

The **Methodist** Church

THE METHODIST COUNCIL

Annual Report and Accounts

For the year ended 31 August 2009

INDEX

	Page
Report of Secretary of Conference and General Secretary of the Methodist Church	3 & 4
What we do	5
What we are	6
<i>Review of 2008/9</i>	<i>6 - 10</i>
Equipping the Church to Engage with Society	6
Formation, training, development and resourcing	7
Empowering the ministries of overseas Church partners	8
Advocacy and Education	9
Other Activities	9
<i>Plans for 2009/10</i>	<i>10 & 11</i>
Equipping the Church to Engage with Society	10
Formation, training, development and resourcing	10
Empowering the ministries of overseas Church partners	10
Advocacy and Education	11
Our People	11
<i>Financial, Legislative and administrative information</i>	<i>11 - 14</i>
Financial Overview	11
Reserves Policy and Review	11 & 12
Investment policy and Review	13 & 14
Structure, Governance Risk Management and internal controls	14 - 18
What is included in the accounts of the Methodist Council?	18
How are we Funded?	19
Pensions	20
Statement of Trustees' Responsibilities	21
Audit Opinion	22
Financial Statements	23 - 50
List of Trustees	51 & 52
Related Parties	53
Administrative details	54 & 55

Report of Secretary of Conference and General Secretary of the Methodist Church.

It's a great pleasure to write the introduction to this Annual Report. As the General Secretary of the British Methodist Church I enjoy a unique and privileged position, working and living among both colleagues in the Methodist Connexional Team and colleagues throughout the wider Methodist Church. This 'interface' enables me to attempt to foster careful listening and gracious learning between fellow Methodists for the benefit of the whole Church.

In structural terms, Methodism remains in a process of continuing change at almost every level of its being.

a) The Connexional Team and its work

After several years of planning *Team Focus* – the rethink and subsequent overhaul of the 'Connexional Team' (i.e. those people who work for and on behalf of the Methodist Church in various designated roles) – 2008-9 was a 'bedding in' year. New configurations of staff have sought to work in a fresh way, with new structures at peer, management and strategic leadership levels. Overall, they have been largely successful, testimony to their commitment and competence. Indeed, the informal adopted strap-line of the Team has become 'distinctively Christian, highly professional'. Inevitably there has been, and to a lesser extent there remain those who want to know why their preferred service of the Church has ceased or is now being done in a different way, but slowly the new Team are gaining respect and rightful trust.

The new Connexional Team, though smaller in overall size has increased its resources in some of those areas in which the evolving needs of a Christian Church founded in the 18th century now living in the 21st Century, with its very different context and challenges, are deemed necessary. For example, more resource has been given to providing HR input and support to Connexional staff but also to the many institutions and organisational strands that make up the contemporary Methodist Church. The appointment of a 'well-being officer' has been particularly effective in introducing new and robust processes of care and oversight, particularly to Methodist ministers who, as office holders rather than employees, are in an unusual place in relation to Church and secular legislation.

Another significant change has been the inception of the Connexional Grants Committee which, through a handful of 'streams' or subgroups, now administers what were historically over fifty grant-making bodies or groupings. The new subgroups are fast becoming expert in their own field, though inevitably areas of the Church's ministry falling outside the new categories and criteria of grant making are beginning to emerge and pose interesting challenges.

It remains the case however that grants for new and innovative projects are being released, and in a way which provides overall coherence to the Methodist Church commitment to *discipleship* (i.e. 'being disciples and making disciples of Christ who transform the world'). Consequently, the *Venture FX* project will provide 'pioneer ministers' with the aim of planting new congregations among people groups currently estranged from Christian faith, and often in the poorest parts of society. Similarly the *Youth Participation Strategy* is a groundbreaking attempt among historic Churches in Britain to fully involve young adults in work and ministry which produces maturity and leadership skills.

Alongside new funding streams, older patterns of grant making have begun to be evaluated with a view to potential overhaul. The crucial relationships with Methodist Churches around the world, many of them in the developing world, requires a more subtle model of partnership than the simple block granting of past eras provided. Work on this will culminate in a major event in June 2010 when it is hoped that representatives of over 70 Methodist Churches worldwide will be in attendance.

In relation to the wider Methodist Church the Connexional Team understands itself to be both servant and initiator. It serves the wider Church with various expertises, thus enabling good practices and sound processes to be available to all c5700 local Methodist Churches in the Connexion in a way which would be impossible were each church, or group of churches, to have to provide such for themselves. In turn, the provision of various central services enables the Church, local and regional, to focus more fully on its core functions of mission and worship to the glory of God, often manifesting in hugely significant contributions to localities and the generating of social cohesion.

b) The wider Connexion

Change is also evident in the wider Methodist Church in a number of ways. Responding to an initiative of the past General Secretary titled *Mapping a Way Forward: Regrouping for Mission*, the Methodist Church at local church, circuit, and very recently at district levels, is undergoing a radical rethink of its size and shape and constituency throughout the country. The most evident early sign of this is the move to bigger circuits. In recent times British Methodism has consisted of over 600 'circuits', combinations of local churches belonging together in various ways such as sharing ministers and being administered by a circuit meeting as the main 'local' governing body of the Church. It seems likely that, for a number of good reasons, the number of circuits will decrease, and quite dramatically and quickly over the next period of time. The Connexion approved the appointment of a group of District Development Enablers to encourage and facilitate this process. The work gathers pace and has become a priority project for myself and my colleague Strategic Leaders. The shape, number and purpose of Methodist Districts has recently been included in the initiative. The need to give this initiative a clear mission focus, and rescue it from being regarded merely as a piece of organisational rationalisation continues.

The *Mapping a Way Forward* initiative, now known as *Regrouping for Mission* (the sub title now becoming the main title) relies crucially on the participation and ownership of local Methodists, but also requires facilitating input from the Connexional Team.

Take, for example, the provision of training. Local Methodism requires well trained, inspiring lay and ordained leaders. Consequently a major piece of work begun this year and continuing for some time yet is a review of training. Currently over £4m per annum is spent training people how to exercise Christian ministry and service in a variety of ways. Certain kinds of training and certain groups of people have been identified as crucial to the future, and work is currently underway to overhaul and develop the training and resources offered to these groups. One such group are local (lay) preachers who, in the Methodist Church, lead worship in over 60% of all public worship. Another are local people who serve as 'stewards' and exercise leadership in local churches in respect of property, the invitation of ordained ministry etc. Yet another group of key 'movers and shakers' are Superintendent Ministers, leaders of Methodist circuits. As circuits become larger, and different types of varied mission and ministry becomes possible, the skills and competencies of Superintendent Ministers is key to the tone and nature of local Methodism. The multifaceted implications of providing a new generation of lay preachers, stewards and Superintendents is a major work, just beginning, and is shaped essentially as a positive response to the needs of a changing Church in a changing context.

c) *Continuity*

Not all things are new, and continuity of good and necessary things is just as important as responding to change.

The Methodist Church continues to be deeply committed to working with others in desired ends wherever possible. Consequently the work with the Church of England to develop the formal Covenant signed in the presence of Her Majesty The Queen six years ago, continues. Similarly, relationships with the United Reformed Churches – with whom the Methodist Church has several hundred local partnerships throughout England – are developing and strengthening. This is best demonstrated in the continuing commitment to resource the work of the Joint Public Issues Team which serves the Methodist, URC and Baptist Churches, providing briefings, statements and expertise in relation to various political and social issues.

Similarly the many 'routine' aspects of the Church - good governance through its courts, sound leadership by designated meetings, the collection of money and distribution of stipends, accountancy and compliance with the law as it relates to the organisation called a Church – continue, subject to improvements and ever greater competence.

One of the founders of the Methodist Church, Charles Wesley, states in a hymn still sung regularly by Methodists, 'to serve the present age, my calling to fulfil'. In this year, as in others, such sentiments and resolve remain a permanent spiritual commitment of the Methodist Church of Great Britain.



Martyn Atkins
General Secretary and Secretary of the Methodist Conference

What we do

The Methodist Council supports the Methodist Church discharge its mission, as proclaimed in “[our Calling](#)”, to:

increase

awareness

of **God’s**

presence

and to celebrate

God’s love

(worship)

help people to

grow and

learn as

Christians

through mutual support and
care

(learning and caring)

be a good

neighbour

to people in

need and to

challenge

injustice

(service)

make **more**

followers

of **Jesus**

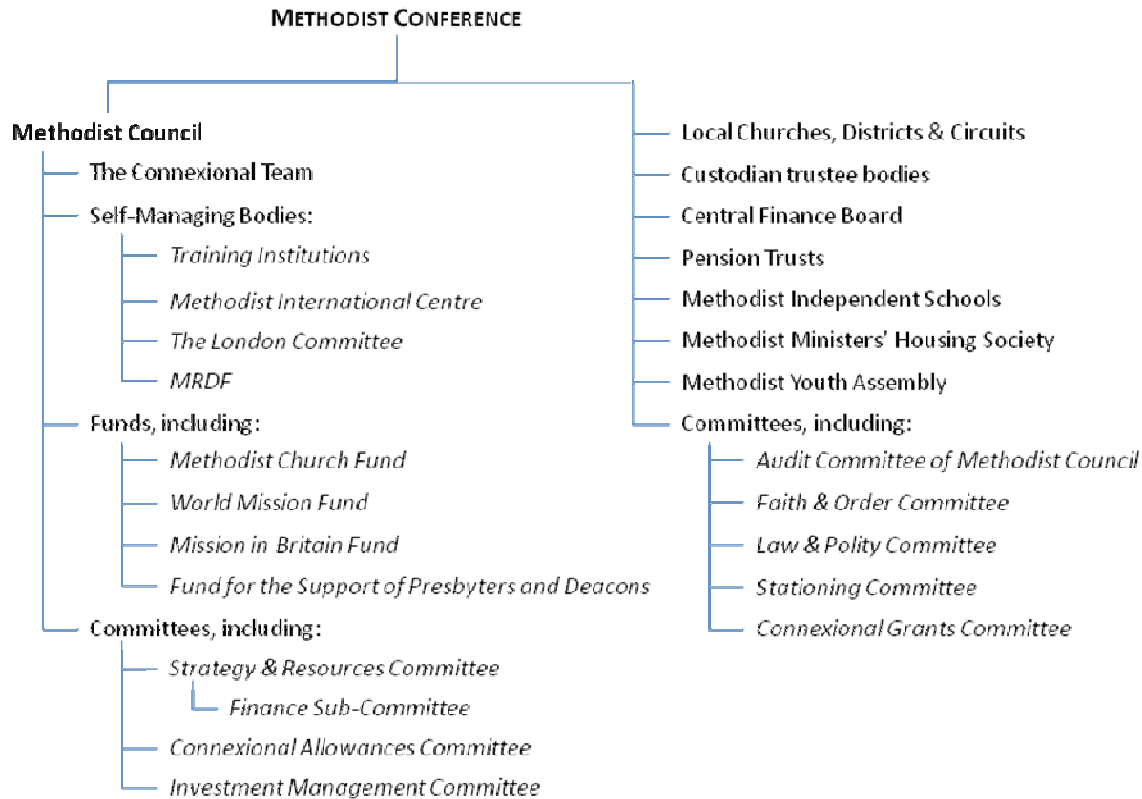
Christ

(evangelism)

What are We?

The Methodist Council is the body appointed by Conference to act on behalf of Conference between the closing of one session and the re-commencement of the next. The Methodist Council performs a number of functions, which are more fully discussed on page 13, both administrative (paying of Stipends, collection of Gift Aid etc.), Governance (legal, property), servicing the main committees of Conference and providing training and marketing support for the wider Connexion.

The main constituent parts of Conference and the Methodist Council can be summarised as follows:



Review of the Year 2008/2009

1. Equipping the Church to engage with Society

Expenditure 2008/9: £15 million – 45.0% of total (2007/8: £15.7 million 41.5%)

This activity relates directly to the service strand of Our Calling – “being a good neighbour to people in need and challenging injustice”. However to equip the Methodist Church to do this, there is a need to help people grow and learn so they can be engaged to the best of their abilities.

Some of the things that have taken place during the year include:

- JPIT (the Joint Public Issues Team, from the Methodist Church, the Baptist Union and the United Reformed Church) ran an ecumenical campaign *Fruitless* – to highlight concerns over government proposals to increase the stakes and prizes in some slot machines. *Fruitless* offered the only opposition to the proposals, which went ahead but were given greater scrutiny as a result of the campaign, and meant that awareness of the concerns around the problems of gambling continued to be highlighted.
- The Methodist Conference in July 2009 approved the report on climate change, *Hope in God's Future*, for study and discussion around the Connexion. JPIT produced an accompanying study guide to help churches and members reflect on their own discipleship and to explore how they can positively and practically respond to the call contained in the

report to reduce our carbon impact. The outcome of this consultation process will report back to the Conference in 2011 with a view to it becoming a statement of the Conference.

- Through the *Mapping a Way Forward* initiative, we are helping local churches, circuits and districts to look at their buildings, structures and human and financial resources with a view to considering their mission strategy in the -twenty first century, in relation to the community in which they are situated. The Methodist Council, through the work of district development enablers, has helped districts in a variety of ways to engage with the process and think through things differently.
- The Youth Participation Strategy (YPS) was launched, with the intention of empowering young people in the life and mission of the Church. It has three strands:
 - The One Programme – which enables one young person per district to work nine hours a week (paid) in a project and receive nine hours appropriate training.
 - Participation Project Managers (one per regional training network forum area) who will agitate and advocate for participation across the Connexion
 - Plans to change from the Youth Conference into a Youth Assembly (the first one was in November 2009) - a collaborative and inclusive event, run by young people for young people. (There was a 75% increase in attendance at the first one.)

The aim of the YPS is to see the kingdom of God grow in the lives of young people – and, in growing in their mission and ministry, the hope is for transformation in the districts and the local church.

- The Methodist Council, through CODEC (a research institute at St John's College, Durham) is exploring the interfaces between the Christian Faith (especially the Bible), the digital environment and contemporary culture. In July 2009 it hosted the inaugural Symposium on Christianity in the Digital Age. In summer 2009, it also revealed the findings of its National Survey on Biblical Literacy (eg 60% couldn't name anything about the Good Samaritan) which received considerable media attention. In January 2010 it published a report into a pilot survey on the reception of preaching in the contemporary church called "A View from the Pew", in partnership with the College of Preachers.

2. Formation, training, development and resourcing

Expenditure 2008/9: £9.8 million 29.3% of total (2007/8: £9.3 million – 24.5%)

Formation, training, development and resourcing help the people called Methodists (and others) to become life-long, world-changing disciples. There is a strong element of education – "helping people to grow and learn as Christians", but the outcomes of that learning and development encompasses all four strands of Our Calling.

- Work has continued to implement the 2007 Training Review (setting up regional training networks, determining the provision of pre-ordination training, agreeing the overall pattern of connexional funding), including developing a fuller understanding of the nature of connexionalism in relation to the training networks.
- 65 individuals completed their pre-ordination training and were received into Full Connexion and Ordained at the Conference.
- In 2008/2009, 48 individuals were accepted for the Presbyteral pre-ordination training and 8 for the Diaconal pre-ordination training having undergone a rigorous candidating procedure administered by the Connexional Team on behalf of the Methodist Conference. They began their training in autumn 2009.
- The implementation of the Annual Development Review for ordained ministries has been delayed until September 2011. This allows time to ensure that a robust process of ministerial reflection and learning is put in place. The review will enable ministers to engage better with all aspects of Our Calling as they consider how their competencies and ongoing development can contribute to the mission of the Church.
- The Methodist Council, through the Connexional Team, made 47 grants for specific pieces of work across the Connexion. These range from £2,000 to £155,000 (to be spread over five years).
 - Work funded includes Somewhere Else in inner city Liverpool which is exploring new ways of being church with people on the fringes of society, including baking bread and worshipping together.

- In the Birmingham District money was made available to a women’s sewing group which allows women of different faiths to meet together, explore their faiths, sew, make friends and thus break down social and cultural barriers.
 - Many other grants support specialist personnel such as youth or family workers, agricultural chaplains and evangelism or mission enablers in circuits and districts.
- VentureFX was launched to reach young adults with little or no knowledge of the Christian story and who are currently outside the life of the Church. Preparations were made to appoint ‘pioneers’ (in November 2009) who will set up new models of church in Britain.
 - In March 2009, the Conference Creating Effective Disciples through Cell Groups took place. (The Conference itself was over-subscribed.) Through speakers, seminars and workshops it encouraged local churches to rediscover the Methodist heritage of small groups as a way of being church.
 - The Methodist Council, through Cliff College, continues to train ordained and lay people (Methodists and others) in mission and evangelism. In 2008/2009 it had 269 students enrolled on courses ranging from open access undergraduate programmes to the research department in which 21 students are following MPhil or PhD programmes.
 - Pre-ordination training takes place at a number of ministerial training institutions or schemes across the country. Full-time training takes place only at Wesley House Cambridge, Wesley Study Centre Durham and The Queen’s Foundation Birmingham. Other institutions and programmes offer part-time training, such as the York Institute for Community Theology which offers a part-time training pathway in partnership with the Urban Theology Unit in Sheffield. The institutions also offer other training opportunities. Hartley Victoria College in Manchester is part of Southern North West training Partnership’s E-learning initiative, which embraces training for lay and ordained ministries across denominations. E-learning has the potential to contribute to lay theological education in the Methodist Church, not only for local preachers but for the EDEV process (Extending Discipleship Exploring Vocation). In 2008/09 the York Institute for Community Theology began a piece of work on continuing development in ministry and a series of modules, focused on professional development of clergy, will be developed and available both regionally and nationally.

3. Empowering the ministries of overseas Church partners

Expenditure 2008/9: £6.9 million – 20.8% of total (2007/8: £6.7 million – 17.4%)

There is a strong element of caring in this activity – “helping people to grow and learn as Christians through mutual support and care”. The accent is on partnership, recognising that our World Church Partners have as much to offer the Methodist Church in Britain as we have to offer them. In terms of financial support, through emergency and long term grants, there is a close relation with being a good neighbour to people in need (the service element of Our Calling).

- The *Methodist Church*, through the Connexional Team’s World Church Relationships staff, engages with at least 70 countries through Partner Churches.
- Grants were made to Partner Churches around the world totalling over £2 million. These included emergency grants to support the Church in Italy following the earthquake in autumn 2008, and the purchase of three motorcycles for field work in Pakistan.
- It supported the Methodist Church, The Gambia prepare for autonomy, which happened on 24 May 2009. Until this point The Gambian Church was an overseas District of the British Conference.
- It supports 86 Nationals in mission appointments worldwide, costing approximately £500,000 per annum. These appointments encourage and support local people in key mission projects in their own countries. Salaries are paid by the World Mission Fund of the Methodist Church in Britain and enable new work to be developed.
- Mission partners are sent by the Methodist Church across the world.

	Africa	Americas/ Caribbean	Asia/Pacific	Europe
2009	21	6	21	5
2008	24	9	23	8

Their areas of work are varied including education, agriculture and medicine, as well as pastoral and theological responsibilities. This work costs about £1.4 million. The decrease in numbers from 2008 to 2009 comes largely from mission partners completing their period of service and fewer new mission partners beginning their appointments.

- £400,000 is spent on scholarship grants for Partner Churches for 13 students studying in the UK, 12 studying elsewhere ('South to South') and a training group in Nigeria.
- The Methodist Council has appointed three people as part of the 'Companions' scheme to Churches in Zimbabwe, Guatemala and South Korea. These volunteers will build up a relationship with a particular Partner Church, offering a greater presence in specific areas, and the support of the Methodist Church in Britain in some of the areas of greatest need. Their main tasks include listening to the Partner Church; sharing information and resources where needed; representing the British Methodist Church in various settings; and communicating stories about grants to those monitoring the grant-making process.
- The Methodist Relief and Development Fund (MRDF), the Methodist Council reached out to 20,675 women, 15,099 men and 11,774 children in its efforts to support marginalised communities in realising their rights. It funded 43 sustainable agriculture, health, water and sanitation, education and income generation interventions in 19 of the following world's poorest countries in Africa, Asia and Latin America.

4. Advocacy and education

Expenditure 2008/9: £1.2 million – 3.6% of total (2007/8: £1.1 million – 2.9%)

Helping people to grow and learn as Christians has implications for all four strands of "Our Calling". The development of disciples through education and advocacy helps to increase awareness of God's presence, be a good neighbour, challenge injustice. Increased confidence through education also helps to make more followers of Jesus Christ.

- The Methodist Church website continues to grow in popularity, achieving almost 50,000 visits each month. This represents an increase of some 15% from last year. In addition, the number of subscribers to the monthly electronic newsletters Buzz and E-news continues to grow. In September 2009 the blog written by the 2008/2009 president and vice-president of Conference was runner up in the best leadership blog category at the national Christian Web Awards.
- During the year the Methodist Heritage Committee was created and a full-time Methodist heritage officer was appointed. These help the Church to use its rich physical heritage for contemporary mission.
- A great piece of opportunistic media work came in February 2009 when a group of atheists, including Professor Richard Dawkins, paid for a series of advertisements on London buses. Quick thinking produced a response from the Church welcoming the atheist campaign because it got people talking about God. This unexpected response, when many in society might have expected us to condemn the ads, gained the Methodist Church widespread national and international media coverage.
- *Hope In Your pocket*, and *Grace In Your pocket* were added to the popular series of *In Your Pocket* titles. These small booklets offer an inspiring collection of images, Bible verses, prayers and reflections around the themes of hope and grace. They are given away by many churches as a way of introducing people to the Christian faith.

Other Activities

The Methodist Council takes responsibility for a number of activities on behalf of the Methodist Church. These may loosely be described as housekeeping and include in 2008-2009:

- On behalf of the Methodist Church the ecumenical officer and assistant ecumenical officer further the Methodist Church's relationships with other Churches.
- The work in the area of Safeguarding is shared jointly with the Church of England, and provides expert advice and support to all levels of the Church.
- On behalf of the Methodist Council and Conference, the Governance Support cluster of the Connexional Team enables the proper functioning of the Methodist Church's legal and constitutional responsibilities as laid out in its foundational documents and subsequent constitutional materials approved by the Conference. It assists the Church to develop continually its governance arrangements, enabling it to live out Our Calling and the Priorities in new and innovative ways.

- The Connexional Team continued to service and resource the annual station matching process, the movement of presbyters to new appointments.
- Communication with the whole Church in relation to Conference has improved, with an aide-memoire produced within ten days of its conclusion listing all the decisions made, and a highlights document that was available to September synods. In addition to the debates being broadcast by Premier Radio over the internet, there was a Twitter feed from Conference, with about 2,700 people accessing it.
- The support services function provides the payroll service for 2,552 ministers, 732 lay employees and 68 personnel working overseas.
- Pay expenses of the Conference and its committees.
- Collect gift aid on behalf of individual churches, circuits and districts amounting to £10.6 million (2007/2008 - £10.2 million).
- Resourcing Mission

One of the principal purposes of the Resourcing Mission Office is to provide managing trustees (at district / circuit and church level) with a wide range of guidance and support to enable them to fulfil their responsibilities together with the awarding and payment of grants towards the maintenance / development of the Connexional property.

In 2008/9 £534k of new grants were approved and £811k paid out in relation to grants approved in both current and prior years.

Plans for 2009/10

1. *Equipping the Church to engage with Society*

- Through JPIT, an ecumenical campaign around the Review Conference of the Nuclear Non-Proliferation Treaty to ensure that peacemaking is a visible priority.
- A Christmas card campaign calling for an end to the practice of detaining children of people seeking sanctuary.
- A major chaplaincy project will be completed offering new models of engaging with pioneering forms of chaplaincy in local communities.
- Education Commission – to review why and how the Methodist Church engages in all aspects of education, and how Methodist people involved in education and training can be supported in their work.

2. *Formation, training, development and resourcing*

- Following a thorough consultation about the training needs of Local Preachers and Worship Leaders in late 2009, work will begin to develop their initial and continuing training.
- Review of funding for ministerial training to ensure it best delivers support for the needs of an evolving ministry.
- Developing a new ministerial reflection and development framework – enabling those in ministry to identify future needs and areas for competency development.
- Missing Generation – researching the characteristics of churches which have an age profile reflecting their local population, and sharing the lessons learnt with churches that have an age profile heavily skewed to older people.

3. *Empowering the ministries of overseas Church partners*

- The Connexional Team will continue to support National in mission appointments, mission partners and its scholarship programme.
- All Partners Consultation, in June 2010, to enable all Partner Churches to contribute to the strategic planning of the Methodist Church in Britain in the years to come.
- Review of the Companion Scheme and consideration of development to the programme.

4. Advocacy and education

- Resources in advance of the General Election to enable people to participate in political reflection and to offer hustling meetings as a service to local communities
- The latest addition to the *In Your Pocket* series, *Christmas In Your Pocket*.
- Work on the nature of membership in the Church, conducted, at the request of the Conference, by the Faith and Order Committee.

Our People

The Methodist Church recognises that its people are its most valuable asset and that the capability of the Team to deliver its objectives rests on the performance of individual members of staff as well as clusters within the whole Team. The Methodist Church is committed to being an employer which attracts and retains the highest calibre of staff.

This is a new configuration from the previous Personnel Office. The shift of name to Development and Personnel emphasises the role of this team bringing on board good practices in human resources across various ministerial processes for the Church namely:

- candidating
- stationing
- transfers

Plus general good practices around:

- wellbeing
- general good management and employee practices across the Church
- legal compliance and risk management

The Development and Personnel Office are working on a three year plan with the aim to ensure all Connexional Staff meet our “highly professional, distinctively Christian” mission and to ensure our work is in alignment with the discipleship themes outlined by the General Secretary.

Financial, Legislative and administrative information

Financial overview

Incoming resources were £41.7m in 2008/9 against £39.5m in 2007/8 a 5.5% increase. However, this increase includes the net assets of the Methodist Publishing House which was incorporated into the results of the Connexional Team. Taking this out, incoming resources declined slightly to £38.9m a decrease of 1.5%.

Expenditure declined from £38.3m to £33.3m. This is essentially accounted for by the write back of an overprovision of grant commitments of £4.8m. This overprovision came to light through the improved control and monitoring processes in this area introduced during 2008/9.

Reserves Policy and Review

The Council's reserves policy is set according to the objects of the individual funds under its jurisdiction. The income and expenditure against these funds is monitored by the Connexional Grants Committee and the Strategy and Resources Committee.

Connexional Team managed reserves

Methodist Church Fund

The level of general unrestricted reserves for the Connexional Team's (the Methodist Church Fund) operations can be broken down into working capital (£4.5m) and contingencies (£4.5m). As at 31 August 2009 the liquid assets associated with this fund was £12m (2008 - £11.8m). Due to the uncertainty over the economy (the Connexional Team is largely dependent on donations from local churches for its operations) the Council is comfortable with the current level.

Designated Funds (see note 16 of the accounts for details)

These are funds set aside by Conference to support the work of the Methodist Church not met through district assessments. These funds range from providing training monies, supporting local churches through property grants, funding specific initiatives such as the Youth Participation Scheme (YPS), training and development officers and the venture FX to setting aside monies to maintain Methodist Church House.

The level of reserves is assessed with reference to the budgeted spend and expected income. Responsibility for setting the most appropriate level of reserves rests with the various committees charged with approving and monitoring outgoings from these funds.

Other constituent organisations of the Methodist Council have the following reserves policy:

Wesley Study Centre £86k – 4 months (2008: £65k – 3 months)

The policy is to maintain a reserve to cover perceived risks. These are a) an adequate reserve to cover lay staff in the event of redundancy (currently about £1000), b) reserve to support student hardship, international student travel and fund priming of the summer School and c) fund priming of some research projects.

Southlands College £1.4m – 7.8 months (2008: £1.1m – 4 months)

At 31/7/09 the College had total unrestricted funds of 14.48m. Excluding the property fund of 13.07m and other fixed assets of 182k, the college has free reserves of £1.23m this represents just over just under 6 months expenditure. As recommended by the Charity Commission, the Trustees reviewed their Reserves Policy and consider 9 months' expenditure to be practical and achievable level for the College's free reserves. The Policy is therefore to continue building up free reserves until that level is reached, subject to prior demands of further capital expenditure to equip the College with facilities required in order for it to continue performing its charitable activities.

MRDF £66k - (2008: £305k – 6 months)

At 31 August 2009, MRDF held "free" general reserves of £66k. These general reserves represent unrestricted funds over and above those set aside for designated purposes. They arise from a combination of receiving more general income than was expected and savings against budgeted expenditure. The trustees will allocate these free reserves to MRDF's programme and partners over the coming period. At 31 August 2008, the MRDF's group unrestricted reserves were £300,000.

MIC £(130k) (2008: (£94k))

The Management Committee reviews both the policy and the actual level of reserves as part of its risk management strategy. At 31 August 2009 the free reserves of Methodist International Centre were negative, being uninvested funds less those tied up in tangible fixed assets. The Management Committee are satisfied with this in the light of available bank facilities. Business plans are being reviewed and in the light of this the Policy on reserves will be agreed in the coming twelve months.

Cliff College £1.7m – 9 months (2008: £2.0m – 17 months)

Unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. Extra reserves are currently being held with the intention of building en suite accommodation

Hartley Victoria College £247k 11 months (2008: £275k – 15 months)

There is no reserves policy as at 31 August 2009. The Trustees will consider the need for a reserves policy for the year ended 31 August 2010.

Guy Chester Centre £3.5m – 41 months (2008: £4.2m 35 months)

Reserves are intended to cover running costs for at least 6 months. Currently have £3.5m in free reserves vs annual expenditure of £1m. In 2009/10 £1m is to be spent on refurbishing the buildings, and the 2009/10 operating loss of in the region of £70k. The Trustees are considering setting up designated funds to cover future large maintenance costs.

Wesley College Bristol £202k – 4.7 months (2008: £145k – 3.36 months)

There is no reserves policy as at 31 August 2009. The Trustees will consider the need for a reserves policy for the year ended 31 August 2010.

Investment policy and Review

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
- be a Christian witness in the investment community.

To ensure that the CFB are working to the highest ethical standards, the Methodist Conference 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 ethics of the Church.

The Investment Committee (comprising the connexional treasurers and representatives from the Connexional Team) decides, after taking advice from the CFB, the most appropriate investment strategy for each fund under the control 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 £8m vs £78.1m (2008: 5.8m vs £72.2m).

Performance and holdings

The investments (under the management of the Connexional Team) as at 31 August 2009 are as follows:

Name	31 August 2009		31 August 2008	
	£'000	% of Total	£'000	% of Total
Managed Equity	20,038	27.8	20,552	31.3
Managed Mixed	2,122	2.9	1,935	2.9
Managed Fixed Interest	4,176	5.8	6,083	9.3
Short Fixed Interest	6,095	8.5	7,893	12.0
UK Equity	8,480	11.8	5,172	7.9
Overseas fund	988	1.4	592	0.9
Gilts	-	-	1,772	2.7
Corporate Bonds	13,376	18.6	7,457	11.5
Property (unit trusts)	1,877	2.6	2,296	3.5
Cash (deposit)	14,870	20.6	11,786	18.0
Total	72,022	100.0	65,538	100.0

Annual capital growth (loss) as at 31 August is summarised:

	1 Year to 31 August:					5 years to:	6 months to:
	2005	2006	2007	2008	2009	31/08/09	28/02/10
CFB UK Equity Fund	21.4%	14.8%	11.4%	-7.9%	-8.6%	5.5%	9.3%
FTSE All Share	24.1%	16.8%	11.8%	-8.7%	-8.2%	6.3%	10.1%
Ethically Adjusted FTSE All Share	23.2%	16.5%	10.4%	-9.2%	-8.1%	5.7%	9.2%
CFB Overseas Fund	20.2%	12.1%	11.9%	0.0%	-5.6%	7.3%	12.6%
FTSE All World ex UK	20.0%	10.8%	13.4%	-1.4%	-4.7%	7.2%	13.8%
CFB Inflation Linked Fund	9.7%	6.7%	2.5%	14.9%	-1.2%	6.4%	1.3%
FTSE All Stocks Index Linked Gilts	9.5%	6.4%	2.6%	15.3%	-0.7%	6.5%	1.7%
CFB Corporate Bond Fund	12.4%	2.6%	-0.4%	4.9%	12.8%	6.3%	1.5%

	12 months to 31 August:					5 years to:	6 months to:
	2005	2006	2007	2008	2009	31/08/09	28/02/10
iBoxx Non-Gilts	11.4%	2.6%	-0.5%	1.9%	5.2%	4.0%	4.0%
CFB Gilt Fund	9.5%	2.5%	0.9%	6.7%	11.9%	6.2%	-1.4%
FTSE All Stocks Gilts	9.4%	2.9%	1.1%	6.7%	11.1%	6.2%	-1.5%
CFB Short Fixed Interest Fund	7.8%	2.0%	2.3%	7.5%	12.2%	6.3%	1.1%
Short Fixed Composite	7.9%	2.3%	2.8%	7.5%	11.4%	6.3%	0.8%
CFB Deposit Fund	4.7%	4.5%	5.2%	5.8%	3.2%	4.7%	1.1% (AER)
CFB Property Fund	n/a	n/a	8.9%	-20.5%	-30.1%	n/a	n/a
IPD UK All Property Monthly	17.5%	21.3%	9.9%	-17.1%	-22.6%	0.1%	n/a
CFB Managed Equity Fund	21.3%	14.6%	11.5%	-6.7%	-8.0%	5.9%	9.9%
Managed Equity Composite	23.5%	15.9%	12.1%	-7.6%	-7.6%	6.5%	10.7%
CFB Managed Fixed Interest Fund	8.9%	2.3%	1.5%	7.0%	12.4%	6.3%	0.1%
Managed Fixed Composite	8.8%	2.6%	1.8%	6.6%	10.7%	6.0%	0.2%
CFB Managed Mixed Fund	18.3%	11.7%	9.2%	-4.0%	-4.0%	5.9%	7.7%
Managed Mixed Composite	19.8%	12.8%	9.5%	-4.4%	-3.4%	6.4%	8.0%

Structure, Governance, Risk Management and internal controls

Structure

The Methodist Council reports to and is appointed by the Methodist Conference (the Conference).

Methodist Conference

The government and discipline of the Methodist Church and the management and administration of its affairs is vested in the Conference. The Conference meets annually in three sessions (Representative, Ministerial and Diaconal). From the 2009/10 Connexional year the Diaconal session has been dropped. The Conference is a representative body of 312 members comprising ministers, deacons and laypersons from the 31 districts of the Methodist Church of Great Britain as well as other bodies of the Church.

The Methodist Council

Conference appoints the Methodist Council each year to act on its behalf between the close of one Conference and the opening of the next. It consists of 54 people (see page 51 for members) who hold office for four years. The Methodist Council meets at least three times a year.

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
- provide administrative support for the wider Connexion
- implement Conference decisions
- report annually to the Conference, bringing to the notice of the Conference matters to which it believes the Conference ought to give urgent attention
- protect the assets of the Methodist Council

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

- recommending the budget for the Methodist Church Fund (unrestricted general reserves)

- employing members of the Connexional Team
- administering the following funds:
 - Methodist Church
 - Connexional Priority
 - World Mission
 - Mission in Britain
 - Methodist fund for training
 - Methodist fund for property
 - London Mission
 - Fund for the support of Presbyters and Deacons
 - Sabbatical
 - Mission alongside the poor
- making recommendations on expenditure and amounts to be contributed by the Circuits through Districts to fund the next connexional year
- recommending minimum stipends for Presbyters, Deacons and Probationers including additional allowances to be paid to Superintendent Ministers, District Chairs and the maximum to be reimbursed from the Connexional Sabbatical Fund
- 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.
- 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.

Governance

The Methodist Church applied and became a registered charity on 20 October 2009 and the Methodist Council, being a governance body of the Methodist Church, shares the same registration number (1132208 – “The Methodist Church in Great Britain”).

The day to day running of the Methodist Council is delegated to the Strategic Leaders for matters relating to the objectives of the Connexional Team and local management committees in the case of the training institutions and residential centres. Both the strategic leaders and the local management committees report to the Methodist Council

The following committees have an oversight / governance role in relation to the Methodist Council:

The Strategy and Resources Committee

The Conference annually appoints the Strategy and Resources Committee (SRC), a sub-committee of the Methodist Council. The SRC advises the Council in relation to all its functions, having regard to advice from non-voting members. The Committee, which met four times in the year, has specific responsibility for detailed review and subsequent reporting to the Council on the following aspects of its work:

- detailed examination of the annual financial statements of Connexional finances
- recommendation of the annual budget for the Connexional Team
- supervision of the work of the General Secretary and Connexional Team
- exercising oversight of the general work of the Connexional Team and report to the Council and the Conference
- ensuring that the collaborative style of working is adopted throughout the Connexional Team
- review and approval of the Annual Trustees’ Report and consolidated financial statements
- identification and management of 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 treasurer 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 the consolidated financial statements of the Methodist Council
- reviewing, with the auditors, their annual report
- reviewing the effectiveness of the financial and other internal control systems with regards to monies and other assets for which the Council is responsible
- submitting an annual report to the Council
- review the effectiveness of procedures relating to risks.

Oversight committees

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

- Strategy and Resources (SRC) (discussed above)
- 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
 - represents as the employer in discussions with the Trustees of Connexional Pension Funds and to monitor and review the risk register.
- Investment Management Committee which is responsible for:
 - monitoring the performance of the Council's investment managers (CFB).
 - deciding, on the basis of the requirements of the various funds (under Connexional Team management), the most appropriate investment strategy.
- Connexional Allowances Committee which is responsible for recommending allowances for Ministers and awarding grants from the following funds:
 - Fund for Support of Presbyters and Deacons (FSPD)
 - Methodist Benevolent Fund (MBF)
 - Methodist Ministers Children's Relief Association (MMCRA)
 - Connexional Travel Fund.
- Connexional Grants Committee which is responsible for:
 - all connexional grants, including the establishment of a clear published application process and award criteria
 - monitoring all grants made by sub-committees and grant streams
 - operating within annual budget set by Council
 - monitoring grants made by Districts
 - establishing clear processes for the longer term monitoring and evaluation of grant expenditure.

N.B Whilst this committee reports directly to Conference, the Methodist Council is charged with the management of this committee.

- The Trustees of the Methodist Relief and Development Fund whose remit is to receive, hold and transmit monies for relief, rehabilitation and development under Methodist or, ecumenical or other appropriate oversight primarily overseas.

Local Governance/Managing Trustee Committees

For each of the self-accounting entities whose accounts are incorporated into the Methodist Council Consolidated Accounts, 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. Through a governance scrutiny process overseen by the SRC, the Council aims to monitor standards of governance in all the entities, which are accountable to the Council.

Risk Management

The Council's risk management policy is designed to identify and analyse operational and other risks facing the Connexional Team and related entities and, where at unacceptable levels, to take steps to mitigate the risks. Council currently maintains a corporate risk register broken down under the following headers:

- strategic and reputational risks
- financial risks
- compliance risks
- operational risks

The Strategy and Resources Committee, working closely with senior management in the Connexional Team, periodically reviews and updates the Connexional Team's risk register; any proposed changes to the register being agreed by Council.

As part of their independent monitoring of the effectiveness of the process, the Audit Committee received various reports from the external auditors, the Finance Director and the Director of Development and Personnel.

Similarly, governance scrutiny groups continue to review the risk management arrangements put in place by the governance body or managing trustees of each of the self-accounting entities.

Derivative arrangements have been entered into by some subsidiary entities in order to mitigate the interest rate risk arising on long term bank loans.

Internal Controls

The principal features of the systems of financial control within the Council include:

- an annual planning and budgeting process
- quarterly review of management accounts of the Connexional Team
- an audit committee (see above for details of its terms of reference)
- delegation of authority to spend within clearly defined limits
- segregation of duties wherever possible
- written policies and procedures which describe the operational guidelines to be followed by all members of the Connexional Team.

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

Grant Making Policy

Within the Methodist Council there are two main grant making bodies; the Connexional team and MRDF.

Connexional Team

The Connexional team is responsible for awarding grants from the various restricted and unrestricted funds under their control. These grants are to other Methodist organisations operating both in the UK and overseas, the majority of which are approved and administered through the Connexional Grants committee. These grants are based on applications or funding requests received through the connexional offices in London and Manchester. In a few limited cases where the grant making decisions are delegated to specific officers of the Connexional team within clearly defined parameters, there is a requirement for periodic reporting to the appropriate Committee of grants made. Beneficiaries of the grants are mainly local Methodist churches, circuits and similar bodies, individual Methodist church members training for and/or within authorised ministries according to need, training institution as well as world church partners and their nominees. All grants are made in furtherance of the Church's Calling and Priorities.

MRDF

MRDF awards grants small locally based organisations (both Methodist and non Methodist) working in overseas development operating mainly in sub Saharan Africa. All new programmes are approved and monitored by the trustees on a quarterly basis.

The Environment

The Methodist Church takes its responsibility towards the environment seriously (as detailed in *Hope in God's Future*) and in October 2009 appointed a consultant to lead the church's policy and action in this area. 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.

The 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 that could 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

This will be achieved through the implementation of an energy bureau service to analyse bills and then offer a bulk purchasing energy contract. We can begin the significant task of measuring our carbon footprint whilst reducing it. There are a number of associated benefits of this method and other options have been assessed.

What is included in the accounts of the Methodist Council?

Connexional Team 70.2% of total Spend and 75.0% of income

This is the main support and management function within the Methodist Council.

- Assists the Church in furthering the purposes of the Methodist Church, in particular enabling it better to fulfil its calling.
- Provides appropriate support for Local Churches, Circuits and Districts as they work to fulfil the purposes of the Methodist Church.
- Acts on behalf of the Church in relation to national institutions and public issues in accordance with the existing statements and resolutions of the Conference.
- Assists the Council in considering future policies.
- Takes particular responsibility for the areas of work which are prescribed in the Deed of Union, specified in Standing Orders or approved from time to time by the Conference and the Methodist Council.
- Administer grants on behalf of the Connexional Grants committee.

Also included in the results of the Connexional team are:

London Committee

The London Committee exists to manage the assets of the London Mission Fund, which was established in the middle of the 19th century to further the development of Methodism in the metropolitan area. Historically the Committee has sought to carry out this brief through a variety of means of support, not least by the making of grants to both ministry and property projects. Its work has been funded by historic endowment and by contributions from the churches and Circuits in the qualifying area.

Since 2008, following the reorganisation of Methodism in the South East, the Committee makes grants by way of an allocation to the Districts. It no longer actively seeks funds from the churches and its work continues to be funded from historic assets. The Committee continues to explore its role in the changing landscape of the Methodist Church.

Methodist Publishing (Formerly Methodist Publishing House)

This is a publishing arm of the Methodist Church, reporting to the Methodist Conference. It provided the following services:

- Publication of official documents on behalf of the Church
- Mail order service covering its own materials and publications
- Trade distribution service for publications under mph's own imprints and some of the resources produced by the Connexional Team

- Distributing the Connexional Link (created by the Connexional Team and sent to every Methodist Church)
- Market and sell commercial titles already published under the *Inspire* imprint

The responsibility for the management of MPH was transferred to the Methodist Council as at 14 October 2008 and is now part of the Connexional Team financial results. The net assets of £2.7 million at the point of transfer is shown as a sundry donation in the accounts of the Council representing £1.4 million of assets, and £1 million of cash. Against this there is a potential unfunded pension liability (see note 10 of the accounts for details) and dilapidations on their Wimbledon premises.

Theological Colleges 16.5% of total Spend and 14.1% of income

- Cliff College
 - Cliff College Outreach Ltd
 - Cliff Methodist Developments Ltd
- Guy Chester College
- Hartley Victoria College
- Southlands college
 - Southlands college Enterprises Ltd
- Wesley College Bristol
 - Wesley Conference Centre Ltd
- Wesley Study Centre Durham

Methodist International Centre 6.0% of total Spend and 7.5% of income

A social enterprise providing quality budget hotel services and meeting facilities; supporting international and home students studying in London by providing affordable accommodation, in a multi-cultural, multi-faith environment.

Methodist Relief and Development Fund (MRDF) 5.8% of total Spend and 4.9% of income

“to receive, hold and transmit monies for relief, rehabilitation and development under Methodist, ecumenical or other appropriate oversight primarily overseas but, in cases of exceptional need, also the United Kingdom”

How are we Funded?

The Methodist Council is funded as follows:

District Assessments - £12m

An annual assessment is levied on the local churches via the circuits and districts. This is calculated using a mixture of number of churchgoers and inflation. This is due to reduce going forward in part to reflect declining church attendances.

The assessment pays for the work of the Connexional Team, Conference, the work of the district chairs and the various committees of both Conference and the Methodist Council. Specific projects managed by Connectional Team are also funded from specific funds set aside for the purpose.

Training Bodies £5.4m

These derive their income from grants towards their work as well as charges on students / accommodation etc.

Residential centres (Methodist International Centre) £2.3m

These are funded by fees from residents.

MRDF £1.8m

This is essentially through donations and legacies.

Investment Income and profit on disposal of investments - £5m

This is spread across various funds – some of which are restricted as well as being used to supplement the income from the annual assessment

Pensions

The Methodist Council offers its staff the opportunity to join one of the Church's defined benefit schemes; Methodist Ministers' Pension Scheme (MMPS) for ministers and Pensions and Assurance Scheme for Lay Employees (PASLEMC) for lay employees.

Both schemes had their triennial valuation as at 31 August 2008. Both schemes are in deficit as follows:

	Gross £000	MV of assets £000	Net £000
MMPS	(319,234)	280,384	(38,850)
PASLEMC	(30,506)	28,310	(2,196)

Based on the level of assets agreed by trustee and Methodist Council as being appropriate to meet members' benefits, assuming the Scheme continues as a going concern

These pension funds are for both those in the wider Connexion and those who hold Methodist Council contracts. It is not possible to attribute the deficit between those working for the Methodist Council and the wider Connexion.

More details on the valuation and the action taken regarding the deficits are contained in note 10 to the accounts.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Trustees confirm that to the best of their knowledge and belief they have complied with S4 of Charities Act 2006 in respect to having due regard to public benefit guidance published by the Charities Commission.

The law applicable to charities in England & 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 of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity 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.

Independent Auditor's Report to the Members of the Methodist Council

We have audited the financial statements of The Methodist Council for the year ended 31 August 2009 on pages 23 to 55.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. 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.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Trustees' Annual Report and the Report of the Secretary of Conference. We consider the implications for our report if we become aware of any apparent misstatements of material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and its subsidiaries' as at 31 August 2009 and of their incoming resources and application of resources for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Hartwell House
55 - 61 Victoria Street
Bristol
BS1 6AD

THE METHODIST COUNCIL

Consolidated Statement of Financial Activities for the year ended 31 August 2009 - GROUP

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2009 Total £000	2008 Total (restated) £000
<u>Incoming resources</u>						
Incoming resources from generated funds						
District Assessment		11,909	99	-	12,008	11,387
Voluntary Income	2	3,007	8,503	-	11,510	8,826
Investment income and interest	3	1,571	3,054	-	4,625	5,152
Activities for generating funds						
Fundraising trading	4	602	4,297	-	4,899	4,239
Incoming resources from charitable activities						
Grants receivable	5	4,336	2,133	-	6,469	7,571
Other income		742	209	-	951	1,807
Other incoming resources						
Net gain on disposal of tangible fixed assets		527	748	-	1,275	518
Total incoming resources		22,694	19,043	-	41,737	39,500
<u>Resources expended</u>						
Costs of generating funds						
Costs of generating voluntary income	6a	387	-	-	387	307
Fundraising trading	6a	2,249	1	-	2,250	2,144
Investment management	6a	5	41	-	46	36
Charitable activities						
Equipping Church to Engage with society		12,443	2,542	-	14,985	15,717
Formation, training Development & Resourcing		7,837	1,911	-	9,748	9,276
Empowering the Ministry of overseas partners	6a & 7	488	6,442	-	6,930	6,675
Write back of grant commitment provision	6a & 7	-	(4,815)	-	(4,815)	-
Advocacy & Education		1,187	-	-	1,187	1,108
Governance costs		2,457	102	-	2,559	3,020
Total resources expended	6 (a & b)	27,053	6,224	-	33,277	38,283
<u>Net incoming/(outgoing) resources before transfers</u>						
Gross transfers between funds	8 17	(4,359) 1,203	12,819 (1,230)	- 27	8,460 -	1,217 -
<u>Net incoming/(outgoing) resources after transfers And before other recognised gains</u>						
(Losses)/Gains on revaluations and disposals of investment assets		(3,156) 676	11,589 1,025	27 (2,896)	8,460 (1,195)	1,217 (4,911)
Net movement in funds		(2,480)	12,614	(2,869)	7,265	(3,694)
Total funds brought forward	19(a)	47,692	64,805	23,270	135,767	139,461
Total funds carried forward at 31 August		45,212	77,419	20,401	143,032	135,767

All activities are classified as continuing.

The notes on pages 27 to 50 form an integral part of these consolidated financial statements.

THE METHODIST COUNCIL

Consolidated Statement of Financial Activities for the year ended 31 August 2009 – CONNEXIONAL TEAM

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Total 2008 (restated)
		2009 £000	2009 £000	2009 £000	2009 £000	£000
Incoming resources:						
Incoming resources from generated funds						
District Assessment		11,909	99	-	12,008	11,387
Voluntary income		3,007	6,203	-	9,210	5,459
Investment income and interest		1,376	2,696	-	4,072	5,537
Activities for generating funds						
Fundraising trading		602	151	-	753	620
Incoming resources from charitable activities						
Grants		4,336	216	-	4,552	5,598
Other income		471	(461)	-	10	440
Other income resources						
Net gain on disposal of tangible fixed assets		527	748	-	1,275	517
Total incoming resources		22,228	9,652	-	31,880	29,558
Resources expended						
Cost of generating funds						
Costs of generating voluntary income		387	-	-	387	313
Fundraising trading		193	1	-	194	65
Investment Management		5	41	-	46	39
Charitable activities						
Equipping the church to engage society Formation, Training Development & Resourcing		11,602	2,457	-	14,059	13,927
Empowering the Min of Overseas Partners		394	5,037	-	5,431	5,567
Write back of grant commitment provision	6a & 7	-	(4,815)	-	(4,815)	-
Advocacy & Education		1,187	-	-	1,187	1,126
Governance costs						
		2,527	-	-	2,527	3,027
Total resources expended		21,951	2,789	-	24,740	28,809
<u>Net incoming/(outgoing) resources before transfers</u>						
		277	6,863	-	7,140	749
Gross transfers between funds	17	1,203	(1,230)	27	-	-
<u>Net incoming/(outgoing) resources after transfers and before other recognised gains</u>						
		1,480	5,633	27	7,140	749
(Losses)/Gains on revaluations and disposal of investment assets		676	514	(2,896)	(1,706)	(5,092)
Net movement in funds		2,156	6,147	(2,869)	5,434	(4,343)
Total funds brought forward 1 September	19b	40,115	43,269	23,265	106,649	110,992
Total funds carried forward at 31 August		42,271	49,416	20,396	112,083	106,649

All activities are classified as continuing.

The notes on pages 27 to 50 form an integral part of these consolidated financial statements.

THE METHODIST COUNCIL
Balance Sheet at 31 August

	Notes	The Methodist Council Group		The Connexional Team	
		2009	2008	2009	2008
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	11	39,183	40,202	15,463	14,222
Investments	12	94,006	88,233	83,584	80,666
		<u>133,189</u>	<u>128,435</u>	<u>99,047</u>	<u>94,888</u>
Current Assets					
Stock		141	35	141	5
Debtors	13	4,583	8,627	3,595	5,956
Short term deposits		26,977	26,560	23,337	25,920
Cash at bank and in hand		2,135	1,827	751	849
		<u>33,836</u>	<u>37,049</u>	<u>27,824</u>	<u>32,730</u>
Creditors					
Amounts falling due within 1 year	14	(11,865)	(13,954)	(8,385)	(11,079)
		<u>21,971</u>	<u>23,095</u>	<u>19,439</u>	<u>21,651</u>
Net current assets					
		<u>155,160</u>	<u>151,530</u>	<u>118,486</u>	<u>116,539</u>
Total Assets less current liabilities					
Creditors					
Amounts falling due after more than 1 year	15	(12,128)	(15,763)	(6,403)	(9,890)
Net Assets		<u>143,032</u>	<u>135,767</u>	<u>112,083</u>	<u>106,649</u>
The funds of the Council					
Endowment funds	18	20,401	23,270	20,396	23,265
Restricted income funds	17	77,419	64,805	49,416	43,269
Unrestricted income funds	16	45,212	47,692	42,271	40,115
Total Council funds		<u>143,032</u>	<u>135,767</u>	<u>112,083</u>	<u>106,649</u>



Mr David Walton
Chair of the Council



Mr Ronald Calver
Connexional Treasurer

The notes on pages 27-50 form an integral part of these consolidated financial statements.

THE METHODIST COUNCIL
Consolidated cash flow statement for the year ended 31 August

		2009		2008	
	Notes	£000	£000	£000	£000
<u>Net cash outflow/(inflow) from operating activities</u>	(a) below		556		(10,072)
<u>Returns on investments and servicing of finance</u>			4,626		6,262
Deposit interest received & Investment income					
<u>Capital expenditure and financial investment</u>					
Payments to acquire tangible fixed assets		(2,878)		(3,307)	
Receipts from sales of tangible fixed assets		1,969		1,802	
Purchase of fixed asset investments		(13,664)		(23,239)	
Disposal of fixed asset investments		10,466		24,894	
			(4,107)		150
<u>Financing</u>					
Increase in loan balances		316		-	
Repayment of loans		-	316	765	(765)
<u>Net cash (outflow)/ inflow in the period</u>			1,391		(4,425)
<u>Net cash resources at 1 September</u>			27,243		31,668
<u>Net cash resources at 31 August</u>			28,634		27,243

Notes to consolidated cash flow statement

(a) **Reconciliation of net incoming resources to net cash flow from operating activities**

	2009	2008
	£000	£000
Net incoming resources for the year	8,460	1,217
Gain on disposal of tangible fixed assets	(1,275)	(518)
Asset based grant	410	-
Investment income	(4,626)	(6,262)
Depreciation	203	189
Increase /(decrease) in stocks	106	15
Increase/(decrease) in debtors	4,043	(2,304)
(Decrease)/Increase in creditors	(5,374)	(2,409)
Non cash income (MPH) <i>note 24</i>	(1,391)	-
Net cash outflow from operating activities	556	(10,072)

]

Cash flow

	At 31 Aug 08	2009	At 31 Aug 09
	£000	£000	£000
(b) Analysis of net cash resources			
Cash in hand, at bank	1,827	308	2,135
Overdrafts	(1,144)	666	(478)
Short term deposits	26,560	417	26,977
Total	27,243	1,391	28,634

Included in net incoming resources for the year are the net assets of Methodist Publishing House of £2.7m. Details of the assets behind this are contained in note 24 of the accounts. The amounts appertaining to Methodist Publishing within the overall movement in stock, debtor and creditor balances between the years ended 31 August 2008 and 31 August 2009 are not easily identifiable and consequently the non cash element of Methodist Publishing is not separately shown.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

1. Accounting policies

a) Basis of accounting

The consolidated accounts of the Methodist Council have been prepared under the historical cost convention, except for investments which are stated at market value (hotel properties are held at valuation), and are in accordance with applicable accounting standards and the Statement of Recommended Practice 2005 (SORP), Accounting and Reporting by Charities issued in March 2005 and the Charities Act 1993.

b) Basis of preparation

The following self-accounting entities, for which the Methodist Council is responsible to the Methodist Conference, have been consolidated, based on the view of the Council of the degree of control which it exercises over the entities concerned which is constantly under review:

- Cliff College (a separately registered charity)
- Guy Chester Centre
- Hartley Victoria College
- Methodist International Centre (a separately registered charity)
- Methodist Relief and Development Fund (a separately registered charity)
- Southlands College (a separately registered charity)
- Wesley College Bristol
- Wesley Study Centre Durham
- Methodist International Centre Limited
- 1969 Trust Fund (from 1 September 2008)
- York Institute (from 1 September 2008)

1969 Trust and the York Institute have not been included in the consolidation as at 31 August 2009 as they were not material to the group.

c) Basis of consolidation

Also included in the consolidation are, Cliff College Outreach Limited, Cliff (Methodist) Developments Limited, T Beckett (Saddler) Limited, and Southlands College Enterprises Ltd, which are wholly owned trading subsidiaries of four of the entities above.

The self-accounting entities and their applicable trading subsidiaries have been consolidated on a line by line basis.

d) Incoming resources

District assessment

The District Assessment is accounted for on a receivable basis.

Voluntary income

Donations, contributions and legacies are accounted for when entitlement has been confirmed, the amount can be measured accurately and receipt is certain. In accordance with this policy, legacies are included when advice has been received from the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified with reasonable certainty.

Capital levies

Capital levies are due on the disposal of property under Standing Order 970 of the Constitutional Practice and Discipline of the Methodist Church and are accounted for on a receipts basis.

Grants receivable

Grants receivable are included when the relevant conditions for the grant have been met.

1. Accounting policies (continued)

Rental income

Rental income is accounted for on a receivable basis.

All other incoming resources

All other incoming resources are accounted for on an accruals basis.

e) **Resources expended**

All resources expended are accounted for on an accruals basis. Any ensuing liabilities are recognised as soon as a legal or constructive obligation arises.

Costs of generating funds

Costs of generating funds include the direct costs of fundraising trading, investment management, custody fees and a proportion of shared and indirect support costs.

Allocation of costs

Charitable activities: These include the direct costs of the activities. Where such costs relate to more than one functional cost category, they have been apportioned based on the relative size of the direct costs of the relevant service units.

Support costs: Support costs include the central functions and have been allocated to fundraising, charitable activities and governance on a basis of directly attributable costs of these activities.

Governance costs

These are the costs associated with constitutional and statutory requirements and include external audit, legal advice on governance issues, trustees' expenses and a proportion of shared and indirect support costs.

Grants payable

Grants payable have been accounted for in full to the extent that past events have created a legal and constructive expectation in other parties that the Church will honour commitments, both legal and implied and any attaching conditions are outside our control. All grants are denominated in sterling.

f) **Funds**

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Council.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Council for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of the major restricted funds is set out in the notes to the financial statements.

Endowment funds represent monies received from donors where there is some restriction on the use of the initial capital.

Investment income 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.

1. **Accounting policies (continued)**

g) **Gains/(losses) on investments**

Realised and unrealised gains and losses on investments are dealt with in the Consolidated Statement of Financial Activities in the year in which they arise, based on the brought forward valuations or cost of subsequent additions.

h) **Pension costs**

The Council's defined benefit pension schemes are treated for accounting purposes as though they are defined contribution schemes on the grounds that both are multi-employer schemes and that the Council is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis.

For defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the contributions payable in the year.

i) **Tangible fixed assets**

Properties are stated at cost. It is the Methodist Council's policy to maintain properties in a state of sound repair. The Methodist Council therefore considers that the lives of the properties are so long and their residual values so high based on prices prevailing at the time of acquisition that the annual depreciation charge and accumulated depreciation is not material. Accordingly, no depreciation is provided on freehold properties used for charitable activities. Any material impairment in the value of such properties, following an annual review would be chargeable to the Consolidated Statement of Financial Activities.

In line with FRS 15 requirements, the managing trustees of the various entities have reassessed the market value of their existing land and buildings and are of the opinion that it significantly exceeds the book value of the assets.

Assets having an initial cost of £1,000 or less are written off on acquisition. Furniture & fittings, computer equipment, computer software and motor vehicles having an initial cost greater than £1,000 are stated at cost less depreciation. Furniture & fittings and motor vehicles depreciation is provided at the rate of 20% per annum on a straight line basis, whilst computer equipment and software are depreciated at the rate of 33 $\frac{1}{3}$ % per annum.

j) **Investments**

Investment properties are revalued triennially by Cluttons, a firm of Chartered Surveyors, and in between by the trustees. The last professional valuation was as at 31 August 2008.

The market value of quoted securities is based on the middle market quotation on the relevant Stock Exchange. Investments, which are held in units in the Central Finance Board, are stated at the Board's published valuations. 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 2009, updated by the value of any share acquisitions (at cost) up to 31 August 2009.

k) **Stocks**

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

l) **Operating Leases**

Annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

1. Accounting policies (continued)

m) 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 Statement of Financial Activities.

n) Irrecoverable VAT

Irrecoverable VAT has been charged to the expenditure to which it relates to on the SOFA.

2. Voluntary Income

		Unrestricted	Restricted	Endowment	2009 Total	2008 (restated) Total
	<u>Note</u>	£000	£000	£000	£000	£000
Donations and contributions:						
Methodist Publishing	24.	2,750	-	-	2,750	-
Other		113	6,540	-	6,653	7,037
William Leech (Investments)		-	778	-	778	1,110
Legacies		144	1,185	-	1,329	679
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total		3,007	8,503	-	11,510	8,826
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Income from William Leech (investments) had previously been shown under investment income. This treatment was incorrect as the income is given under gift aid from William Leech rather than as a dividend. To aid the readers' of the accounts understanding of the activities of the Methodist Council for the 12 months to 31 August 2009, the 2008 comparative has been moved to voluntary income from investment income.

3. Investment income and interest

	Unrestricted	Restricted	Endowment	2009 Total	2008 (Restated) Total
	£000	£000	£000	£000	£000
Investment properties	97	177	-	274	102
Central Finance Board investments	635	1,703	-	2,338	2,021
Deposit interest and other investment income	839	1,174	-	2,013	3,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,571	3,054	-	4,625	5,152
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

4. Fundraising trading

	Unrestricted	Restricted	Endowment	2009 Total	2008 Total
	£000	£000	£000	£000	£000
Sales	558	274	-	832	580
Rental income	29	478	-	507	784
Other operational activities	13	3,544	-	3,557	2,868
Advertising income	2	1	-	3	7
Total	602	4,297	-	4,899	4,239

5. Grants receivable

	Unrestricted	Restricted	Endowment	2009 Total	2008 Total
	£000	£000	£000	£000	£000
Capital levies	4,336	215	-	4,551	4,921
Other incoming grants	-	1,918	-	1,918	2,650
Total	4,336	2,133	-	6,469	7,571

6a. Total resources expended

	Direct Costs	Support Costs	2009 Total	2008 Total
	£000	£000	£000	£000
Costs of generating funds				
Costs of generating voluntary income	297	90	387	307
Fundraising trading: costs of goods sold other costs	2,250	-	2,250	2,144
Investment management costs	42	4	46	36
Charitable activities				
Equipping the church to engage with society	13,348	1,637	14,985	15,717
Formation, training development and resourcing	8,767	981	9,748	9,276
Empowering the ministry of overseas Partners	6,617	313	6,930	6,675
Write back of overprovision of grant commitments	(4,815)	-	(4,815)	-
Advocacy & Education	917	270	1,187	1,108
Governance costs	1,899	660	2,559	3,020
Total	29,322	3,955	33,277	38,283

The individual elements that make up the charitable activities changed in 2008/9 in part due to the implementation of "Team Focus". In order for the reader of the accounts to compare the current year with the previous one, the 2008 figures have been restated using the 2008/9 construction.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

6b. <u>Total resources expended</u>										2009	2008
	Equipping the church to engage with society	Formation, Training development & Resourcing	Empowering the ministry of overseas partners	Advocacy and education	Costs of generating voluntary income	Fundraising Trading	Investment Management	Governance	Support costs	Total Resources	Total Resources
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Costs of production including bought in services	908	404	69	53	20	790	-	52	-	2,296	429
Other operating costs	211	51	-	-	-	485	-	-	-	747	1,205
Grants payable (Note 7)	6,544	3,304	3,951	110	-	(28)	-	1	13	13,895	16,787
Grant commitments (Note 7)	-	-	(4,815)	-	-	-	-	-	-	(4,815)	-
Stipend & salary costs	3,397	3,259	1,809	495	170	436	-	1,120	2,603	13,289	10,507
Other staff costs	75	24	305	8	-	25	-	2	324	763	1,711
Office accommodation	65	101	1	1	1	46	-	-	70	285	2,193
Manse Costs	10	97	-	-	-	19	-	12	261	399	144
Meetings, committees & conferences	209	111	60	33	7	1	-	421	77	919	931
Travel	147	110	97	23	4	12	-	61	28	482	486
Advertising, display exhibitions	180	60	35	51	24	-	-	14	13	377	200
Education & publicity	12	3	-	2	-	-	-	-	-	17	245
Office costs	978	882	98	42	27	231	-	44	407	2,709	2,923
Professional fees	185	52	128	43	19	24	-	85	173	709	590
Audit Fees	-	-	-	-	-	-	-	73	-	73	93
Financial Services	182	187	8	4	2	154	42	-	57	636	212
Dilapidations	108	-	18	36	18	-	-	-	-	180	-
Miscellaneous expenses	137	122	38	16	5	55	-	14	(71)	316	626
Total	13,348	8,767	1,802	917	297	2,250	42	1,899	3,955	33,277	39,282
Adjustment for shared costs	-	-	-	-	-	-	-	-	-	-	(999)
Re-allocation of support costs	1,637	981	313	270	90	-	4	660	(3,955)	-	-
Total resources expended	14,985	9,748	2,115	1,187	387	2,250	46	2,559	-	33,277	38,283

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

7. Grants Payable

These are grants paid to other Methodist organisations.

	Total	Individual	Institutions	UK	Overseas	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Resourcing Mission at Home						
Non-Property Grants						
Mission & Ministry - general grants	1,513	-	1,513	1,513	-	7,009
CPF distributions to Districts	3,762	-	3,762	3,762	-	2,208
Ministry to Women	50	-	50	50	-	16
Ministerial Training support - CT	2,822	466	2,356	2,822	-	519
Formal Relationships	253	-	253	253	-	383
Chaplaincy	133	-	133	133	-	331
Racial Justice Grants	16	-	16	16	-	95
Other Non-Property grants	104	-	104	104	-	189
Movement in grant commitments	102	-	102	102	-	(218)
	8,755	466	8,289	8,755	0	10,532
Property Grants						
Property Replacement Schemes	-	-	-	-	-	-
Other CPF Property Grants	-	-	-	-	-	-
Standard Property Grants	308	-	308	308	-	328
Disability Property Grants	-	-	-	-	-	-
Other property grants	7	-	7	7	-	-
Movement in grant commitments	(255)	-	(255)	(255)	-	-
	60	-	60	60	-	328
Resourcing Mission Overseas						
General Grants	2,038	-	2,038	-	2,038	2,077
Nationals in Mission Appointments	469	-	469	-	469	-
Scholarships Programme	241	-	241	-	241	184
World Church in Britain	206	-	206	-	206	92
Training in World Mission	158	-	158	-	158	265
Lay Professional Programme	92	-	92	-	92	107
Relief and other sundry grants	864	-	864	-	864	1,329
Movement in grant commitments	(139)	-	(139)	-	(139)	-
	3,929	-	3,929	-	3,929	4,054
Sundry Grants						
Ministerial support & benefits	211	211	-	211	-	779
Contingency Grants	747	-	747	747	-	443
Sabbatical grants	87	-	87	87	-	-
Initial & Removal grants	53	53	-	53	-	82
Island Travel	23	-	23	23	-	-
Archives and History	2	-	2	2	-	19
Other Miscellaneous Grants	28	-	28	28	-	550
	1,151	264	887	1,151	-	1,873
Total	13,895	730	13,165	9,966	3,929	16,787
Release of overprovision of General Grants commitment *	(4,815)	-	(4,815)	-	(4,815)	-
Total	9,080	730	8,350	9,966	(886)	16,787

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

7. Grants Payable (continued)

*During the period an improved grant commitment system was introduced which resulted in a significantly different commitment figure as at 31 August 2009. The £4,815k write back is the difference between previous estimation techniques and the current more rigorous methodology.

Reconciliation of Grants

	£000
Commitments brought forward	18,167
Approved during the year	14,592
Paid in year	(14,607)
Written back	(5,527)
Commitments carried forward	12,625

8. Net incoming resources before transfers

	2009	2008
	£000	£000
This is stated after charging for the year ended 31 August as follows:		
Audit fees:		
Methodist Council	72	62
Trading Subsidiaries	2	2
Non-audit fees	18	3
Depreciation	203	189

9. Stipend & salary costs

The Methodist Council appointed or employed an average of 192 (2008 – 171) people during the year, calculated on a full time equivalent basis, and a further 129 (2008 – 100) people were appointed locally, all of whose costs were chargeable to the Methodist Church Consolidated Accounts as follows:

	2009	2008
	Total	Total
	£000	£000
Stipends and salaries	10,544	9,063
Redundancy costs	365	251
Casual / Temporary staff	330	92
Social Security costs	794	666
Pension costs (Note 10)	1,256	1,108
	<hr/>	<hr/>
Total	13,289	11,180
	<hr/>	<hr/>

One employee received emoluments in the range of £70,001 to £80,000 (2008 – 1).

10. **Pension costs**

Methodist Council Pension Arrangements

The Methodist Council operates two defined benefit pension schemes – the Methodist Ministers' Pension Scheme for ministers and the Pensions and Assurance Scheme for Lay Employees of the Methodist Church. The assets of the two schemes are held separately from the Methodist Council Consolidated Accounts in independently administered funds.

Contributions to the schemes are charged to the Consolidated Statement of Financial Activities in the year in which they are payable.

Under the rules of the two Methodist Church pension schemes for ministers and lay workers the Methodist Council has an undertaking to indemnify the trustees against any liabilities that might arise in the proper discharge of their duties as pension trustees. No provision has been made in the financial statements to 31 August 2009 (2008 £nil) in respect of this matter.

Alternative Pension Arrangements

Staff who prior to their employment by the Methodist Council were already in other pension schemes linked to their profession and able to remain in those schemes were, until recently, allowed to do so, the Methodist Council making the necessary employer's contributions as determined by those schemes. At the end of the year to 31 August 2009, there were in total five employees in these alternative schemes (2008 – 5).

The total pension costs for the year to 31 August 2009 as set out in Note 9 above reflects the costs to the employer of the two pension arrangements. There are no outstanding or prepaid contributions at the balance sheet date (2008 - £nil).

Methodist Ministers' Pension Scheme

FRS 17 disclosures:

The Methodist Council's employees account for less than 1% of the scheme and it is not possible to identify the share of the underlying assets and liabilities of the Scheme attributable to the Methodist Council. Hence, whilst the scheme is a defined benefit type, it is accounted for as a defined contribution scheme under the requirements and exemptions of Financial Reporting Standard 17, 'Retirement Benefits' (FRS 17).

The last full actuarial valuation of the whole scheme was assessed, using two key measures, as at 1 September 2008 by an independent actuary. The results of the valuation were as follows:

- A **shortfall** of £38,850,000 relative to the **technical provisions** (ie the level of assets agreed by the Trustee and the Methodist Council on behalf of Conference as being appropriate to meet members' benefits, assuming the Scheme continues as a going concern).
- An estimated **shortfall** of £110,965,000 relative to the solvency position (ie the estimated level of assets needed to buy insurance policies for benefits earned to the valuation date).

Action taken to meet the shortfall

Following consideration of the valuation results the Trustee and the Conference have agreed that the **shortfall** relative to the **technical provisions** should be eliminated by the Circuits paying additional contributions of 7% per annum of Stipends commencing on 1 September 2009 increasing to 14% per annum of Stipends from 1 September 2010 over the working lifetimes of current active members. This has been confirmed in the **Recovery Plan** which has been agreed by the Trustee and the Conference.

10 Pension Costs (continued)

Scheme changes

Following receipt of the valuation results, and after discussions with the Trustee, the Conference has agreed to increase the contributions payable by members from 7% to 9% per annum of Stipends from 1 September 2009.

Ongoing contribution rate

To meet the cost of the future service benefits accruing and the expected expenses of the Scheme the total contribution rate required from the Circuits and the members amounts to 24% per annum of Stipends. Accordingly, after allowing for the increase in the member contribution rate payable from 1 September 2009, and the increase in contributions to meet the **shortfall**, the Trustee and the Conference have agreed that the total contributions payable from the Circuits will increase from 17% to 22% per annum of Stipends.

The contributions payable by the Circuits will then increase by a further 7% to 29% per annum of Stipends from 1 September 2010.

Pensions and Assurance Scheme for Lay Employees of the Methodist Church

The Methodist Council is the principal employer of this multi-employer defined benefit scheme for lay employees. Its employees both past and present account for more than 80% of scheme members.

The FRS 17 disclosure has been included, in spite of the fact that it is being treated as a defined contribution scheme as the actuaries are of the opinion that it is not possible to identify on a consistent and reasonable basis, the share of the underlying assets and liabilities of the individual schemes attributable to the Methodist Council Consolidated Accounts.

The contributions by the Methodist Council and the scheme members' contributions of the scheme were 20.6% and 7% of pensionable pay respectively.

A full actuarial valuation was carried out as at 1 September 2008 by a qualified independent actuary. The results were as follows:

- A **shortfall** of £2,196,000 relative to the **technical provisions** (ie the level of assets agreed by the Trustee and the Methodist Council as being appropriate to meet members' benefits, assuming the Scheme continues as a going concern). This **shortfall** is equivalent to contributions of 4.5% pa over the working lifetimes of current active members payable from 1 September 2009.
- An estimated **shortfall** of £12,747,000 relative to the solvency position (ie the estimated level of assets needed to buy insurance policies for benefits earned to the valuation date).

The long term rate of contributions required to meet the cost of future service benefits amounts to 27.6% of Pensionable Earnings.

Agreed action

Following consideration of the valuation results the Trustee and the Methodist Council have agreed the following:

- after consultation with members the rate of contributions paid by members of the Scheme will increase from 7% pa to 8% pa of Pensionable Earnings from 1 September 2009.
- the Employers' contribution rate will increase from 18.1% to 24.1% of Pensionable Earnings both to meet the cost of benefits accruing in the future and to eliminate the **shortfall**. The payment of the additional contributions amounting to 4.5% of Pensionable Earnings over the working lifetimes of current active members to

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

eliminate the **shortfall** is confirmed in the **Recovery Plan** which has been agreed by the Trustee and the Methodist Council.

10 Pension Costs (continued)

Employee benefit obligations for the Methodist Church

	31/08/2009	31/08/2008
	£000	£000
Changes in the fair value of Scheme assets are as follows:		
Opening fair value of Scheme assets	28,380	28,135
Expected return	1,827	1,830
Actuarial (Losses) / Gains	(2,289)	(2,193)
Assets distributed on settlements	-	-
Contributions by employer	985	976
Contributions by member	378	348
Assets acquired in a business combination	-	-
Exchange differences on foreign schemes	-	-
Benefits paid	(841)	(716)
Closing fair value of Scheme assets	<u>28,440</u>	<u>28,380</u>

Changes in the present value of the defined benefit obligation are as follows:

	31/08/2009	31/08/2008
	£000	£000
Opening defined benefit obligation	27,845	27,231
Service cost	916	1,012
Interest cost	1,758	1,562
Contributions by members	378	348
Actuarial Losses / (Gains)*	724	(1,592)
Benefits paid	(841)	(716)
Closing defined benefit obligation	<u>30,780</u>	<u>27,845</u>

	31/08/2009	31/08/2008
	£000	£000
Analysis of amounts recognised		
Total Actuarial Gains / (Losses)	(3,012)	(601)
Cumulative amount of Gain / (Loss) recognised	<u>(8,032)</u>	<u>(5,020)</u>

* Includes changes to the actuarial assumptions.

Amounts that would have been charged to the SOFA were the schemes recognised in accordance with FRS17

	31/08/2009	31/08/2008
	£000	£000
Fair value of Scheme Assets	28,440	28,380
Present value of funded obligations	(30,780)	(27,845)
	<u>(2,340)</u>	<u>535</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Asset/(Liability) recognised on the Statement of Financial Activities	<u>(2,340)</u>	<u>535</u>
Amounts in the Statement of Financial Activities		
Assets	-	535

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Liabilities	(2,340)	-
Net position Asset / (Liability)	<u>(2,340)</u>	<u>535</u>

10 Pension Costs (continued)

Pension costs which may be allocated to the SOFA are as follows:

	31/08/2009	31/08/2008
	£000	£000
Current service cost	916	1,012
Interest on obligation	1,758	1,562
Expected return on Scheme assets	(1,827)	(1,829)
Past service cost	-	-
Losses / (Gains) on curtailments	-	-
Losses / (Gains) on settlements	-	-
Pension costs which may be allocated to the SOFA	<u>847</u>	<u>745</u>
Actual return on Scheme assets	<u>(461)</u>	<u>(363)</u>

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

	31/08/2009	31/08/2008
	%	%
Equities	62	60
Gilts	8	12
Corporate Bonds	17	14
Index Linked Bonds	5	6
Property	4	4
Cash	4	4

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages (where applicable)):

	31/08/2009	31/08/2008
	% pa	% pa
Discount rate at 31 August	5.4	6.4
Expected return on Scheme assets at 31 August (for following year)	6.7	6.9
Rate of increase in pensionable salaries	4.3	5.5
Rate of increase in deferred pensions – pre LPI 5%	3.3	4.0
Rate of increase in deferred pensions – post LPI 2.5%	2.5	-
Rate of increase in pensions in payment 5% fixed	5.0	5.0
Rate of increase in pensions in payment LPI 5%	3.2	3.9
Rate of increase in pensions in payment LPI 2.5%	2.1	2.5

THE METHODIST COUNCIL**Notes to the Consolidated Financial Statement for the year ended 31 August 2009****10 Pension Costs (continued)****Mortality Assumptions**

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 87 if they are male and until age 89 if female. For a member currently aged 45 will live on average until age 89 if they are male and until age 90 if female.

Description of the basis used to determine return

The Employer adopts a building block approach in determining the expected rate of return on the Scheme's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at disclosure year end.

Amounts for the current and previous periods are as follows:

	31/08/2009	31/08/2008	31/08/2007	31/08/2006	31/08/2005
	£000	£000	£000	£000	£000
Defined benefit obligation	30,780	27,845	27,231	26,830	22,193
Scheme Assets	28,440	28,380	28,135	25,569	14,652
Surplus / (deficit)	(2,340)	535	904	(1,261)	(7,541)
Experience Gains / (Losses) on Scheme assets	(2,288)	(2,193)	235	614	1,183
Experience Gains / (Losses) on Scheme liabilities	1,901	324	302	(634)	(79)
Changes in assumptions underlying the present value of scheme liabilities	(2,625)	1,267,643	1,596	(1,867)	(2,386)
Total Experience Gains / (Losses) on Scheme liabilities	(724)	1,592	(1,898)	(2,501)	(2,465)

The Scheme assets for the years ended 31 August 2005 and 2006 have not been restated to bid value (i.e. they are mid market value).

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

11. Tangible assets

(a) The Methodist Council (Group)

	Freehold Land & Buildings £000	Furniture & Fittings £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<u>Cost:</u>					
At 1 September	39,574	2,104	1,292	74	43,044
Additions during year	3,422	878	197	-	4,497
Transfer to Investments	(3,771)	-	-	-	(3,771)
Disposals	(1,321)	(4)	(2)	-	(1,327)
Total	37,904	2,978	1,487	74	42,443
<u>Depreciation:</u>					
At 1 September	-	1,628	1,176	38	2,842
Additions during year	-	190	26	-	216
Charge for year	-	115	84	4	203
Disposals	-	-	-	-	-
Total	-	1,933	1,286	42	3,261
<u>Net book value</u>					
At 31 August 2009	37,904	1,045	201	32	39,182
At 31 August 2008	39,574	476	116	36	40,202

(b) The Connexional Team

	Freehold Land & Buildings £000	Furniture & Fittings £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<u>Cost:</u>					
At 1 September	13,992	403	1,025	-	15,420
Additions	3,401	298	147	-	3,846
Transfer to investments	(1,391)	-	-	-	(1,391)
Disposals	(912)	(4)	(1)	-	(917)
Total	15,090	697	1,171	-	16,958
<u>Depreciation:</u>					
At 1 September	-	255	943	-	1,198
Additions	-	190	27	-	217
Charge for year	-	17	63	-	80
Total	-	461	1,033	-	1,495
<u>Net book value</u>					
At 31 August 2009	15,090	235	138	-	15,463
At 31 August 2008	13,992	148	82	-	14,222

The transfer of assets to investments are:

	£000
4 John Wesley Road, Peterborough as part of MPH	£1,391
Part of Methodist International Centre not used for charitable purposes	£2,380

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Total **£3,771**

11. Tangible assets (continued)

The net book amount of £37.9m for freehold land and buildings represents the cost of properties used for:

	<u>The Methodist Council</u>		<u>The Connexional Team</u>	
	<u>(Group)</u>			
	2009	2008	2009	2008
	Total	Total	Total	Total
	£000	£000	£000	£000
Charitable purposes				
- College training	20,190	20,745	962	1,129
- Guesthouse & hostels	5,178	7,251	1,592	1,282
- Manses	9,390	8,610	9,390	8,610
- Accommodation for retired missionaries	33	33	33	33
Offices	2,812	2,812	2,812	2,812
Registered Care Home	195	18	195	18
- Others	105	105	105	105
Total	37,904	39,574	15,090	13,992

12. Fixed Asset Investments

	<u>The Methodist Council</u>		<u>The Connexional Team</u>	
	<u>(Group)</u>			
	2009	2008	2009	2008
	Total	Total	Total	Total
	£000	£000	£000	£000
Market value at 1 September	88,233	94,799	80,666	88,367
Additions at cost	13,664	23,239	12,877	21,817
Transfers from Fixed Assets (note 11)	3,771	-	1,391	-
Disposals	(9,553)	(24,921)	(8,731)	(24,634)
Revaluation during the year - William Leech	(1,940)	(658)	(1,940)	(658)
Net unrealised investment gains / (losses)	(169)	(4,226)	(679)	(4,226)
Market value at 31 August Total	94,006	88,233	83,584	80,666

	<u>The Methodist Council</u>		<u>The Connexional Team</u>	
	<u>(Group)</u>			
	Market Value	Market Value	Market Value	Market Value
	2009	2008	2009	2008
	£000	£000	£000	£000
The investments comprise:				
Investment properties	8,019	5,728	3,801	4,828
Central Finance Board units	61,111	58,784	57,151	53,752
Central Finance Board deposit funds	17,055	13,370	14,870	11,786
Unlisted investment –				
William Leech (Investments) Ltd.	6,650	8,411	6,650	8,411
Other investments	1,171	1,940	1,112	1,889

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Total	94,006	88,233	83,584	80,666
--------------	---------------	---------------	---------------	---------------

12. Fixed Asset Investments (continued)

Some of the Central Finance Board Units held were realised and with the proceeds other fund units with the Central Finance Board purchased.

The holdings in William Leech (Investments) Ltd. represented 20% (2008 - 20%) of the company's issued share capital. The Methodist Council has a representative on the board of the company, but cannot exert significant influence over its day-to-day management or financial policies.

13. Debtors

	<u>The Methodist Council</u> <u>(Group)</u>		<u>The Connexional Team</u>	
	2009 £000	2008 £000	2009 £000	2008 £000
Prepayments & accrued interest	707	526	632	391
Loan to related Methodist entity	1,000	2,000	1,000	2,000
Other debtors	2,829	6,101	1,916	3,565
Tax and Social Security	47	-	47	-
Total	4,583	8,627	3,595	5,956

Included in other debtors are amounts totalling £0.722m (2008 - £0.760m) full settlement of which will not take place within one year. These amounts mainly comprise ministerial and mortgage loans.

14. Creditors: amounts falling due within one year

	<u>The Methodist Council</u> <u>(Group)</u>		<u>The Connexional Team</u>	
	2009 £000	2008 £000	2009 £000	2008 £000
Accruals	141	517	141	155
Loans	417	751	-	-
Overdrafts	478	1,144	378	1,144
Tax and social security	321	253	321	253
Grant commitments	6,222	7,858	5,416	7,035
Other creditors	4,286	3,431	2,129	2,492
Total	11,865	13,954	8,385	11,079

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

15. Creditors: amounts falling due after more than one year

	<u>The Methodist Council (Group)</u>		<u>The Connexional Team</u>	
	2009 £000	2008 £000	2009 £000	2008 £000
Grant commitments	6,403	10,309	6,403	9,890
Loans	5,725	5,454	-	-
Total	<u>12,128</u>	<u>15,763</u>	<u>6,403</u>	<u>9,890</u>

Loans comprise:

MIC £3.2m – with HSBC, repayable over 20 years at an interest rate of 1.25% over the bank's base rate. £1.675m has been placed for a five year period under a structured collar agreement with a CAP rate of 5.75% and a floor rate of 3.99%. This loan is secured against the property.

Southlands College £2.7m:

£2m is with the HSBC bank carrying a fixed rate of interest of 6.25% and is repayable over 20 years to May 2026 and is secured on the freehold property.

£72k is an unsecured loan with Roehampton University and is repayable over the next 17 years with an interest rate equivalent to that obtainable by the university in respect of monies on deposit at HSBC Bank Plc.

16. Unrestricted funds

(a) The Methodist Council (Group)

	Balance 1.9.08 £000	Movement in Resources		Transfers Between Funds £000	Gains/ (losses) on Investments £000	Balance 31.8.09 £000
		Incoming £000	Outgoing £000			
Designated	22,022	5,475	(5,023)	(132)	(329)	22,013
General	<u>25,670</u>	<u>17,219</u>	<u>(22,030)</u>	<u>1,335</u>	<u>1,005</u>	<u>23,199</u>
Total	<u>47,692</u>	<u>22,694</u>	<u>(27,053)</u>	<u>1,203</u>	<u>676</u>	<u>45,212</u>

(b) The Connexional Team

	Balance 1.9.08 £000	Movement in Resources		Transfers Between Funds £000	Gains/ (losses) on Investments £000	Balance 31.8.09 £000
		Incoming £000	Outgoing £000			
Designated	22,022	5,475	(5,023)	(132)	(329)	22,013
General	<u>18,093</u>	<u>16,753</u>	<u>(16,927)</u>	<u>1,335</u>	<u>1,004</u>	<u>20,258</u>
Total	<u>40,115</u>	<u>22,228</u>	<u>(21,950)</u>	<u>1,203</u>	<u>675</u>	<u>42,271</u>

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

16. Unrestricted funds (continued)

The total of the designated funds is made up as follows:

	Balance	Movement		Transfers	Gains/ (losses) on	Balance
	1.9.08	in Resources				
	£000	Incoming	Outgoing	Funds	£000	£000
		£000	£000	£000		£000
1. CPF	9,859	4,722	(3,798)	(128)	(209)	10,446
2. Connect/Flame Magazine*	164	5	-	-	-	169
3. Epworth Fund	5,819	240	(233)	(4)	(136)	5,686
4. Annesley Fund	590	-	(254)	-	-	336
5. World Meth. Conference*	1	-	-	-	-	1
6. Connexional Travel Fund	185	11	(9)	(1)	18	204
7. Designated Training Fund	5,977	-	(640)	-	-	5,337
8. Computers for Ministry	(573)	497	(90)	-	-	(166)
	22,022	5,475	(5,024)	(133)	(327)	22,013

The transfers between funds include amounts transferred with the approval of the Methodist Council and comprise reimbursement of amounts paid by one fund on behalf of another, management charges against the funds.

Notes.

1. CPF – Connexional Priority Fund is built from the levies charged on all capital money arising from the sale, letting or other disposition of Methodist land held for local, circuit or district purposes and any income arising wherefrom and is available for grants to circuits and distribution to districts. **

3. Epworth Fund. This designated fund is utilised to make grants for special projects or new initiatives which do not qualify for funding from other Methodist sources. **

4. Annesley Fund. This was set up from the proceeds of sale of Annesley House and is available partly to support Home Mission and partly to support work with vulnerable women. The last grants will be made in 2009/10.

7. Connexional Travel Fund. This is a connexional fund set aside to give grants to ministers on long-term sick leave to compensate them for the loss of business mileage payments. **

8. Designated Training Fund. This fund is designated from the amounts received from District Assessments to meet expenses of training ministers, deacons etc. **

9. Computers for ministry. This fund was set up following a decision of Conference to create a fund from which ministers and deacons will be able to purchase a computer for their work.

* All other designated funds: The purpose of these is now largely served and a resolution to undesignate these funds will go to the Methodist Council in the New Year.

** Unless undesignated by a decision of Council, these funds are likely to continue in the foreseeable future.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

17. Restricted funds

GROUP	Balance 1.9.09 (restated) £000	Incoming £000	Outgoing £000	Movement in Resources		Balance 31.8.09 £000
				Transfers between Funds £000	Gains/ (Losses) £000	
<u>Restricted funds</u>						
1. Fund for the Support of Presbyters and Deacons (ex Auxiliary Fund)	6,535	561	(635)	(45)	(528)	5,888
2. Mission in Britain Fund	1,291	994	(176)	(99)	17	2,027
3. Mission Alongside the Poor (MAP)	332	36	(11)	-	-	357
4. Property Fund	2,413	1,494	(5)	60	-	3,962
5. Training Fund	2,526	89	(1)	-	130	2,744
6. World Mission Fund	6,584	4,713	448	(270)	(113)	11,362
Total	19,681	7,887	(380)	(354)	(494)	26,340
Others	46,124	11,156	(5,844)	(876)	1,519	51,079
Overall Total	64,805	19,043	(6,224)	(1,230)	1,025	77,419

CONNEXIONAL TEAM	Balance 1.9.08 £000	Incoming £000	Outgoing £000	Movement in Resources		Balance 31.8.09 £000
				Transfers between Funds £000	Gains/ (Losses) £000	
<u>Restricted Funds</u>						
1. Fund for the Support of Presbyters and Deacons (ex Auxiliary Fund)	6,535	561	(635)	(45)	(528)	5,888
2. Mission in Britain Fund	1,291	994	(176)	(99)	17	2,027
3. Mission Alongside the Poor (MAP)	332	36	(11)	-	-	357
4. Property	2,413	1,494	(5)	60	-	3,962
5. Training	2,526	89	(1)	-	130	2,744
6. World Mission	6,584	4,713	448	(270)	(113)	11,362
Total	19,681	7,888	(380)	(354)	(495)	26,340
Others	23,588	1,764	(2,409)	(876)	1,009	23,076
Overall Total	43,269	9,652	(2,789)	(1,230)	514	49,416

Transfers comprise reimbursement of amounts paid by one fund on behalf of another, management charges against the funds.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

17. Restricted funds (continued)

Notes

1. Fund for the Support of Presbyters and Deacons (ex Auxiliary Fund). This fund exists to provide additional assistance to supernumeraries; persons who have been permitted or directed to become supernumerary; ministers', deacons', and probationers' widows or widowers 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 the active work. The Auxiliary Fund also makes grants to the Methodist Ministers' Housing Society.

2. Mission in Britain Fund. This is the restricted Fund from which grants are made to support various mission and ministry initiatives across the Methodist Connexion.

3. Mission Alongside the Poor. This fund is to provide grants for personnel or property schemes, primarily to local churches and circuits, in areas of relative poverty whether in an urban or a rural setting and where there is a commitment to work alongside the poor and disadvantaged.

4. Property Fund. This is the ring-fenced fund from which grants are made to support various property schemes.

5. Training Fund. Since training costs have been paid centrally since September 2000, this fund now represents mainly the fixed assets belonging to the restricted Fund.

6. World Mission Fund. This is the restricted Fund set up to support most of our overseas work and any related work.

Other Restricted Funds. These comprise 114 funds that can only be applied for particular purposes within their objects and include the following funds in excess of £450k:

	2009	2008
	£'000	£'000
Cliff College	4,243	4,044
Forces Chaplaincy	714	734
Kingsmead College Sale Proceeds	494	628
Lay Missionaries' Superannuation Fund	2,549	2,622
London Committee	9,106	8,781
Long Term Renewals Fund	1,335	1,383
Methodist International Centre	3,176	2,617
Methodist Medical Benevolent Fund	820	965
Methodist Relief & Development Fund	982	988
North Bank Capital Fund	4,405	4,823
North Bank Maintenance Fund	(128)	451
Southlands College	13,766	15,573
Special Extension Fund	956	863

Transfers comprise reimbursement of amounts paid by one fund on behalf of another, management charges against the funds.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

18. Endowment funds

(a) The Methodist Council (Group)

	Balance	Movement in		Transfer between funds	Gains/ Losses on Investments	Balance
	1.09.08	Incoming	Outgoing			31.08.09
	£000	£000	£000			£000
Permanent	23,186	-	-	27	(2,896)	20,317
Expendable	84	-	-	-	-	84
Total	23,270	-	-	27	(2,896)	20,401

(b) The Connexional Team

	Balance	Movement in		Transfer between funds	Gains/ Losses on Investments	Balance
	1.09.08	Incoming	Outgoing			31.08.09
	£000	£000	£000			£000
Permanent	23,181	-	-	27	(2,896)	20,312
Expendable	84	-	-	-	-	84
Total	23,265	-	-	27	(2,896)	20,396

Transfers comprise reimbursement of amounts paid by one fund on behalf of another, management charges against the funds and the transfer of income to the "mirror" restricted fund to hold income and expenditure.

19. Analysis of net assets between funds

(a) The Methodist Council (Group)

	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	2009	2008
Tangible fixed assets	6,842	32,341	-	39,183	40,202
Investments	32,622	38,926	22,458	94,006	88,233
Current assets less liabilities	5,748	6,152	(2,057)	9,843	7,332
Total	45,212	77,419	20,401	143,032	135,767

(b) The Connexional Team

	Unrestricted	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	2009	2008
Tangible fixed assets	1,842	8,621	-	15,463	14,222
Investments	32,163	28,966	22,455	83,584	80,666
Current assets less liabilities	3,266	11,829	(2,059)	13,036	11,761

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Total	42,271	49,416	20,396	112,083	106,649
--------------	---------------	---------------	---------------	----------------	----------------

20. Contingent liabilities and contractual commitments

- 1.) Under the rules governing the operation of the Connexional Priority Fund (CPF), levies previously received following the sale, letting or other disposition of land held for local, circuit or district purposes, qualify for refund in whole or part if a replacement scheme is implemented within five years. The financial statements do not reflect any amounts which may have to be refunded after 31 August 2009 under these rules as the potential amount of such refunds cannot be established with any degree of certainty. Actual refunds have ranged in the last four years between £0.3m and £1.5m.
- 2.) In Other Creditors there is a provision for £180,000 in relation to dilapidations at it's former premises in Wimbledon. The Charity is currently in negotiations with the landlord.

21. Expenses reimbursed to members of the Methodist Council

The Methodist Council (Group)/The Connexional Team

	2009	2008
Travel and Other Expenses Reimbursed £000's	70.0	24.2
Number of Members Reimbursed	57	70

22. Central stipends administration

Stipends and allowances paid to Ministers, Deacons and Lay Workers totalling £42.90m (2008 - £43.29m) and reimbursements from circuits and other funds totalling the same amount are not included in the Statement of Financial Activities other than in respect of the administration costs relating to the stipends and allowances of those appointed to serve the Methodist Council (Note 9).

The administration costs amounting to £0.089m (2008 - £0.082m) and interest receivable amounting to £0.097m (2008 - £0.156m) relating to the central payment of stipends are included in the Statement of Financial Activities.

23. Trustees and connected persons

There were 12 trustees (2008 - 15) who were appointed or employed by the Methodist Council as listed below. Their aggregate total emoluments including pension contributions as employees and not in their role as trustees amounted to £0.407m (2007 - £0.453m). Their appointments as trustees are in accordance with Standing Order No. 210 of the Methodist Church.

	2009	2008
	£	£
Trustees:		
The Revd Dr Martyn Atkins	31,163	28,693
Deacon Sue Culver	29,110	-
The Revd Dr Keith Davies	29,754	-
The Revd David Gamble	31,016	29,826
The Revd Kenneth Howcroft	30,792	29,741
The Revd Ward Jones	29,707	28,808
The Revd Ermal Kirby	29,784	28,693
The Revd Stephen Poxon	29,707	28,693
The Revd Elizabeth Smith	32,053	28,693
The Revd Dr Mark Wakelin	30,926	-
Ms Christine Elliott	69,416	-
Mr John Ellis	72,612	-

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

23 Trustees and connected Persons (continued)

In theory the Methodist Council could have transactions with any part of the wider Methodist Church. The main transactions being:

- The annual assessment on local churches (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, TMCF).
- Claiming of Gift Aid on behalf of local churches.
- Payment of minister and local lay staff stipends and salaries.
- Maintaining the accounting records for various Methodist Entities.

Outlined below is a list of those bodies considered to be main related parties, which together with the Methodist Council report separately to the Methodist Conference, the ultimate controlling body, each year. Details of transactions occurring during the year and amounts owing by or to related parties at 31 August 2009 are given for each one as appropriate.

2009				
	Income from related party	Purchases from related party	Grants to/from related party	Amount owed by (to) related party
	£000	£000	£000	£000
Trustees for Methodist Church Purposes	-	-	-	(20)
Central Finance Board	-	-	-	108
Methodist Ministers' Housing Society	33	-	-	1,000
Methodist Ministers' Pension Scheme	17	-	-	2
Methodist Schools	33	-	-	(48)

In addition to this, there are the related party transactions included in the management of the Church's investment portfolio by the Central Finance Board. Also numerous transactions and balances occur between Methodist Council, the districts, circuits and Churches.

2008				
	Income from related party	Purchases from related party	Grants to/from related party	Amount owed by (to) related party
	£000	£000	£000	£000
Trustees for Methodist Church Purposes	104	27	-	7
Central Finance Board	-	-	-	331
Methodist Publishing House	-	139	-	67
Methodist Ministers' Housing Society	63	-	-	2,000
Methodist Ministers' Pension Scheme	-	-	-	1

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Methodist Schools	31	-	21	21
-------------------	----	---	----	----

In addition to this, there are the related party transactions included in the management of the Church's investment portfolio by the Central Finance Board. Also numerous transactions and balances occur between Methodist Council, the districts, circuits and Churches.

24. Methodist Publishing House

On 14th October 2008 the responsibility for the management of the Methodist Publishing House and Epworth Publishing was transferred to the Methodist Council's Connexional Team. Until that point the Methodist Publishing House reported directly to Conference. The net assets of £2.7m have been treated as a donation in the accounts of the Methodist Council.

The composition of the £2,750k is as follows:

	£'000
Freehold Property	1,391
Other Fixed Assets	12
Cash on deposit	974
Stocks of books	175
Debtors and prepayments	238
Cash at bank	113
Total Assets	2,903
Creditors and accruals	(153)
Net assets reflected in the accounts of the Methodist Council	2,750

25. Summary of subsidiary activities included in group accounts

	2008/9 £'000	2007/8 £'000
Turnover	755	913
Cost of Sales	(505)	(570)
Gross Profit	250	343
Other expenses	(222)	(214)
Net profit before covenant	28	129
Amount covenanted to parent	(53)	(139)
Retained (loss) / profit	(25)	(10)
Balance Sheet		
Tangible fixed assets	-	-
Current assets / (liabilities)	(35)	(10)
Net Assets	(35)	(10)
Represented by:		
Share Capital	-	-
Retained Profit (loss)	(35)	(10)

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Trustees

The Methodist Council

The membership for 2008/2009 is below and their names are recorded each year in the Minutes of Conference.

Ms Jane Allin

The Revd Dr Martyn Atkins

Mrs Ruby Beech*

The Revd Ian Bell*

The Revd John Best

Miss Margaret Best*

Mr Russell Buley*

Miss Kathleen Burrell

The Revd John Butterfield

Mr Ronald Calver

The Revd Catherine Campbell Hyde

The Revd Stephen Charman

Mr John Cooper*

Deacon Susan Culver

Mrs Gill Dascombe

The Revd Dr Keith Davies

The Revd Rachel Deigh

Ms Christine Elliott

Mr John Ellis

Mrs Angela Evans

Miss Margaret Faulkner

The Revd Andrew Fyall*

The Revd David Gamble

Mr John Goacher

Miss Mandy Godridge

The Revd Richard Hall

The Revd Gareth Hill*

Mr Gary Hopkins*

The Revd Kenneth Howcroft

Mr David Hulse

Mr Graham Illingworth

Mr David Ingham

The Revd Peter Jennings

The Revd Ward Jones*

The Revd Ermal Kirby

The Revd David Leese*

The Revd Lorraine Mellor*

The Revd William Morrey*

Mrs Nwabueze Nwokolo

The Revd David Perkins

The Revd Stephen Poxon

The Revd Geoffrey Reid*

The Revd Eileen Sanderson

The Revd Carolyn Seaton*

The Revd Elizabeth Smith

The Revd Susan Sowden*

The Revd Joseph Suray

The Revd Simon Sutcliffe

Dr Richard Vautrey

The Revd Dr Mark Wakelin

Mr Kenvyn Wales

Mr David Walton

Mr Barry Wilford*

Ms Helen Woodall*

* indicates those who had completed their period of service at the end of the connexional year 2008/2009.

The persons below were appointed to serve as from the beginning of the 2009/2010 connexional year:

Deacon Eunice Attwood

Mr Gareth Baron

The Revd Andrew Bryer

Mr Stephen Cooper

Mr Dudley Coates

Mr Clive Falla

The Revd Ruth Gee

The Revd Ruth Goodland

The Revd Carla Hall

Mrs Susan Millman

Mr Andrew Owen

The Revd Alison Tomlin

The Revd Dr Roger Walton

The Revd David Warnock

Mr John Woosey

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

The Strategy and Resources Committee

The current members of the Strategy and Resources Committee and those who served in 2008/2009 are:

Voting Members

Mr Kenvyn Wales (Chair)	The Revd Gareth Hill
Miss Margaret Best	Ms Alison Jackson
The Revd James Booth	Mr Kenneth Jackson (to 31 Aug 2009)
Mr Ronald Calver (Connexional Treasurer)	The Revd Stuart Jordan (from 1 Sept 2009)
Mr Dudley Coates	Mrs Susan Millman
Dr Ian Harrison	Ms Helen Woodall (to 31 Aug 2009)
Mrs Margaret Havers (from 1 Sept 2009)	Mr Andrew Moore

Non-voting members

The Revd Dr Martyn Atkins	Ms Christine Elliott
Mr John Ellis	The Revd Dr Mark Wakelin

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 and in the full-day induction programme for new Connexional Team staff.

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

The membership of the committee which had its first meeting on 12 November 2008 is:

Mr Ron Calver (Chair)	Mr Andrew Gibbs
Miss Margaret Faulkner	Mrs Alison Jackson
Mr Iain Farquhar	Mr Malcolm Pearson

The Audit Committee

Members during the year were:

Mr John Chastney	Mr Malcolm Pearson
Mr Iain Farquhar	Ms Dzifa Tay
Mr Norman Mann (Chair)	Mr David Teckoe
Mr Peter Mills	

In attendance:

Mr Nick Addo	Mr Nick Moore
Mr Ron Calver	

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

Related Parties

The various parts of the legal framework within which the Methodist Church is governed allow for the setting up of separate bodies to handle specific aspects of the Church's work and/or discharge a specific power of the Church but not accountable.

- The Trustees for Methodist Church Purposes (TMCP) are the Custodian Trustees of all property held on the Model Trusts of the Methodist Church Act 1976, except for that in the Channel Islands or the Isle of Man which is held by the Trustees for Jersey Methodist Church Purposes, the Trustees for Guernsey Methodist Church Purposes or the Trustees for Manx Methodist Church Purposes. TMCP shares offices with the Connexional Team in Manchester.
- The Central Finance Board of the Methodist Church (CFB) was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The Board has its own fund management department enabling it to provide professional investment management for the Connexional Team as well as other organisations within Methodism.
- The Methodist Ministers' Housing Society - set up under the Industrial and Provident Societies Act 1965 and operating from the Connexional Team offices in London, the Housing Society provides housing and associated amenities for retired Methodist Presbyters and Deacons and their partners. The Methodist Council makes regular grants from the Fund for the Support of Presbyters and Deacons to the society in support of its work under Standing Order 364.
- Action for Children (formerly NCH) is the children's charity of the Methodist Church. It was founded in 1869 by Methodist minister the Reverend Thomas Bowman Stephenson in response to the poverty and danger faced by vulnerable and destitute children and young people living rough on the streets of London.
- Other Methodist bodies with which the Connexional Team has regular dealings include the Methodist Ministers' and Lay Employees' Pension Trusts, and the Board of Management for the Methodist Independent Schools.

Full details of transactions with these related parties and any outstanding balances at the year-end are provided under Note 23 of the accounts.

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

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
General Secretary's Office
Methodist Church House
25 Marylebone Road
London NW1 5JR
Tel: 020 7486 5502
Web: www.methodist.org.uk

Executive Officers (as at March 2009)

The Revd Dr Martyn Atkins
Ms Christine Elliott

Mr John Ellis
The Revd Dr Mark Wakelin

Custodian Trustees:

Trustees for the Methodist Connexional Funds (Registered)
9 Bonhill Street
London EC2A 4PE

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

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

THE METHODIST COUNCIL

Notes to the Consolidated Financial Statement for the year ended 31 August 2009

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:

Baker Tilly UK Audit LLP
Statutory Auditor & Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Solicitors:

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