investment gains	Transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
20a. Restricted funds							
1) The Fund for the Support of Presbyters and Deacons	9,680	427	(565)	-	516	(41)	10,017
2) Mission in Britain Fund	6,508	955	(2,481)	-	226	(57)	5,151
3) Centenary Hall Trust	25,227	251	(71)	-	-	(25)	25,382
4) The Fund for Property	3,094	632	(1,815)	-	168	(54)	2,025
5) The Fund for Training	7,387	378	(523)	-	44	(129)	7,157
6) The World Mission Fund	29,097	3,389	(4,824)	-	1,034	(902)	27,794
7) The London Mission Fund	19,267	379	(488)	-	306	-	19,464
8) The Guy Chester Centre	29,406	1,436	(1,296)	-	90	(320)	29,316
9) Cliff College	9,031	1,455	(1,987)	-	4	-	8,503
10) Southlands Methodist Trust	10,436	449	(429)	-	25	-	10,481
11) Westminster College Oxford Trust	11,439	536	(364)	-	17	-	11,628
12) Medical Benevolent Fund	2,100	55	(40)	-	118	(2)	2,231
Total funds with balances > £2m	162,672	10,342	(14,883)	-	2,548	(1,530)	159,149
Other - 28 funds with balances < £2m	8,829	2,951	(3,477)	139	377	17	8,836
Total	171,501	13,293	(18,360)	139	2,925	(1,513)	167,985

The Connexional Funds

	Balance at 1 September 2017	Income	Expenditure	Actuarial losses on DB pension scheme	Investment gains	Transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
20b. Restricted funds							
1) The Fund for the Support of Presbyters and Deacons	9,680	427	(578)	-	516	(42)	10,003
2) Mission in Britain Fund	6,508	955	(2,481)	-	226	(57)	5,151
3) Centenary Hall Trust	25,227	251	(71)	-	-	(25)	25,382
4) The Fund for Property	3,094	632	(1,815)	-	168	(54)	2,025
5) The Fund for Training	7,387	378	(537)	-	44	(129)	7,143
6) The World Mission Fund	29,097	3,389	(4,860)	-	1,034	(902)	27,758
7) The London Mission Fund	19,267	379	(486)	-	306	-	19,466
8) The Guy Chester Centre	29,406	1,436	(1,296)	-	90	(320)	29,316
Total funds with balances > £2m	129,666	7,847	(12,124)	-	2,384	(1,529)	126,244
Other - 27 funds with balances < £2m	10,205	621	(939)	139	485	16	10,527
Total	139,871	8,468	(13,063)	139	2,869	(1,513)	136,771

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

	Balance at 1 September 2016	Income	Expenditure	Actuarial losses on DB pension scheme	Investment gains	Transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
20c. Restricted funds							
1) The Fund for the Support of Presbyters and Deacons	9,098	515	(591)	-	708	(50)	9,680
2) Mission in Britain Fund	7,481	881	(2,089)	-	292	(57)	6,508
3) Centenary Hall Trust	24,867	358	(98)	-	-	100	25,227
4) The Fund for Property	4,413	642	(2,147)	-	214	(28)	3,094
5) The Fund for Training	7,814	376	(716)	-	59	(146)	7,387
6) The World Mission Fund	28,816	3,486	(3,804)	-	1,427	(828)	29,097
7) The London Mission Fund	17,384	524	(457)	-	1,816	-	19,267
8) The Guy Chester Centre	29,142	1,422	(1,536)	-	678	(300)	29,406
9) Cliff College	9,099	1,796	(1,861)	-	(3)	-	9,031
10) Southlands Methodist Trust	10,330	439	(398)	-	65	-	10,436
11) Westminster College Oxford Trust	4,771	61	(449)	-	7,056	-	11,439
Total funds with balances > £2m	153,215	10,500	(14,146)	-	12,312	(1,309)	160,572
Other - 28 funds with balances < £2m	11,014	2,874	(3,723)	63	732	(31)	10,929
Total	164,229	13,374	(17,869)	63	13,044	(1,340)	171,501

The Connexional Funds

	Balance at 1 September 2016	Income	Expenditure	Actuarial losses on DB pension scheme	Investment gains	Transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
20d. Restricted funds							
1) The Fund for the Support of Presbyters and Deacons	9,098	515	(591)	-	708	(50)	9,680
2) Mission in Britain Fund	7,481	881	(2,089)	-	292	(57)	6,508
3) Centenary Hall Trust	24,867	358	(98)	-	-	100	25,227
4) The Fund for Property	4,413	642	(2,147)	-	214	(28)	3,094
5) The Fund for Training	7,814	376	(716)	-	59	(146)	7,387
6) The World Mission Fund	28,816	3,486	(3,804)	-	1,427	(828)	29,097
7) The London Mission Fund	17,384	524	(457)	-	1,816	-	19,267
8) The Guy Chester Centre	29,142	1,422	(1,536)	-	678	(300)	29,406
Total funds with balances > £2m	129,015	8,204	(11,438)	-	5,194	(1,309)	129,666
Other - 27 funds with balances < £2m	9,686	615	(820)	63	692	(31)	10,205
Total	138,701	8,819	(12,258)	63	5,886	(1,340)	139,871

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

Notes on the purposes of the main funds

1) Fund for the Support of Presbyters and Deacons

This fund exists to provide additional assistance to supernumeraries; individuals who have been permitted or directed to become supernumerary; ministers, deacons, probationers, widows or widowers and their dependent children who are in need; ministers and deacons who are in need as a result of illness or impairment, for the purpose of enabling them to continue in or resume active work. The Fund for the Support of Presbyters and Deacons also makes grants to the Methodist Ministers' Housing Society.

2) Mission in Britain Fund

This fund exists to further the Church's mission by making grants to local churches and circuits and to bear witness to the global character of Christian Mission by supporting work with and among ethnically diverse communities in Britain and Ireland which have their origin in other countries.

3) Centenary Hall Trust

This trust exists to manage Church House at 25 Marylebone Road.

4) The Fund for Property

This fund exists to support various mission property development projects around the Connexion by making grants and loans for property purposes to trustees of Methodist Properties in the districts.

5) The Fund for Training

The fund has three main purposes: (a) to provide initial and further training for presbyters, deacons, lay employees and other lay persons; (b) the provision of maintenance grants for persons undergoing such training and their dependants; (c) the maintenance, management and staffing of the Discipleship and Ministries Learning Network, and the Methodist contribution to the cost of joint theological colleges.

6) The World Mission Fund

This fund has five main purposes: (a) to initiate, maintain and encourage Christian mission in other countries; (b) to encourage the establishment of churches overseas which will themselves undertake that mission within and beyond their own borders; (c) to engage in a continuing relationship of mutual help and enrichment with churches (including united churches) in the life of which Methodist missions have played a part; (d) to foster and take part in ecumenical relationships in the field of world mission, including the work of the World Council of Churches and the Churches' Commission on Mission; (e) in furtherance of these purposes, to engage in education, advocacy recruitment and fundraising.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

7) The London Mission Fund

The London Mission Fund derives from historic funds used to support ministry and property schemes in London. Since the reconfiguration of the London Districts in 2006, the Fund no longer makes individual grants, but rather allocates block grants to the qualifying districts which in turn dispense the fund for the support of ministry, mission and property projects as part of their own grant-making functions.

8) The Guy Chester Centre

The Guy Chester Centre manages the buildings and grounds of the North Bank Estate. The Centre works within the ethos and values of the Methodist Church as set out in Our Calling. The Centre provides funding for the Discipleship and Ministries Learning Network.

9) Cliff College

The College was founded in 1883 to provide training for mission and evangelism to people from diverse backgrounds. The college now offers degrees validated by the University of Manchester in the areas of theology and mission as well as providing a wide variety of short courses and training events. The College is used as training centre in the Discipleship and Ministries Learning Network.

10) Southlands Methodist Trust

As part of the work carried out through the Discipleship and Ministries Learning Network, the Trust exists: (a) to support in association with the College and University the development of Christian, and specifically Methodist, scholarship, research and innovation of local, national and global significance and to facilitate the public dissemination of such developments; (b) to enable the members of the Methodist Community and wider public in Britain and internationally to benefit from the academic and other expertise and experience within the College and University and the facilities available within them.

11) Westminster College Oxford Trust

This Trust exists to ensure that the property and assets used by the former Westminster College Oxford, and belonging to the Methodist Church, are committed to the objectives and activities authorised by the Church. The principal objects of the Trust are the advancement of education, in particular teacher training and the advancement of further and higher education.

12) The Methodist Medical Benevolent Fund (MMBF)

The purpose of this fund is to provide financial assistance to ministers suffering from stress and exhaustion to enable them to pay for appropriate recuperative treatment to facilitate recovery. This fund also helps ministers to pay for initial medical consultation, if it is not immediately available through the NHS, to facilitate speedy diagnosis and periodic health screening.

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

21a. Endowment funds	Balance at 1	Income	Expenditure	Investment	Transfers	Balance at 31
	September 2017			gains		August 2018
	£000	£000	£000	£000	£000	£000
Rank Endowment Fund	5,988	-	(12)	349	(6)	6,319
William Leech Charities Fund	10,984	-	-	523	200	11,707
Other - 7 funds with balances <£2m	1,988	-	(4)	128	(13)	2,099
Total	18,960	-	(16)	1,000	181	20,125

The Connexional Funds

21b. Endowment funds	Balance at 1	Income	Expenditure	Investment	Transfers	Balance at 31
	September 2017			gains		August 2018
	£000	£000	£000	£000	£000	£000
Rank Endowment Fund	5,988	-	(12)	349	(6)	6,319
William Leech Charities Fund	10,984	-	-	523	200	11,707
Other - 7 funds with balances <£2m	1,988	-	(4)	128	(13)	2,099
Total	18,960	-	(16)	1,000	181	20,125

The Methodist Church in Great Britain

21c. Endowment funds	Balance at 1	Income	Expenditure	Investment	Transfers	Balance at 31
	September 2016			gains		August 2017
	£000	£000	£000	£000	£000	£000
Rank Endowment Fund	5,574	-	(11)	463	(38)	5,988
William Leech Charities Fund	10,047	-	-	744	193	10,984
Other - 8 funds with balances <£2m	1,825	-	(4)	169	(2)	1,988
Total	17,446	-	(15)	1,376	153	18,960

The Connexional Funds

21d. Endowment funds	Balance at 1	Income	Expenditure	Investment	Transfers	Balance at 31
	September 2016			gains		August 2017
	£000	£000	£000	£000	£000	£000
Rank Endowment Fund	5,574	-	(11)	463	(38)	5,988
William Leech Charities Fund	10,047	-	-	744	193	10,984
Other - 8 funds with balances <£2m	1,825	-	(4)	169	(2)	1,988
Total	17,446	-	(15)	1,376	153	18,960

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain and The Connexional Funds

22. Fund Transfers	2018			2017		
	Transfers in £000	Transfers out £000	Net transfer £000	Transfers in £000	Transfers out £000	Net transfer £000
Unrestricted						
Connexional Priority Fund	-	(2,816)	(2,816)	-	(4,481)	(4,481)
Pension Reserve Fund	2,468	(58)	2,410	3,934	(50)	3,884
General Fund	1,455	(80)	1,375	1,522	(100)	1,422
Designated Training Fund	1,004	-	1,004	954	-	954
Methodist International Centre	-	(600)	(600)	-	(550)	(550)
Others	-	(41)	(41)	-	(42)	(42)
Total	4,927	(3,595)	1,332	6,410	(5,223)	1,187
Restricted						
Centenary Hall Trust	-	(25)	(25)	2,673	(14)	2,659
Long-term Renewal Fund	80	-	80	115	(2,673)	(2,558)
World Mission Fund	-	(902)	(902)	-	(828)	(828)
Guy Chester Centre	-	(320)	(320)	-	(300)	(300)
Fund for Training	-	(129)	(129)	-	(146)	(146)
Mission in Britain	5	(62)	(57)	-	(57)	(57)
Fund for Support of Presbyters & Deacons	19	(60)	(41)	-	(50)	(50)
Fund for property	-	(54)	(54)	-	(28)	(28)
Others	96	(161)	(65)	-	(32)	(32)
Total	200	(1,713)	(1,513)	2,788	(4,128)	(1,340)
Endowments						
William Leech Charities Fund	211	(11)	200	193	-	193
Rank Endowment	-	(6)	(6)	-	(37)	(37)
Others	-	(13)	(13)	-	(3)	(3)
Total	211	(30)	181	193	(40)	153
Grand Total	5,338	(5,338)	-	9,391	(9,391)	-

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Methodist Church in Great Britain

23a. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2018 Total £000
Intangible fixed assets	154	11	-	165
Tangible fixed assets	15,805	80,731	-	96,536
Investments	74,540	94,196	19,949	188,685
Current assets	14,526	12,552	93	27,171
Creditors due within one year	(7,289)	(9,583)	83	(16,789)
Creditors due after more than one year	(1,606)	(8,061)	-	(9,667)
Defined benefit pension scheme liability	-	(1,861)	-	(1,861)
Total	96,130	167,985	20,125	284,240

The Connexional Funds

23b. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2018 Total £000
Intangible fixed assets	154	-	-	154
Tangible fixed assets	15,328	72,953	-	88,281
Investments	74,455	71,460	19,950	165,865
Current assets	13,948	6,449	93	20,490
Creditors due within one year	(7,423)	(8,091)	82	(15,432)
Creditors due after more than one year	(1,606)	(4,139)	-	(5,745)
Defined benefit pension scheme liability	-	(1,861)	-	(1,861)
Total	94,856	136,771	20,125	251,752

The Methodist Church in Great Britain

23c. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2017 Total £000
Intangible fixed assets	176	2	-	178
Tangible fixed assets	16,717	79,493	-	96,210
Investments	70,437	92,307	18,680	181,424
Current assets	19,960	16,736	280	36,976
Creditors due within one year	(13,305)	(7,446)	-	(20,751)
Creditors due after more than one year	(2,002)	(7,474)	-	(9,476)
Defined benefit pension scheme liability	(9,610)	(2,117)	-	(11,727)
Total	82,373	171,501	18,960	272,834

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

The Connexional Funds

23d. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2017 Total £000
Intangible fixed assets	176	-	-	176
Tangible fixed assets	16,594	72,259	-	88,853
Investments	70,183	69,831	18,680	158,694
Current assets	17,918	10,625	280	28,823
Creditors due within one year	(11,616)	(6,962)	-	(18,578)
Creditors due after more than one year	(2,002)	(3,765)	-	(5,767)
Defined benefit pension scheme liability	(9,610)	(2,117)	-	(11,727)
Total	81,643	139,871	18,960	240,474

24. Revaluation reserves

The revaluation reserves balances included in the restricted and unrestricted reserves are analysed as follows:

The Methodist Church in Great Britain

24a. Revaluation reserve	1 September 2017 £000	Movement £000	31 August 2018 £000
Unrestricted	6,539	(63)	6,476
Restricted	58,500	-	58,500
Total	65,039	(63)	64,976

The Connexional Funds

24b. Revaluation reserve	1 September 2017 £000	Movement £000	31 August 2018 £000
Unrestricted	6,536	(63)	6,473
Restricted	56,564	-	56,564
Total	63,100	(63)	63,037

The Methodist Church in Great Britain

24c. Revaluation reserve	1 September 2016 £000	Movement £000	31 August 2017 £000
Unrestricted	6,484	55	6,539
Restricted	58,500	-	58,500
Total	64,984	55	65,039

The Connexional Funds

24d. Revaluation reserve	1 September 2016 £000	Movement £000	31 August 2017 £000
Unrestricted	6,484	52	6,536
Restricted	56,564	-	56,564
Total	63,048	52	63,100

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

25. Expenses reimbursed to the trustees	Number of trustees	2018 £000	Number of trustees	2017 £000
Travel and other expenses reimbursed	34	28	68	57

26. Trustees' remuneration	Pension Contributions		Remuneration	
	Total	Total	Total	Total
	2018 £000	2017 £000	2018 £000	2017 £000
The Revd Sheryl M Anderson	-	6	-	38
The Revd Helen Cameron	-	6	-	39
The Revd Ruth Gee	6	6	39	38
The Revd Philip J Jackson	-	6	-	31
Deacon Karen McBride	6	6	45	31
The Revd Loraine Mellor	6	6	39	38
The Revd Canon Gareth J Powell	6	6	40	39
Mr Doug Swanney	17	17	103	100
The Revd Dr Roger L Walton	6	6	39	38
The Revd Rachel Parkinson	6	-	39	-
The Revd Peter E Barber	6	-	39	-
The Revd Dr Jonathan Hustler	6	-	40	-
The Revd S Wild	-	6	-	38
Mrs Louise Wilkins	15	14	90	85
The Revd Andrew Wood	6	6	38	38
The Revd Michaela A Youngson	6	6	39	38
Total	92	97	590	591

Of the trustees listed above, 12 were in the Connexional team (2017: 13). Their aggregate total emoluments including pension contributions for this work and not in their role as trustees amounted to £0.7m (2017: £0.7m). Their appointment as trustees is in accordance with Standing Order No. 210 of the Methodist Church.

27. Trustees and connected persons

Outlined below is a list of those bodies considered to be the main related parties, which together with The Methodist Church in Great Britain report separately each year to the Methodist Conference, the ultimate controlling body. Details of the transactions occurring during the year and amounts owing by or to the related parties as at 31 August are stated for each one as appropriate.

Related party	2018 Income from related party	Payments to/(from) related party	Loans from related party	Amount owed by/(to) related party
	£000	£000	£000	£000
Trustees for Methodist Church Purposes (a)	6	199	-	-
Methodist Ministers' Housing Society (MMHS) (b)	87	46	-	-
Methodist Ministers Pension Scheme (MMPS) (c)	110	-	-	-
Lesnes Abbey Circuit (d)	-	(10)	-	40
The Tower Hamlets Circuit (e)	-	-	(859)	-
The Queen's Foundation for Ecumenical & Theological Education (f)	-	706	-	100
Methodist International Centre Ltd (g)	759	-	-	(664)

The Methodist Church in Great Britain

Notes to the consolidated financial statements for the year ended 31 August 2018 (continued)

- (a) The payment to Trustees for Methodist Church Purposes (TMCP) is for various administration charges, including legal services rendered during the year. The income is for payroll administration charges.
- (b) The income received from MMHS was for rent and service charges which is chargeable each year. £46k was payment made mainly for property adaption work. In 2017, a payment of £102k was made to purchase a share in an investment property.
- (c) The income received from the MMPS was for rent and accountancy services
- (d) A loan advanced to the Lesnes Abbey Circuit in order to purchase the London Mission Fund's interest in a manse at 11 Eaglesfield Road, London. The loan is repayable in equal instalments over 9 years.
- (e) In September 2017, Tower Hamlets Circuit loaned £859k to the London Mission Fund solely for the purpose of purchasing a manse. The loan will be repaid when the current manse is sold. See Note 16c for further details.
- (f) A payment of £0.7m (2017: £1.1m) was made to The Queen's Foundation for Ecumenical Theological Education being tuition fees for the 2017-18 academic year. Rent of £100k is due to be paid from The Queen's Foundation for the period Nov 17 to Aug 18.
- (g) Income receivable from Methodist International Centre Ltd was for rent chargeable for the use of building owned by Connexional Funds (£582k, 2017: £834k) as well as a one-off receipt of £177k, relating to the purchase of transferred tangible fixed assets at carrying value. Gift aid in respect of this subsidiary is shown in Note 4b.

	2017			
	Income from related party	Payments to related party	Loans to related party	Amount owed by related party
	£000	£000	£000	£000
Related party				
Trustees for Methodist Church Purposes (a)	4	203	-	-
Methodist Ministers' Housing Society (MMHS) (b)	90	102	-	-
Methodist Ministers Pension Scheme (MMPS) (c)	173	-	-	-
Lesnes Abbey Circuit (d)	-	-	50	50
The Queen's Foundation for Ecumenical & Theological Education (f)	-	1,251	-	-
Methodist International Centre Ltd (g)	834	-	-	184

In addition to this, as set out in Note 28, the PASLEMC has been treated as a group plan with the Methodist Council as the sponsoring employer with legal responsibility for the plan. Participation in a group pension plan is a related party transaction. In the absence of a contractual agreement or policy for charging the net defined benefit cost of the plan as a whole to individual group entities, the Council treats the contributions paid to the Scheme by other group employers as a credit in its Statement of Financial Activities.

There are also related party transactions included in the management of the Church's investment portfolio by the Central Finance Board (CFB). Further, numerous transactions and balances occur between the Methodist Council, the districts, circuits and churches. In theory the Methodist Council could have dealings with any part of the wider Methodist Church. The main activities being:

- The annual assessment on local circuits (which are collected via the districts) to pay for the work of the Connexional Team and other Conference activities (e.g. District chairs and committee expenses);
- The awarding and distribution of grants to other Methodist entities;
- Investment charges (TMCP & CFB);
- The operation of the Gift Aid Bureau Service to claim gift aid on the behalf of local churches and circuits;
- The operation of Central Stipends Bureau for the payment of ministerial and local staff stipends and salaries; and
- The maintenance of the accounting records for various Methodist entities.

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments

The Methodist Council is considering closing the PASLEMC to new entrants with effect from 1 April 2019. Consultations have been held with members of the scheme. Existing members would continue to benefit from the current scheme arrangements until 31 March 2019. After this date, the PASLEMC would no longer accept further member contributions and members would therefore not build up any further benefits in the Scheme i.e. Pensionable Service in this Scheme would cease on 31 March 2019. Contributions up until the end of March 2019 would accumulate benefits in accordance with the Rules of the Scheme. The pension that members have already built up would be retained in the Scheme and, upon retirement, they would receive that pension, and any inflationary increases granted.

If the Scheme closes, members with more than 24 months service in PASLEMC on 31 March 2019 will be entitled to a deferred pension within PASLEMC. This will be calculated based on service to 31 March 2019 and Pensionable Earnings as at 1 September 2018.

The FRS 102 calculations have been carried out by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWCI Consulting Ltd. The scheme assets are stated at the fair values at the respective balance sheet dates.

The assets and liabilities of the schemes for both The Methodist Church in Great Britain and The Connexional Funds at 31 August are:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2018 Total £000	2017 Total £000
Fair value of scheme assets	76,933	-	76,933	72,778
Present value of scheme liabilities	(76,336)	(1,861)	(78,197)	(84,505)
Sub Total	597	(1,861)	(1,264)	(11,727)
Unrecognised assets	(597)	-	(597)	-
Net defined benefit liability	-	(1,861)	(1,861)	(11,727)

Asset resulting from the scheme's valuation is limited to the present value of available refunds or reductions in future contributions to the plan.

The amounts charged to the statement of financial activities for both The Methodist Church in Great Britain and The Connexional Funds in respect of the two schemes are:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2018 Total £000	2017 Total £000
Service cost (before contributions from other group employers)	3,313	-	3,313	3,191
Interest cost on scheme liabilities	2,038	47	2,085	1,784
Interest income on plan assets	(1,839)	(52)	(1,891)	(1,471)
Net finance costs	199	(5)	194	313
Total	3,512	(5)	3,507	3,504

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments (continued)

The amounts recognised as other gains/(losses) to consolidated and Connexional Funds statement of financial activities:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2018 Total £000	2017 Total £000
Actual return on scheme assets	3,040	34	3,074	4,353
Amounts included in net interest on the net defined liability	(1,839)	(34)	(1,873)	(1,471)
Other actuarial gains	10,420	139	10,559	5,825
Unrecognised assets	(597)	-	(597)	-
Re-measurement gains and losses recognised in SoFA	11,024	139	11,163	8,707

The changes in present value of defined benefit pension obligations for both The Methodist Church in Great Britain and The Connexional Funds are analysed as follows:

	Unrestricted PASLEMC		Restricted SSMP		TOTAL	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
At 1 September	82,388	83,860	2,117	2,273	84,505	86,133
Service cost	3,313	3,191	-	-	3,313	3,191
Interest on obligation	2,038	1,747	47	37	2,085	1,784
Contributions by members	727	717	-	-	727	717
Benefits paid	(1,710)	(1,348)	(146)	(147)	(1,856)	(1,495)
Actuarial gain	(10,420)	(5,779)	(157)	(46)	(10,577)	(5,825)
At 31 August	76,336	82,388	1,861	2,117	78,197	84,505

The changes in the fair value of the plan assets during the year for both The Methodist Church in Great Britain and The Connexional Funds are analysed as follows:

	Unrestricted PASLEMC		Restricted SSMP		TOTAL	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
At 1 September	72,778	67,525	-	-	72,778	67,525
Interest on assets	1,839	1,431	-	-	1,839	1,431
Contributions by employer	2,552	1,847	-	-	2,552	1,847
Contributions by members	723	717	-	-	723	717
Administration expenses	(450)	(260)	-	-	(450)	(260)
Benefits paid	(1,710)	(1,348)	-	-	(1,710)	(1,348)
Actuarial return less interest income on plan assets	1,201	2,866	-	-	1,201	2,866
At 31 August	76,933	72,778	-	-	76,933	72,778
Unrecognised assets	(597)	-	-	-	(597)	-
Net Defined Benefit Liability	-	9,610	1,861	2,117	1,861	11,727

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments (continued)

Principal actuarial assumptions at the balance sheet date in respect of the two schemes were:

	PASLEMC		SSMP	
	2018	2017	2018	2017
	% pa	% pa	% pa	% pa
Discount rate at end of year	2.7	2.5	2.6	2.3
Discount rate at start of year	2.5	2.1	2.3	1.7
RPI Inflation	3.3	3.6	3.3	3.3
CPI Inflation	2.3	-	-	-
Rate of increase in Pensionable earnings	2.3	3.6	-	-
Rate of increase in deferred pensions pre 2009 LPI 5%	2.3	2.6	3.2	3.2
Rate of increase in deferred pensions pre 2009 LPI 2.5%	2.3	2.6	3.2	3.2
Rate of increase in pension in payments fixed 5% to 1 September 2017	5.0	5.0	3.2	3.2
Rate of increase in pension in payments LPI 2.5% 1 September 2017	2.2	2.3	-	-
Rate of increase in pension in payments LPI 5% 1 September 2018	3.2	3.5	-	-
Rate of increase in pension in payments LPI 2.5% 1 September 2018	2.2	2.3	-	-

Mortality assumptions for the two schemes:

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and until age 89 if female. For a member currently aged 50 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

Analysis of scheme assets

	PASLEMC		SSMP	
	2018	2017	2018	2017
	%	%	%	%
Equities	54.0	51.7	20.8	22.5
Gilts	-	-	54.1	55.6
Corporate Bonds	5.3	12.9	11.8	12.2
Property	7.8	7.8	6.1	5.7
Cash	9.9	8.3	7.2	4
Liability Driven Investment	17.3	13.0	-	-
Annuities	5.7	6.3	-	-

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments (continued)

The Methodist Ministers' Pensions Scheme (MMPS)

The accounting treatment and judgements made in respect of the MMPS are set out in Note 2. The defined benefit pensions scheme liabilities in respect of the MMPS that would have been charged to these financial statements had the scheme been included are set out below. The FRS102 Calculations were carried out by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWCI Consulting Ltd.

a. The amounts that would have been charged to the Statement of Financial Activities are as follow:

	2018	2017
	£000	£000
Service cost	7,398	7,823
Interest cost on scheme liabilities	11,159	9,587
Interest Income on plan assets	(11,197)	(8,808)
Net Finance Costs	(38)	779

b. The amounts that would have been charged to the Statement of Financial Activities as recognised gains and losses are as follows:

	2018	2017
	£000	£000
Actual Return on Scheme assets	25,271	32,644
Amounts included in net interest on the net defined liability	(11,197)	(8,808)
Other Actuarial gains	38,402	14,723
Re-measurement gains and losses recognised in SOFA	52,476	38,559

c. The changes in the present value of the defined benefit obligation were:

	2018	2017
	£000	£000
Opening defined benefit obligation	474,534	489,062
Service cost	7,398	7,823
Interest cost	11,159	9,587
Cost of benefit Changes	-	(1,219)
Contributions by members	3,620	3,430
Benefits paid	(19,142)	(19,426)
Actuarial gains	(38,402)	(14,723)
Closing defined benefit obligation	439,167	474,534

The weighted average duration of the liabilities of the Scheme was 14 years as at 31 August 2018.

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments (continued)

d. The changes in the fair value of the plan assets during the year were:

	2018	2017
	£000	£000
Opening fair value of scheme assets	469,098	443,480
Interest income on plan assets	11,197	8,808
Contributions by employer	10,435	9,818
Contributions by members	3,620	3,430
Benefits paid	(19,142)	(19,426)
Administration expenses	(985)	(849)
Actual return less interest income on plan assets	14,074	23,837
Closing fair value of scheme assets	488,297	469,098

The total assets and liabilities of the MMPS at 31 August were:

	2018	2017
	£000	£000
Closing defined benefit obligation	(439,167)	(474,534)
Closing fair value of scheme assets	488,298	469,098
Net defined benefit scheme asset/obligation	49,131	(5,436)
Assets that would not have been recognised had the scheme been included	(49,131)	-
Net defined benefit asset/(liability)	-	(5,436)

The principal actuarial assumptions at the balance sheet date in respect of the Scheme were:

	2018	2017
	% pa	% pa
Discount rate at end of year	2.7	2.4
Discount rate at start of year	2.4	2.0
Inflation	3.3	3.5
Rate of increase in pensionable earnings	2.8	3.25
Rate of increase in deferred pensions pre 2009	2.3	2.5
Rate of increase in deferred pension post 2009	2.3	2.5
Rate of increase in pension in payment main benefits CPI LPI 5%	2.3	2.5
Rate of increase in pension in payment main benefits CPI LPI 2.5%	1.8	1.9
Rate of increase in pension in payment AVCs RPI LPI 5%	3.2	3.3
Rate of increase in pension in payment AVCs RPI LPI 2.5%	2.2	2.3

The Methodist Church in Great Britain

Notes to the consolidated accounts for the year ended 31 August 2018 (continued)

28. Defined benefit pension scheme commitments (continued)

The mortality assumptions for the Methodist Ministers' Pension Scheme were:

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and until age 90 if female. For a member currently aged 55 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

The major categories of plan assets as percentage of total plan assets for the Scheme were:

	2018	2017
	%	%
Equities	56.9	55.9
Gilts	0.1	2.0
Corporate Bonds	16.4	16.0
Index linked Bonds	4.0	4.2
Property	9.4	9.2
Cash	5.7	6.4
Liability driven Investment	7.5	6.3

The Methodist Church in Great Britain

Trustees and committee memberships

The membership for 2017/18 and for 2018/19 are listed below.

Methodist Council:

2017 / 2018

New Members from 1 September 2017 are marked with one asterisk (*)

Mr Michael Anderson	The Revd Novette Headley*	The Revd Mary M Patterson
Mrs E Jill Baker	The Revd Beverly Hollings*	The Revd Gareth P Phillips
Ms Janet Baker	Professor Peter D Howdle	The Revd Canon Gareth J Powell
Mr Timothy J Baker	The Revd Dr Jennifer A Hurd	The Revd Stephen J Poxon
The Revd Peter E Barber*	The Revd Dr Jonathan R	Mr Pete Prescott
Mrs Carole Burgess	Hustler*	Mrs Anne Pryke
The Revd Linda J Catlow	The Revd Eleanor G Jackson	The Revd Sally A Ratcliffe
Ms Gemma Curtis*	The Revd Philip J Jackson	The Revd Peter D Sheasby
The Revd Rory J Dalgliesh*	The Revd Dr Vincent M	Mrs Heather Shipman
Ms Gillian M Dascombe	Jambawo*	The Revd David Shirliff
Mr Jack Delbridge	Ms Rachel J Lampard	Mr Douglas Swanney
Ms Sue Draper	Mrs Carolyn Lawrence	The Revd Timothy A Swindell
The Revd Mark Dunn-Wilson*	Mrs Heather Lovelady*	The Revd Dr Roger L Walton
The Revd Dr Andrew M Fox*	Deacon Karen McBride	Mrs Louise C Wilkins
Mrs Aileen Fox	The Revd Loraine Mellor	Mr Richard Wills*
The Revd Catherine Gale	Deacon Jonathan Miller	The Revd Dr Andrew D Wood
The Revd Ruth M Gee (Chair)	Professor Ken Mortimer*	The Revd Michaela A Youngson
Mr Bala Gnanapragasam*	Dr Daleep S Mukarji	
Miss Ruth E Hall	Mrs Idy Osibodu	
	The Revd Rachel E Parkinson*	

2018 / 2019

New Members from 1 September 2018 are marked with two asterisks (**)

Mrs E Jill Baker (Chair)	The Revd Dr Jennifer A Hurd	The Revd Stephen J Poxon
Ms Janet Baker	The Revd Dr Jonathan R Hustler	Mr Pete Prescott
Mr Timothy J Baker	The Revd Philip J Jackson	Mrs Anne Pryke
Ms Roxanne Bromley**	The Revd Dr Vincent M Jambawo	The Revd Sally A Ratcliffe
Mrs Carole Burgess	Mrs Carolyn Lawrence	The Revd Jarel A Robinson-Brown**
The Revd Linda J Catlow	Mrs Heather Lovelady	Mr Graham Russell**
Ms Gemma Curtis	Professor David Matthews**	The Revd Peter D Sheasby
The Revd Rory J Dalgliesh	Deacon Karen McBride	The Revd David Shirliff
Ms Gillian M Dascombe	Professor Clive Marsh**	The Revd Billy Slatter**
Ms Sue Draper	The Revd Loraine Mellor	Mrs Sue Snowden**
The Revd Mark Dunn-Wilson	Deacon Jonathan Miller	Mr Douglas Swanney
Mrs Aileen Fox	Professor Ken Mortimer	The Revd Timothy A Swindell
The Revd Dr Andrew M Fox	The Revd Michael D Parker**	Mrs Margaret Webber**
The Revd Dr Barbara C	The Revd Rachel E Parkinson	Mrs Louise C Wilkins
Glasson**	The Revd Mary M Patterson	Mr Richard Wills
Mr Bala Gnanapragasam	The Revd Malcolm Peacock**	The Revd Dr Andrew D Wood
The Revd Novette Headley	The Revd Gareth P Phillips	The Revd Dr Jongikaya Zihle**
The Revd Beverly Hollings	The Revd Canon Gareth J Powell	The Revd Michaela A Youngson
Professor Peter D Howdle		

A full list of the trustees, being the members of the Methodist Conference, is available on request from the registered office and on the Charity Commission website.

The Methodist Church in Great Britain

The Strategy and Resources Committee

The membership for 2017/18 and current year are listed below:

Voting Members

Ms Janet Arthur	The Revd Loraine N Mellor
Mr Edward Awty	The Revd Ruth Midcalf [from 1 September 2018]
Mrs Anne Bolton [from 1 September 2018]	Dr Daleep S Mukarji [to 31 August 2018]
The Revd David M Goodall [to 31 August 2018]	The Revd Michael D Parker
Mr Robert J Harrison	Mrs Heather Shipman [to 31 August 2018]
Professor Peter D Howdle (Chair)	The Revd Timothy A Swindell
The Revd Susan Keegan Von Allmen	The Revd Dr Andrew D Wood
Professor David Matthews [from 1 September 2018]	Ms Helen Woodall

Non-voting members

The Revd Dr Jonathan R Hustler
The Revd Canon Gareth J Powell
Mr Douglas Swanney
Mrs Louise C Wilkins

Other members of the senior management group may attend by invitation as the business shall require.

Induction of new SRC members normally includes: conversations with the chair of SRC and the senior staff of the Connexional Team; a mentoring relationship with an experienced member of SRC; and invitations to share in the induction sessions for Council members.

The Finance Sub-Committee (FSC) of the Strategy and Resources Committee (SRC)

The membership of the committee is:

Voting Members

Mr Edward Awty	Mr Malcolm Pearson
Mr Roger Davies [to 28 February 2018]	The Revd Stephen J Radford
Mr Iain E M Farquhar [to 31 August 2018]	The Revd Timothy A Swindell (Chair)
Mrs Sue Haworth	

Members of the senior management group may attend by invitation as the business shall require.

The Audit Committee

The membership of the committee is:

Voting Members

Mrs Sarah Atwell-King [from 1 September 2018]	Mrs Susan M Mortimer [from 1 September 2018]
Mr Adrian Burton	Mr David Stubbs [to 31 August 2018]
Mr Alan Kershaw (Chair)	Mr Andrew Whitley [to 31 August 2018]

Non-voting members

Mr Edward Awty
The Revd Timothy A Swindell

Members of the senior management group may attend by invitation as the business shall require.

The Methodist Church in Great Britain

Reference and Administrative Details

Names and addresses

The address of the Office of the Conference for the purposes of the Methodist Church Act 1976 and any other legislation is:

The Methodist Church
Methodist Church House
25 Marylebone Road
London NW1 5JR
Tel: 020 7486 5502
Web: www.methodist.org.uk

Executive Officers

The Revd Canon Gareth J Powell
The Revd Dr Jonathan R Hustler
Mr Douglas Swanney
Mrs Louise C Wilkins

Custodian Trustee:

Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester M1 1JQ

Methodist Missionary Trust Association
Methodist Church House
25 Marylebone Road
London NW1 5JR

Investment Managers:

Central Finance Board of the Methodist Church
9 Bonhill Street
London EC2A 4PE

Bankers:

HSBC plc
Westminster Branch
4-8 Victoria Street
London SW1H 0NJ

Independent Auditor:

RSM UK Audit LLP
Temple Row
Birmingham
B2 5AF

Solicitors:

Farrer & Co
66 Lincoln's Inn Fields
London WC2A 3LH