

**METHODIST PUBLISHING HOUSE**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

		<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
		<b>Unrestricted funds £</b>	<b>Total £</b>
<b>Notes</b>			<b>Total £</b>
<b>Incoming resources</b>			
Incoming resources from generated funds			
- Investment income	<b>5</b>	64,095	73,149
Incoming resources from charitable activities			
- Subsidies for specific publications		17,078	28,137
- Other charitable activities		1,992,126	1,956,928
Other incoming resources	<b>17</b>	93,546	38,467
<b>Total incoming resources</b>		<b>2,166,845</b>	<b>2,096,681</b>
<b>Resources expended</b>			
Charitable activities			
- Grants payable		40,204	23,721
- Other charitable activities		2,447,423	2,238,256
Governance costs		15,317	13,062
Other resources expended	<b>17</b>	155,632	48,345
Pension fund deficit		398,000	-
<b>Total resources expended</b>		<b>3,056,576</b>	<b>2,323,384</b>
<b>Net incoming/(outgoing) resources before revaluations and investment asset disposals</b>			
	<b>4</b>	(889,731)	(226,703)
Unrealised gains on investments		147,664	258,046
Realised gains on investments		13,806	-
<b>Net movement in funds</b>		<b>(728,261)</b>	<b>31,343</b>
<b>Fund balances at 1 January 2006</b>		<b>5,097,307</b>	<b>5,065,964</b>
<b>Fund balances at 31 December 2006</b>		<b>4,369,046</b>	<b>5,097,307</b>

The statement of financial activities has been prepared on the basis that all operations are continuing operations.

**METHODIST PUBLISHING HOUSE**

**BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Notes	2006		2005	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		1,816,787		1,711,052
Investments	8		1,798,913		2,035,455
			<u>3,615,700</u>		<u>3,746,507</u>
<b>Current assets</b>					
Stock and work in progress	9	529,516		666,586	
Debtors	10	549,255		403,947	
Cash on deposit		77,725		370,543	
Cash at bank and in hand		271,742		114,846	
			<u>1,428,238</u>	<u>1,555,922</u>	
<b>Creditors: amounts falling due within one year</b>	11				
			<u>674,892</u>	<u>205,122</u>	
<b>Net current assets</b>			<u>753,346</u>		<u>1,350,800</u>
<b>Total assets less current liabilities</b>			<u>4,369,046</u>		<u>5,097,307</u>
<b>Capital and reserves</b>					
<b>Restricted funds</b>			-		-
<b>Unrestricted funds</b>					
- Designated funds	13	273,702		304,321	
- Other charitable funds		4,095,344		4,754,144	
			<u>4,369,046</u>	<u>5,058,465</u>	
			<u>4,369,046</u>	<u>5,097,307</u>	

The financial statements were authorised for issue and approved by the Board on 8 May 2007

.....  
Eric Jarvis  
**Chairman**

.....  
Peter Candlin  
**Trustee**

The notes on pages 18 to 27 form part of these financial statements.

# METHODIST PUBLISHING HOUSE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

#### 1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

#### 1.3 Incoming resources

Incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income. Incoming resources represents amounts receivable for goods and services net of VAT and trade discounts, together with investment income receivable and rental income from the Wimbledon property.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2% on cost
Computer equipment	33 1/3% on cost
Plant and machinery	20% on cost
Fixtures and fittings	20% on cost
Office equipment	25% on cost

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Investments

Fixed asset investments are stated at market value. Changes in market value of fixed asset investments are taken to the Statement of Financial Activities as unrealised gains or losses.

#### 1.7 Stock and work in progress

Stocks of goods for resale are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items, work in progress is stated at cost.

## METHODIST PUBLISHING HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

---

#### 1 Accounting policies

(continued)

##### 1.8 Pensions

Employees of Methodist Publishing House are part of the Methodist Church multi employer defined benefit scheme. However, the employer is unable to identify its share of the underlying assets and liabilities. In accordance with FRS17 the contributions to the scheme are disclosed as if it were a defined contribution scheme.

##### 1.9 Grants

Grants from the Publication Fund are included in the Statement Of Financial Activites when approved by the managing trustees. The value of such grants unpaid at the year end is accrued.

##### 1.10 Resources expended

Capital purchases are included in the accounts at cost. A de minimis level of £1,000 is applied to all capital items, capital purchases of less than £1,000 being expensed in repairs.

All expenditure other than that which has been capitalised, is included in the income and expenditure account and is accounted for on an accruals basis.

Charitable expenditure represents amounts expended for the specific purposes designated by the Trustees, as directed by the objectives of the charity.

Other resources expended represent costs incurred with the rental of the Wimbledon property.

Support costs represent costs of a general nature incurred during the day to day running of the charity. These are allocated between the expenditure categories on a direct cost basis.

##### 1.11 Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity.

**METHODIST PUBLISHING HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**2 Analysis of total resources expended**

	Unrestricted			Total	Total			Total
	Direct	Support	Audit		Direct	Support	Audit	
	£	£	£	£	£	£	£	£
Charitable activities								
- Grants payable	31,065	9,139	-	40,204	31,065	9,139	-	40,204
- Other charitable activities	1,891,079	556,344	-	2,447,423	1,891,079	556,344	-	2,447,423
Governance costs	4,317	-	11,000	15,317	4,317	-	11,000	15,317
Other resources expended	120,254	35,378	-	155,632	120,254	35,378	-	155,632
Pension fund deficit	398,000	-	-	398,000	398,000	-	-	398,000
	<u>2,444,715</u>	<u>600,861</u>	<u>11,000</u>	<u>3,056,576</u>	<u>2,444,715</u>	<u>600,861</u>	<u>11,000</u>	<u>3,056,576</u>

All support costs have been allocated by activity on the basis of the direct costs.

<b>Support costs</b>	<b>£</b>
Salaries and staff costs	270,350
Depreciation	110,635
IT costs	42,218
Professional fees	66,522
Building costs	79,151
Insurances and sundry charges	31,985
	<u>600,861</u>

**3 Total resources expended**

	<b>2006</b>	<b>2005</b>
	£	£
Total resources expended includes:		
Operating lease rentals		
- Other assets	41,500	41,500
Auditors' remuneration		
- Audit	11,000	10,475
- Non audit	63,975	2,998
	<u>116,475</u>	<u>54,973</u>

## METHODIST PUBLISHING HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

#### 4 Net (outgoing)/incoming resources

The net (outgoing)/incoming resources for the year have been generated as set out below:

	2006	2005
	£	£
Methodist Publishing House	(862,376)	(193,551)
Epworth Press	(27,355)	(33,152)
	<u>(889,731)</u>	<u>(226,703)</u>

#### 5 Investment income

	2006	2005
	£	£

Investment income represents interest received from:

Investment with CFB Investments	56,905	56,690
Bank interest	7,190	16,459
	<u>64,095</u>	<u>73,149</u>

#### 6 Employees

	2006	2005
	£	£
<b>Employment costs</b>		
Wages and salaries	511,623	471,716
Social security costs	48,165	43,516
Other pension costs	70,556	62,382
	<u>630,344</u>	<u>577,614</u>
<b>Employee numbers</b>		
Management and administration	10	10
Sales	7	7
Production	11	12
	<u>28</u>	<u>29</u>

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

No Managing Trustee received any remuneration during the year.

**METHODIST PUBLISHING HOUSE****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006****7 Tangible fixed assets**

	<b>Freehold property</b>	<b>Computer equipment</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 January 2006	1,773,359	164,416	177,968	96,604	2,212,347
Additions	-	211,122	5,248	-	216,370
	<u>1,773,359</u>	<u>375,538</u>	<u>183,216</u>	<u>96,604</u>	<u>2,428,717</u>
At 31 December 2006	1,773,359	375,538	183,216	96,604	2,428,717
	<u>1,773,359</u>	<u>375,538</u>	<u>183,216</u>	<u>96,604</u>	<u>2,428,717</u>
<b>Depreciation</b>					
At 1 January 2006	107,048	159,280	143,827	91,140	501,295
Charge for the year	26,583	57,738	22,587	3,727	110,635
	<u>133,631</u>	<u>217,018</u>	<u>166,414</u>	<u>94,867</u>	<u>611,930</u>
At 31 December 2006	133,631	217,018	166,414	94,867	611,930
	<u>133,631</u>	<u>217,018</u>	<u>166,414</u>	<u>94,867</u>	<u>611,930</u>
<b>Net book value</b>					
At 31 December 2006	1,639,728	158,520	16,802	1,737	1,816,787
	<u>1,639,728</u>	<u>158,520</u>	<u>16,802</u>	<u>1,737</u>	<u>1,816,787</u>
At 31 December 2005	1,666,311	5,136	34,141	5,464	1,711,052
	<u>1,666,311</u>	<u>5,136</u>	<u>34,141</u>	<u>5,464</u>	<u>1,711,052</u>

**METHODIST PUBLISHING HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**8 Investments**

	<b>Number of Shares</b>	<b>Cost £</b>
Managed Equity Fund Shares	100,331	811,267
Inflation Linked Fund Shares	106,657	125,001
Managed Fixed Interest Fund	85,407	103,747
	<hr/>	<hr/>
<b>At 1 January 2006</b>	<b>292,395</b>	<b>1,040,015</b>
	<hr/> <hr/>	<hr/> <hr/>
Managed Equity Fund Shares	(20,278)	(163,966)
Inflation Linked Fund Shares	(22,584)	(26,468)
Managed Fixed Interest Fund	-	-
	<hr/>	<hr/>
<b>Disposals</b>	<b>(42,862)</b>	<b>(190,434)</b>
	<hr/> <hr/>	<hr/> <hr/>
Managed Equity Fund Shares	80,053	647,301
Inflation Linked Fund Shares	84,073	98,533
Managed Fixed Interest Fund	85,407	103,747
	<hr/>	<hr/>
<b>At 31 December 2006</b>	<b>249,533</b>	<b>849,581</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>2006 Number of Shares</b>	<b>2006 Market Value £</b>	<b>2005 Number of Shares</b>	<b>2005 Market Value £</b>
Central Finance Board Managed Equity Fund Shares	80,053	1,473,295	100,331	1,656,364
Central Finance Board Inflation Linked Fund Shares	84,073	185,465	106,657	233,472
Central Finance Board Managed Fixed Interest Fund	85,407	140,153	85,407	145,619
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>249,533</b>	<b>1,798,913</b>	<b>292,395</b>	<b>2,035,455</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# METHODIST PUBLISHING HOUSE

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

### 9 Stock and work in progress

	2006 £	2005 £
Methodist Publishing House	472,801	606,573
Epworth Press	56,715	60,013
	<u>529,516</u>	<u>666,586</u>

### 10 Debtors

	2006 £	2005 £
Trade debtors	324,223	231,656
Other debtors	62,782	57,285
Prepayments	97,161	72,100
Accrued income	65,089	42,906
	<u>549,255</u>	<u>403,947</u>

Amounts falling due after more than one year and included in the debtors above are:

	2006 £	2005 £
Other debtors	<u>45,000</u>	<u>50,000</u>

### 11 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	309,351	121,132
Taxation and social security	12,481	13,289
Other creditors	182,972	30,486
Accruals	170,088	40,215
	<u>674,892</u>	<u>205,122</u>

## METHODIST PUBLISHING HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

---

#### 12 Pension costs

The pension charge for the year was £70,556 (2005: £62,382).

The pension fund had a deficit and Methodist Publishing House paid an additional £398,00 into the fund as their share of the deficit.

The creditor due at the year end was £23,440 (2005: £nil).

#### 13 Analysis of Designated Funds

	<b>Ecumenical Fund £</b>	<b>Publication Fund £</b>	<b>Total £</b>
Balance at 1 January 2006	50,000	254,321	304,321
Interest	-	446	446
	<hr/>	<hr/>	<hr/>
	50,000	254,767	304,767
Matched funding provided	-	(31,065)	(31,065)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2006	<u>50,000</u>	<u>223,702</u>	<u>273,702</u>

##### **Publication Fund**

The Publication Fund was set up to provide matched funding to enable the Church to involve itself in new, exciting initiatives of proclaiming the gospel.

Funding provided to institutions during the year totalled £31,065.

##### **Ecumenical Fund**

The Ecumenical fund represents an amount of £50,000 designated to support the project being undertaken by Roots for Churches Limited.

#### 14 Contingent liabilities

Contingent liabilities in respect of the Wimbledon property are detailed further in note 17.

The Board are currently negotiating severance terms with the former Chief Executive, the value of which is currently unknown.

## METHODIST PUBLISHING HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

---

#### 15 Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Between two and five years	41,500	41,500
	<u>41,500</u>	<u>41,500</u>

#### 16 Epworth Press

Incorporated in the Statement of Financial Activities are the following transactions relating to Epworth Press.

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Sales	89,614	77,840
Royalties received	3,392	2,825
	<u>93,006</u>	<u>80,665</u>
Cost of sales	(94,656)	(94,485)
Administration expenses	(30,310)	(31,953)
	<u>(31,960)</u>	<u>(45,773)</u>
Interest received	4,605	12,621
	<u>(27,355)</u>	<u>(33,152)</u>

## METHODIST PUBLISHING HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

#### 17 Wimbledon Property

	2006	2005
	£	£
Rental income and reimbursed costs received	93,546	38,467
Rent paid and expenses incurred	(120,254)	(39,562)
Share of allocated support costs	(35,378)	(8,783)
	<u>          </u>	<u>          </u>
Net outgoing resources	<u>(62,086)</u>	<u>(9,878)</u>

The Board has consistently reported that under the head lease of the Wimbledon property, formerly occupied by Methodist Publishing House, there exists a contingent liability in respect of rent due. Repairs are required to be undertaken on unit 2. Although the agreement places this liability with the sub-tenant there is scope for dispute. A review of the necessary works and costs are currently underway.

During the year tenants occupied both units 1 and 2 at Wellington Works, Wimbledon. There are underleases to 24 December 2008 at a total annual rent of £33,630.

Methodist Publishing House continues to have responsibility for the annual current rent of £41,500 until 24 December 2008.

#### 18 Related party transactions

The following managing trustees of Methodist Publishing House have been reimbursed for travelling expenses incurred during the period:

Mr Eric Jarvis, Mr Richard J Arnold, Ms Ayodele Ajose, Mr Peter Candlin, Rev Michael J Townsend, Ms Ruth M Nason, Professor Peter Brophy, the Revd Dr Andrew Pratt, the Revd Jonathan Hustler, the Revd Peter Sheasby and the Revd Dr Neil Richardson.

The aggregate expenses paid to the above amounted to £3,369 (2005: £2,587).