

22. Trustees for Methodist Church Purposes (TMCP)

Contact Name and Details	The Revd Kenneth Street, Chair of TMCP Board Email: kenneth@20ash88.freeserve.co.uk
---------------------------------	--

A – Trustees’ Report and Accounts for the Year Ended 31 August 2013

Administrative details

Board and staff members

Aims and purposes of the Trustees For Methodist Church Purposes

Public benefit requirement

Structure and governance

Progress In 2012-13

TMCP Adding Value

Financial review

Reserves policy

Investment policy and review

Risk management and internal controls

Related parties

Statement of trustees’ responsibilities

Re-appointment of auditor

Independent auditor’s report

Statement of financial Aactivities

Balance sheet

Notes forming part of the financial statements

B – General Report of the Board – Update on Activities from 1 September 2013

C – Membership of the Board

D – Declarations under the Methodist Church Trust Deed 1939

SECTION A Trustees' Report

Office and Advisers

Office

Central Buildings

Oldham Street
Manchester
M1 1JQ

Bankers

HSBC
8 Victoria Street
Westminster
London
SW1H 0NJ

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

Auditors

Beever and Struthers
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Stockbrokers

Barclays Wealth
Tay House
300 Bath Street
Glasgow
G2 4LH

Solicitors

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

Board Membership

The Revd James Booth

The Revd Dr Keith Davies

The Revd Paul Flowers

The Revd David Gamble

The Revd Doreen C Hare

The Revd Jennifer A Impey

The Revd Gareth J Powell (*appointed 11 July 2013*)

The Revd G Michael Sparrow (*resigned 8 May 2013*)

The Revd Kenneth E Street (**Chair**)

Mr Graham Danbury

Mr Ralph Dransfield

Dr Ian Harrison

Mr John Jefferson

Mr David Moore

Mr Malcolm Pearson

Mr G Alan Pimlott

Mr Terry Wynn (**Deputy Chair**)

Staff

Martin Attfield

Brian Couch

Amanda Flynn

Laura Carnall

Anne Goodman (**Chief Executive**)

Jatinder Kandola

Kate Mahomed

Hayley Meakin

Lena Ocran (*commenced 3 June 2013*)

David Phillips

Pauline Price

Kathrin Rosenfeld

Sven Sandal

Simon Speechley

Janet Street

Caroline Walkin

Cathy Laurie (*resigned 23 May 2013*)

Aims and purposes of the Trustees for Methodist Church Purposes

The purpose of the Board is to service the Methodist Church in the advancement of the Christian faith in accordance with its doctrinal standards and discipline, and any charitable purpose of the Methodist Church or Church organisation.

Our governing documents are the Methodist Church Act 1939, the Trust Deed of 1939 and the Methodist Church Act 1976.

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. This includes nearly all the property held by the 4,955 or so Local Churches, 415 Circuits and 31 Districts, together with a number of properties used for connexional purposes.

The Board is also custodian of the funds held in 7,284 separate trusts. These funds are held for Methodist purposes for the managing trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Some trusts, such as Circuit Model Trust Funds, are held on the Model Trusts. The trusts of other Funds, such as Permanent Endowments, are determined by the terms of the will or other settlement.

Activities include:

- effecting all sales, purchases and leases of property by Church bodies and checking legal documents before signature by managing trustees.
- investing funds received from sales or bequests and transmitting funds for purchases or to meet the cost of a project as instructed by managing trustees.
- fulfilling any other duties or responsibilities required of, or appropriate for, the corporate body acting on behalf of the Methodist Church.

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

Public benefit requirement

In accordance with Section 4 of the Charities Act 2011, the Board has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising its powers or duties.

This guidance sets out two key principles:

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

The Board meets its charitable objects by performing key duties as the custodian trustee of all Methodist Model Trust property, facilitating all related legal and financial transactions. It provides practical support to managing trustees in Local Churches, Circuits and Districts and works closely and effectively with colleagues in the Connexional Team.

Structure and Governance

These accounts reflect only the state of affairs and income and expenditure of the Board in relation to its own direct affairs. The Board also acts as either custodian trustee in respect of all property held on the Model Trusts or full trustee of a number of other trusts. The accounts included in this report do not include these funds or any amounts in respect of local church, circuit and district accounts.

Structure

The TMCP applied and became a registered charity on 15 June 2010 (1136358 – “Trustees for Methodist Church Purposes”).

The Board of the Trustees for Methodist Church Purposes

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

Board members are appointed by the Methodist Conference on the nomination of the Board, which seeks to maintain a balance of appropriate professional experience, Methodist experience and Connexional representation.

Further to Section 4(3) of the 1939 Act the Board consists of equal numbers of “ministers and laymen” (sic) being presbyters and lay people in today’s terms and the Conference has currently set the total number of members at 16.

Once appointed a member is a trustee for life unless any of the conditions set out in Section 5 of the 1939 Act occurs. These are if a member shall:

- Die
- Become bankrupt
- Make an assignment for the benefit of his/her creditors
- Refuse or be unfit to act or be incapable of acting as a member of the Board
- Reside for 12 months out of the United Kingdom
- Cease to be a member of the Methodist Church
- By notice in writing sent or delivered to the secretary* state his/her desire to resign from the Board

*In the Act the “secretary” means “the Secretary of the Conference”.

The Board has agreed procedures for reviewing the contributions members make to its work and also noted that despite the limited circumstances in which members cease to hold office under the Act, there has been a regular turnover of membership during the past ten years. The Board has therefore decided that its previous voluntary agreement about retirement at certain ages was both unnecessary and unenforceable and it has been abandoned.

The Board, which meets at least three times a year, is responsible for all the functions of the TMCP. In practice, much of the work of the Board is discharged through committees and by its staff.

The Board occupies offices at Central Buildings, Manchester which is a Model Trust property used also by the Connexional Team, the Manchester Circuit and the Methodist Centre (a Local Church in the Circuit). The property is managed under a Joint Management Agreement to which the Methodist Council is party. The Agreement continues to remain under review. Connexional managing trustees appointed by the Council are responsible for the area occupied by the Team and the Board.

The Board is served by two committees:

The Executive Committee

There is currently a committee of four members, meeting at least three times a year. The Executive Committee reports to the Board and:

- oversees the management arrangements and Board meetings;
- takes any action on behalf of the Board between meetings;
- reviews the Financial Statements and Annual Report of TMCP;
- considers and approves management accounts; and
- deals with all full trust applications.

The Audit Committee

This is a committee of three members, meeting at least twice a year and reviews:

- the Financial Statements and Annual Report of TMCP, with the external auditors;
- the effectiveness of the financial and other internal control systems with regards to monies and other assets for which TMCP is responsible; and
- the effectiveness of the management of risks.

The committee also:

- advises the TMCP on the appointment of external auditors
- oversees the internal audit process, including planning, scoping and reporting.

Board training

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

Progress in 2012/13

Trust information system

The new system will enable monthly statements to be accessed directly by church, circuit and district treasurers and other authorised persons and will thus be a great improvement on the current annual statements which are distributed mainly via Circuit Superintendents. The system will also be capable of producing summary reports in a format similar to that required by the Charity Commission or in a spreadsheet compatible format, providing useful tools to managing trustees.

Trust information will be updated on a monthly basis by uploading a 'snapshot' from the ProMaster system. Information on the site will be read-only and will not provide a transactional facility, so payment requests will still be dealt with as at present.

The test version is currently being evaluated, with a number of Districts and Circuits volunteering to assist in due course.

The design of the site should mean that it is 'user-friendly' and intuitive, reducing the need for training and guidance. Training may however be provided initially and consideration will be given to the use of video clips in the 'help' section to show people how to access certain functions. The site could be judged as successful if there is a wide uptake and minimal requests for help and guidance.

Legal section review

An external review of the legal team operations took place during 2013 and recommendations are being rolled out in the early part of 2014. The purpose of the review was to undertake an independent, objective assurance and advisory review to improve the legal team operations, in order to assist the legal team in accomplishing their objectives. The outcome recommended an appropriate framework by which the legal team can operate improving the efficiency of risk management, control and governance processes surrounding the legal team. It is hoped that this will have a positive impact on performance and service to the Connexion.

Implementing bench marks and key performance indicators

Both the finance and legal team management are working to ensure that during 2014/15 key performance indicators are determined and made available in respect of basic custodian duties, task by task. Exception reporting will be implemented for managing each section and maintaining standards and productivity.

VAT de-registration

TMCP is continuing to explore the process of de-registration for VAT purposes on the basis that its income may be outside the scope of VAT. Having engaged the services of a VAT Consultant and obtained Counsel's opinion on the matter, the Board is proceeding to Tribunal on this case. The net mandatory gain to the Methodist Church would be substantial.

TMCP Adding Value

TMCP continues to take advantage of its unique position as a body corporate in a number of ways and is always looking for other cost saving opportunities for the Church:-

(i) Land registration

TMCP had an arrangement with Peterborough District Land Registry which began in 2008 and ended 31 August 2010, which gave Districts the chance to register their Methodist Model Trust properties in England and Wales on a voluntary basis for a heavily discounted fee. This was done on a District by District basis, with the circuit officers liaising directly with the Land Registry.

On the whole the Scheme was very successful and the majority of Methodist properties were registered.

(ii) Trust work

TMCP has continued to assist many Local Churches and Circuits to simplify the status of trusts by reducing the number they have to administer. The amalgamation of trusts with similar purposes has provided the managing trustees with a clearer indication of their financial affairs and has allowed them to plan more efficiently for their financial future.

(iii) Data Protection

A review conducted by the Legal Issues Group concluded that it would be beneficial for the Methodist Church in England, Wales and Scotland to move to a single notification with the Information Commissioner.

An application was submitted to the Information Commissioner in February 2012, which resulted in TMCP's recognition as Data Controller for the Methodist Connexion to coordinate the day to day administration as well as handling general enquiries.

(iv) Copyright

The TMCP Board is the corporate body which holds copyright on behalf of the Conference and its subsidiary bodies because copyright is to be held either by an individual person or a corporate legal person. It will be noted that all publications such as the *Constitutional Practice and Discipline of the Methodist Church (CPD)*, *the Minutes of Conference* and *Singing the Faith* and the works held in the Art Collection, to give but a few examples, name TMCP as the holder of the copyright.

However, all management responsibilities relating to these publications and their copyright were declared to be in the hands of the Methodist Council leaving the Board to be the mere holder. The Council delegates to others the power to grant permissions to use copyright material and to set any fees in respect of such use. Any fees paid to the Board for the use of copyright material are held to be used as directed by the Council.

(v) Methodist Schools

As identified in the *Education Commission Report* to the Conference in 2012 contributing to the provision of education is a major and proper part of Christian mission.

As such TMCP's legal team have been instrumental in helping the Connexional Team in agreeing a new form of Trust Deed with the Connexional Team for use with schools that are jointly held with the Church of England. This is part of a project TMCP are working on with the Connexional Team, which will provide a clear picture of the legal position of all of the schools with which the Methodist Church is involved.

It is also anticipated that work will be undertaken along with connexional colleagues to help Circuits and Districts identify their roles and responsibilities with regards to Methodist Schools so that they can be affirmed and supported.

Financial review

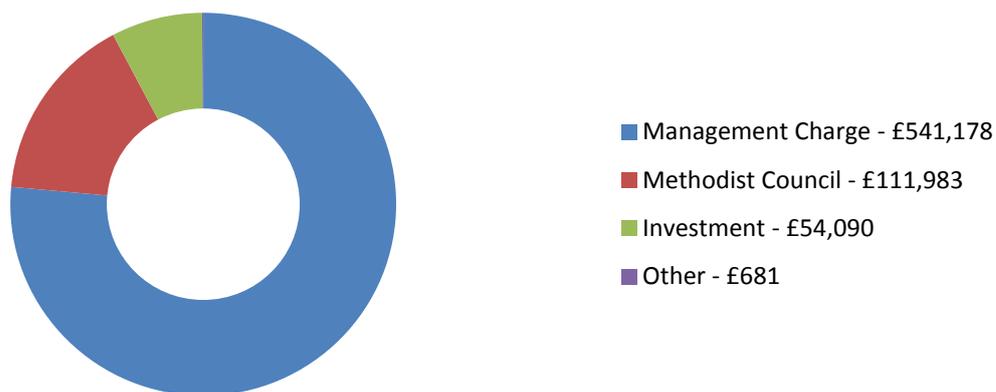
TMCP ended the year to 31 August 2013 with net incoming resources after gains on investment assets of £68,183 (2012: £33,509 net outgoing resources). Total incoming resources for the year were £707,932 whilst total resources expended for the year were £820,879 and this resulted in a net deficit before investment gains of £112,947 (2012: £128,408). This was in line with the budget.

Charitable income

The main sources of charitable income are the management charges, the contribution from the Methodist Council and the dividends arising on funds held with the Central Finance Board (CFB).

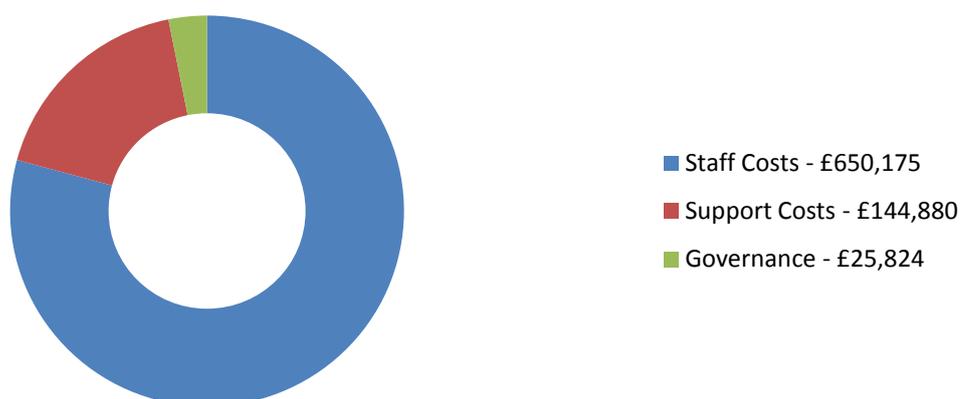
Total charitable income increased by 14.12% to £653,842 (2012: £572,963) primarily due to the increase in the management charge from 0.175% to 0.2%. This increase had been proposed and agreed by the Board in 2011/12 as part of a two-step increase. It was required to ensure future core costs were met out of operational income whilst still utilising an annual drawn-down of £100,000 from reserves. The level of reserves has reduced over recent years and clearly no reliance can be placed on investment gains to mitigate any losses.

Incoming resources for the year to 31 August 2013



Charitable Expenditure

Outgoing resources for the year to 31 August 2013



Utilisation of reserves

	2012/13	2011/12	2010/11	2009/10	2008/09
Opening Balance	£ 1,745,459	£ 1,778,968	£ 1,857,550	£ 1,974,241	£ 2,249,455
Funds added to / (utilised from) reserves in the year	£ 68,183	£ (33,509)	£ (78,582)	£ (116,691)	£ (275,214)
Closing Balance	£ 1,813,642	£ 1,745,459	£ 1,778,968	£ 1,857,550	£ 1,974,241

The above table shows the reduction of reserves over the past five connexional years.

Reserves policy

The Board is keenly aware of the need, not only to secure its viability in the immediate future, but to provide reliable services over the longer term. More specifically, its policy in respect of use of the

Administration Fund is to:

- i. Subsidise the work of the Board and benefit the managing trustees.
- ii. Contribute to the cost of additional services which otherwise would be funded wholly by the Methodist Council or Districts.
- iii. Support and uphold the rights of trustees. The Fund is available for unforeseen circumstances in these litigious days. It provides a safety net should the Board be called upon to meet additional obligations as part of its custodian trusteeship responsibilities.

It is considered prudent to ensure that no dependence is placed upon an annual increase in the Administration Fund which may arise as a result of investment gains.

When the Annual Budget is prepared, the Reserves Policy is reviewed to ensure the appropriate allocation of the Administration Fund for the forthcoming year.

The Board also reviews the level of capital in the Administration Fund annually and makes a judgment as to the level below which it should not fall in case the Board is called upon to meet unforeseen obligations as part of its custodian trusteeship responsibilities.

The Chief Executive and the External Auditors have reviewed the Reserves Policy and through liaison with the Chair of Board, Executive and Audit Committees it is envisaged an updated Reserves Policy will be presented to the Board in the near future.

Investment Policy and review

The Board has agreed investment objectives for each of the trusts for which it is full trustee and reviews annually the criteria for the investment of the Trustees Interest Fund in collaboration with the Methodist Church's in-house investment manager, the 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.

The policy is reviewed annually and the responsibility is delegated in full by the Board to the Executive.

The Board adopted an Ethical Investing Policy on 19 May 2004 which applies to the full trusts for which it has managing trustee responsibility. The policy is reviewed annually. The investment policy for trusts of which TMCP is solely custodian is in the hands of managing trustees.

To ensure that the CFB is working to the highest ethical standards, 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, monitors the activities of the CFB to ensure that it complies with the ethics of the Church.

Risk management and internal controls

Risk management

The Board, through the Executive, regularly reviews the risks to which its operations are subject and

maintains appropriate arrangements to mitigate those risks. The primary risks are loss of premises, loss of data, loss of key staff, fraud and the volatility of the current investment market.

The Audit Committee reviews and assists in the continued development of a refined Risk Matrix. A full statement of the Risk Management Policy is available on request.

The Risk Management Policy is designed to identify and analyse operational and other risks facing the organisation and, where at unacceptable levels, to take steps to mitigate the risks. The Board currently maintains a corporate risk register broken down under the following headers:

- Financial
- People
- Stakeholders
- Operational
- Compliance – Legal & Regulatory

Internal controls

The principal features of the systems of financial control include:

- An annual planning and budgeting process;
- An audit committee (see above for details of its terms of reference);
- Delegation of authority to spend within clearly defined limits;
- Segregation of duties; and
- Written policies and procedures which describe the operational guidelines to be followed by all members of staff.

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

Related Parties

The various parts of the legal framework within which the Methodist Church is governed allow for the setting up of separate bodies all reporting into the Methodist Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

- a) The Methodist Council, through the Connexional Team up until recently provided the Board with services in regard to personnel, payroll and other administrative services used in common with the Resourcing Mission Office in Manchester. Given the closure of the Resourcing Mission office, as decided by the 2011 Conference, there are changes to this arrangement as a direct result of the decision and, as a consequence, only Payroll services are now used in common.
- b) The CFB was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The CFB has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the CFB to discuss matters of mutual interest. The Chief Executive and the Deputy Chair are currently members of the CFB Council.

Details of transactions occurring during the year and amounts owing by or to the related party (the Methodist Council) at 31 August 2013 are given as appropriate.

2013

	Income from related party	Purchases from related party (incl VAT)	Amount owed by/ (to) related party (incl VAT)
Methodist Council	£ 128,042	£ 3,006	£ 26,020

2012

	Income from related party	Purchases from related party (incl VAT)	Amount owed by/ (to) related party (incl VAT)
Methodist Council	£ 136,854	£ 15,653	£ 4,983

In addition to this, the related party transactions with the CFB include the operations in the administration of the Board's custodian trustee responsibility.

Other related party matters

Three Trustees of the Board, the Revd Kenneth Street, the Revd James Booth and Alan Pimlott are directors of Methodist Chapel Aid Ltd. These directors have their shareholdings restricted by that Company's Articles of Association by virtue of their membership of the Board of The TMCP.

The Board, as full trustee of the MCA Charitable Trust, holds 29.2% (2012: 29.2%) of the share capital of that Company. It holds these shares for the charitable purposes of the Methodist Church generally.

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 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 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 2011, the Charity (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice Accounting and Reporting by Charities issued in 2005 (updated in 2008). The Trustees 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.

Re-appointment of auditor

A resolution proposing the re-appointment of Beever and Struthers as auditor to the charity will be put to the Board. Beever and Struthers have indicated their willingness to continue in office.



Revd Kenneth E Street
Chair of Trustees

Date: 6th February 2014

INDEPENDENT AUDITOR'S REPORT TO THE BOARD

We have audited the financial statements of the Trustees for Methodist Church Purposes for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet and notes 1-14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 the Board and Auditors

As described in the Statement of the Board's Responsibilities on page 13, the Board is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2013 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

Beever and Struthers

BEEVER & STRUTHERS
Chartered Accountants &
Statutory Auditor

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

6 February 2014

Statement of Financial Activities for the year ended 31 August 2013

	Note	Unrestricted Funds 2013 £	Unrestricted Funds 2012 £
Incoming Resources			
Incoming resources from generated funds	3 (a)	54,090	59,695
Incoming resources from charitable activities	3 (b)	<u>653,842</u>	<u>572,963</u>
Total Incoming Resources		<u>707,932</u>	<u>632,658</u>
Resources Expended			
Charitable Activities	4(a) & (b)	795,055	739,375
Governance Costs	4(c)	<u>25,824</u>	<u>21,691</u>
Total Resources Expended		<u>820,879</u>	<u>761,066</u>
Net outgoing resources		(112,947)	(128,408)
Other Recognised Gains and Losses			
Gains on investment assets	7	<u>181,130</u>	<u>94,899</u>
Net movement in funds	10	68,183	(33,509)
Reconciliation of Funds			
Fund balances brought forward at 1 st September		1,745,459	1,778,968
		<hr/>	<hr/>
Fund balances carried forward 31 August	10	<u>1,813,642</u>	<u>1,745,459</u>

The above results all relate to continuing operations.

All recognised gains and losses are included in this statement.

The notes form an integral part of these accounts.

Balance Sheet as at 31 August 2013

	Note	2013 £	2012 £
Fixed Assets			
Tangible fixed assets	6	-	-
Investments	7	<u>1,794,749</u>	<u>1,704,868</u>
Total Fixed Assets		<u>1,794,749</u>	<u>1,704,868</u>
Current Assets			
Debtors and prepayments	8	<u>46,053</u>	20,063
Cash in hand and at bank		<u>15,902</u>	<u>42,507</u>
Total Current Assets		<u>61,955</u>	<u>62,570</u>
Creditors			
Amounts falling due within one year	9	<u>(43,062)</u>	<u>(21,979)</u>
Net Current Assets		<u>18,893</u>	<u>40,591</u>
Net Assets		<u>1,813,642</u>	<u>1,745,459</u>
The Funds of the Charity			
Unrestricted income funds	10	<u>1,813,642</u>	<u>1,745,459</u>
Total Charity Funds		<u>1,813,642</u>	<u>1,745,459</u>

Approved by the Board on: 6 February 2014 and signed on its behalf by



Board Member



Board Member

The notes form an integral part of these accounts.

Notes to the accounts for the year ended 31 August 2013

1. Trustees for Methodist Church Purposes (The Board)

These accounts reflect only the state of affairs and income and expenditure of the Board in relation to its own direct affairs. The Board also acts as either custodian trustee in respect of all property held on model trust or full trustee of a number of other trusts.

These accounts do not include investments of some £337 million (2012: £325 million) at market value held by the Board in its capacity as trustee or custodian trustee. Of the £337 million, approximately £5 million is in the form of trusts over which the Board has full discretion in accordance with the objects of the trusts.

2. Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments described in 2 (e), and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice *Accounting and Reporting by Charities issued in 2005 (updated in 2008)*, the Charity (Accounts and Reports) Regulations 2008 and the Charities Act 2011.

(b) Cash flow statement

The Board is similar to a small company and in accordance with FRS1 has not prepared a cash flow statement.

(c) Tangible fixed assets

Fixed assets purchased in the year costing over £5,000 are capitalised.

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

The rate of depreciation used during the year is as follows:

Computer equipment 20% on straight line basis

(d) Taxation

The TMCP is exempt from Income and Corporation Tax because of its charitable status.

(e) Investments

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

(f) Incoming resources

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

(g) 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 exists.

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

(h) Pension Costs

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

3. Incoming Resources

3(a) Incoming Resources from Generated funds

	2013	2012
	£	£
Deposit Interest	3,298	1,893
Dividends	50,792	57,802
	<hr/> 54,090	<hr/> 59,695

3(b) Incoming Resources from Charitable activities

	2013	2012
	£	£
Management Charge	541,178	458,941
Methodist Council Contribution	111,983	112,995
Legal income and recovery of bank charges	681	1,027
	<hr/> 653,842	<hr/> 572,963

4. Resources Expended

4(a) Analysis of Resources Expended

	Staff costs £	Support costs £	2013 £	2012 £
Charitable Activities	650,175	144,880	795,055	739,375
Governance costs (note 4(c))	-	25,824	25,824	21,691
	<u>650,175</u>	<u>170,704</u>	<u>820,879</u>	<u>761,066</u>

4(b) Staff Costs

	2013 £	2012 £
Wages, Salaries and Agency costs	520,578	496,920
Social Security costs	54,422	51,487
Pension & PHI costs	75,175	69,087
	<u>650,175</u>	<u>617,494</u>
Average number of employees	18	17

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

4(c) Governance Costs

	2013 £	2012 £
Trustees' Expenses (note 13)	807	948
Trustee Consultancy	1,595	2,511
Committee Expenses (sundry costs)	1,056	435
Professional and Legal fees	-	5,069
Auditors Remuneration:		
In their capacity as external auditors	6,455	6,503
Charges for other services: Internal audit	10,919	2,700
Consultancy	3,679	-
HR services	1,313	3,525
	<u>25,824</u>	<u>21,691</u>

5. Net movement in funds for the year

	2013 £	2012 £
Net movement in funds for the year is stated after charging:- Depreciation	<u>-</u>	<u>-</u>

6. Tangible Fixed Assets

	Computer Equipment £	Total £
Cost		
At 1September 2012 & 31August 2013	<u>47,731</u>	<u>47,731</u>
Depreciation		
At 1September 2012 & 31 August 2013	<u>47,731</u>	<u>47,731</u>
Net Book Values		
At 1September 2012 & 31 August 2013	<u>-</u>	<u>-</u>

7. Investments

7(a) Movement on Investments

	2013 £	2012 £
Market value 1 September	1,704,868	1,821,196
Disposal proceeds	(156,995)	(200,030)
Acquisitions	3,888	-
Net Transfers to/(from) Trustees Interest Fund	61,858	(11,197)
Net Investment gains	181,130	94,899
	<u>1,794,749</u>	<u>1,704,868</u>

7(b) Analysis of Investments

Market value is that provided by the CFB of the Methodist Church

Central Finance Board	2013 Market Value £	2012 Market Value £
Trustees Interest Fund	69,717	7,859
Managed Mixed Fund	1,850	-
Overseas Investment Fund	341,336	289,287
UK Equity Fund	968,031	977,197
Short Fixed Interest Fund	317,376	330,082
Property Investment Fund	96,439	100,443
	<u>1,794,749</u>	<u>1,704,868</u>

8. Debtors

	2013	2012
	£	£
Debtors and prepayments	12,629	10,042
Amounts due from related party	30,530	6,236
VAT	2,894	3,785
	<u>46,053</u>	<u>20,063</u>

9. Creditors

	2013	2012
	£	£
Trade creditors	2,359	1,721
Amounts due to related party	4,510	1,253
Accruals	29,954	19,005
VAT	6,239	-
	<u>43,062</u>	<u>21,979</u>

10. Unrestricted - Administration Fund

	2013	2012
	£	£
Accumulated fund at 1 September	1,745,459	1,778,968
Net movement in funds	68,183	(33,509)
	<u>1,813,642</u>	<u>1,745,459</u>

11. Unrestricted funds

All funds are unrestricted. That is, they are expendable at the discretion of the Board in furtherance of the objects of the Trust.

12. Pension costs

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ("the Scheme"), a defined benefit scheme.

FRS17 Disclosures

A valuation for the purposes of this disclosure was carried out at 31 August 2013 by an independent actuary. The major assumptions used by the actuary were:

	2013	2012
	% pa	% pa
Discount rate	4.6	4.4
Inflation rate assumed	3.6	2.9
CPI rate assumed	2.7	2.0

Rate of increase in pensionable earnings	3.7	3.0
Rate of increase in pension payments	2.2/3.4/5.0	2.0/2.8/5.0

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

	31 August 2013	31 August 2012
	%	%
Equities	62	62
Gilts	6	6
Corporate bonds	18	18
Index linked bonds	7	7
Property	1	1
Cash	6	6

The following amounts at 31 August 2013 were measured in accordance with the requirements of FRS17.

	£ million
Total market value of assets	45.5
Present value of Scheme liabilities	<u>44.1</u>
Net Pension Asset	<u>1.4</u>

The expected rate of return on the Scheme assets as at 31 August 2013 (for the following year) amounts to 5.9% pa.

The Scheme operated by the Methodist Church is a defined benefit scheme. However, the Board is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Board. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer. Approximately 4.8% of the active membership of the Scheme are employees of the Board.

The total employer contributions paid to the Scheme during the year were £1.588m (2012, £1.552m), of which the Board's contributions totalled £69,209 (2012, £65,096). A full actuarial valuation of the Scheme was carried out at 1 September 2011 by the Scheme Actuary. The valuation disclosed a past service deficit of £2.2m. The Scheme Actuary recommended a contribution rate of 24.1% of pensionable earnings for the employers with 8% of pensionable earnings from members, which is intended to meet the cost of benefits accruing to members from 1 September 2011 and to eliminate the past service deficit.

13. Transactions with Members of the Board and Connected Persons

Under the requirements of Accounting by Charities - Statement of Recommended Practice 2005, it is necessary to disclose details of certain transactions with members and connected persons.

Nature of transaction	2013 £	2012 £	2013 No	2012 No
Travel expenses reimbursed	807	947	14	14
Consultancy	1,595	2,511	1	1

14. Landfill Grants

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

Nature of transaction	2013 £	2012 £	2013 No	2012 No
Grants received	119,684	176,393	9	16
Grants paid	114,027	132,822	11	22

These amounts are not included in these financial statements.

SECTION B

General Report – an update on activities from 1 September 2013

During the current connexional year, the Board has met on 10 October 2013, 6 February 2014 and 7 May 2014. The Executive met three times during the year on 21 November 2013, 13 March 2014 and 26 June 2014 and considered all operational and strategic aspects of the organisation's work. The Audit Committee met on 9 January 2014 to consider the Financial Statements, management accounts and risk matrix and will meet again on 15 July 2014 to consider the ongoing Internal Audit Reports.

The Executive Committee works alongside the Chief Executive to finalise key projects and internal reviews.

TMCP aims to manage its limited resources effectively. Both the legal and finance sections are small teams of concentrated expertise servicing the entire Connexion. At the start of 2014, following an independent review of the legal section, recommendations made in respect of its structure, management and reporting have been rolled out. It is anticipated that this will assist the Board in ensuring there is always an effective legal section in operation at TMCP.

***RESOLUTION

22/1. The Conference adopted the Report & Financial Statements for the year ended 31 August 2013 and the Report on Activities from 1 September 2013.

SECTION C

Membership of the Board

The Board is required to report to the Conference if any members have resigned, died, become bankrupt or made an assignment with their creditors, resided outside the United Kingdom for more than 12 months, refused or become unfit to act or ceased to be members of the Methodist Church so that new appointments can be made by the Conference on the nomination of the remaining members of the Board.

Resignations:

The Revd James Booth resigned at the close of the Board on 7 May 2014 and his fellow members expressed thanks to him for his years of service and the contribution he had made to our work both from his legal background and as a Chair of the Liverpool District.

Board Membership as at 1 June 2014

*	Mr Graham Danbury
The Revd Dr Keith Davies	Mr Ralph Dransfield
The Revd Paul Flowers	Dr Ian Harrison
The Revd David Gamble	Mr John Jefferson
The Revd Doreen C Hare	Mr David Moore
The Revd Jennifer A Impey	Mr Malcolm Pearson
The Revd Gareth J Powell	Mr G Alan Pimlott
The Revd Kenneth E Street (<i>Chair</i>)	Mr Terry Wynn (<i>Deputy Chair</i>)

Nomination for appointment to the Board

Further to Section 4(3) of the Methodist Church Act 1939 the Board nominates the Revd Gillian M Newton BA who is currently Superintendent of the Bramhall & Wythenshawe Circuit 19/15 and is designated as Chair of the Sheffield District from September 2014.

***RESOLUTION

22/2. The Conference appointed the Revd Gillian M Newton as a member of the Board of the Trustees for Methodist Church Purposes.

SECTION D

Declarations under the Methodist Church Trust Deed 1939

No Declarations