

## 25. Trustees for Methodist Church Purposes

Contact Name and Details	The Revd Dr Keith Davies Chair of the TMCP Board Email: kjs.davies63@btopenworld.com
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## SECTION A – Trustees’ Report

### Office and Advisers

#### Office

Central Buildings  
Oldham Street  
Manchester  
M1 1JQ

#### Bankers

HSBC Plc  
Belgravia Branch  
The Peak  
333 Vauxhall Bridge Road  
London  
SW1V 1EJ

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 A Booth (*resigned 7<sup>th</sup> May 2014*)  
The Revd Dr Keith Davies (**Chair designate**)  
The Revd Paul Flowers (Suspended)  
The Revd David Gamble  
The Revd Doreen C Hare  
The Revd Jennifer A Impey  
The Revd Gillian M Newton (*appointed 2014*)  
The Revd Gareth J Powell  
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**)

The Revd Gillian M Newton BA was appointed by the Board of Trustees for Methodist Church Purposes at the July 2014 Methodist Conference to comply with Section 4(3) of the Methodist Church Act 1939 (under which the Board is constituted) provides “that the Board shall consist of ministers and laymen (sic) in equal numbers. The following Board member resigned during the last connexional year:- The Revd James A Booth.

### Staff Membership

Martin Attfield  
Laura Carnall  
Brian Couch  
Jane Dale (commenced March 2014)  
Ria Delves (commenced Sept 2013)  
Amanda Flynn  
Anne Goodman (**Chief Executive**)  
Jatinder Kandola (resigned April 2014)  
Abbe Lewis (commenced March 2014)  
Kate Mahomed

Hayley Meakin  
Lena Ocran  
David Phillips  
Pauline Price  
Kathrin Rosenfeld  
Sven Sandal  
Robert Smith (commenced Sept 2013)  
Simon Speechley  
Janet Street  
Caroline Walkin

## **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 4,875 or so Local Churches, 390 Circuits and 31 Districts, together with a number of properties used for connexional purposes.

The Board is also custodian of the funds held in 7,062 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. For a number of the trusts, the purposes for which grants may be made are specified in the trust documents, and for 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 custodian trustee in respect of all property held on the Model Trusts and 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. The Trustees for Methodist Church Purposes applied and became a registered charity on 15 June 2010 (1136358 – “Trustees for Methodist Church Purposes”).

The Board is a corporate body 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 creditors
- Refuse or be unfit to act or be incapable of acting as a member of the Board
- Reside for twelve months outside 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 desire to resign from the Board

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

The Board, which meets at least 3 times a year, is responsible for all the functions of the Trustees for Methodist Church Purposes. In practice, much of the work of the Board is discharged through committees and by 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. Connexional managing trustees appointed by the Council are responsible for the area occupied by the Board and the Connexional Team.

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 Trustees for Methodist Church Purposes 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.

## **On-Going Developments**

### **Legal Section Reorganisation**

Following a full review, reorganisation of the Legal Section has commenced and the new management structure has been implemented.

There is a division of duties which will provide sufficient management resources to adequately supervise operational matters and also complete a review of internal processes and guidance notes etc. The Board is very happy to announce that Laura Carnall has been appointed as Legal Operations Manager and Andrew Maxfield will commence his role as Legal Systems Manager in November 2014.

### **Implementation of Benchmarks and Key Performance Indicators**

As part of the review of internal processes, it is the aim of the Board to identify and communicate key performance indicators to managing trustees and any other relevant stakeholder. In the short term this process may outline a shortfall in internal resources, but more importantly it will improve communication and the information trail between all parties. The TMCP Board is committed to developing an integrated approach.

### **De-Registration from VAT**

The Board was successful in applying to HM Revenue & Customs to de-register for VAT purposes, this took effect on 1 June 2014. HMRC has now quantified the amount due in respect of the claim in overpayment of VAT and has agreed that the associated costs relating to the application are payable. The amount due is currently being negotiated.

### **Trust Information System**

The Trust Information System (TIS) went live in July 2014. It has been very positively received and

the format and structure appears to suit all users. After adding Superintendents and key District users initially, the user database has grown from around 700 users to over 1,000, indicating that Superintendents are starting to add local users as needed.

We will be continuing to promote the TIS throughout the coming year, via forums such as the District Property Secretary group, District Treasurers meeting and any Superintendents training events we attend. We will also be sending emails occasionally to the user list to alert them to any changes, updates or new information added to the TIS and to remind Superintendents of their role in coordinating and managing their circuit users.

### **Grant Making Applications**

The Executive Committee has reviewed its processes with regard to making grants from the funds for which the Board members are full trustees and their promotion. The Committee has been in liaison with the Connexional Allowances Committee to make the procedures transparent and ensure an increased take up of funds and a broader base of beneficiaries.

### **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) Trust Work**

The Board and the Connexional Team continue to work together to review and provide guidance on trusts where applications may be made to legitimately release funds from any restrictions placed on them.

#### **(ii) Data Protection**

Several years ago it was determined that it would be beneficial for the Methodist Church in England, Wales and Scotland to move to a single notification with the Information Commissioner.

The Information Commissioner recognises TMCP as Data Controller for the Methodist Connexion to co-ordinate the day to day administration as well as handling general enquiries.

The Board is in the process of developing and rolling out an information leaflet on this complex matter.

#### **(iii) 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 the 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.

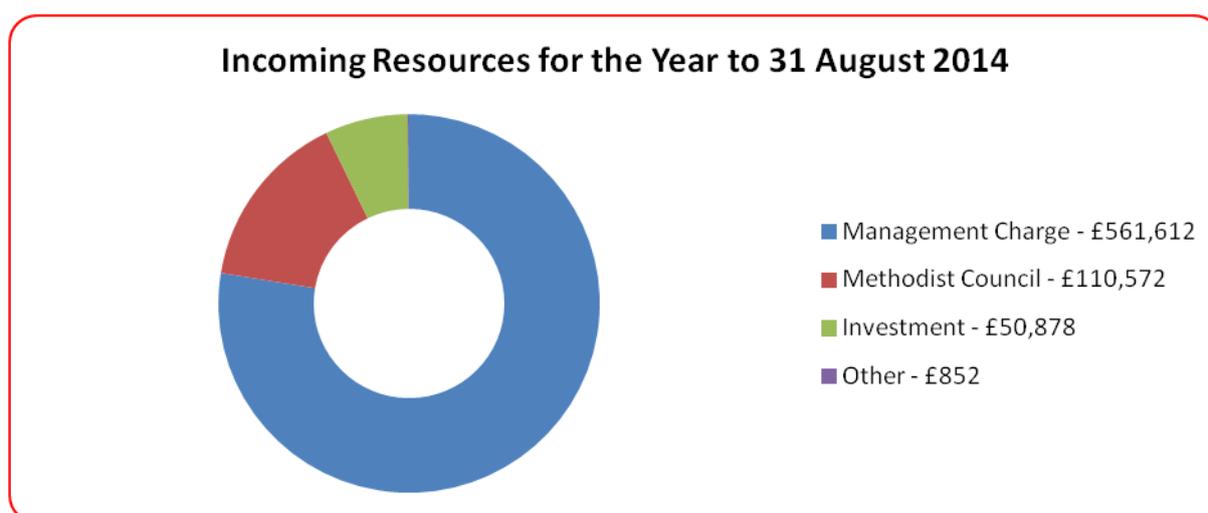
## Financial Review

TMCP ended the year to 31 August 2014 with net incoming resources after gains on investment assets and exceptional items of £369,472 (2013: £68,183 net incoming resources). Total incoming resources for the year were £723,914, whilst total resources expended for the year were £935,246, leading to a net operating deficit of £211,332. The exceptional items which totalled £464,799 related to the VAT de-registration referred to in the On-Going Developments section above and an unrecovered banking fraud. In addition there were gains on investment assets of £116,005. The Board utilises an annual draw-down of £100,000 from reserves to supplement operational income, which goes some way to covering the operating deficit.

## 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.

Income from charitable activities increased by 2.935% to £673,036 (2013: £653,842). This was due to an increase in value of custodial funds of £12,000,000.



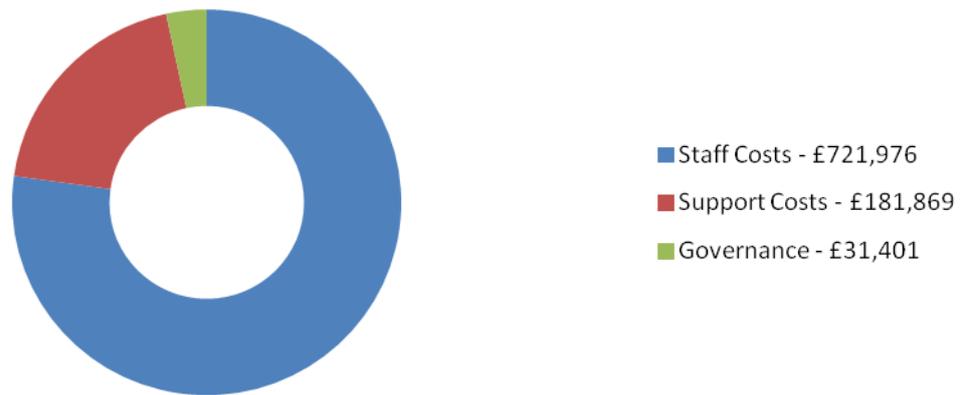
## Charitable Expenditure

The main categories of charitable expenditure are staffing (80%) and support costs (20%). Resources expended in respect of charitable activities increased by 13.68% to £903,845 (2013: £795,055). This was due to changes in the staff team and investment in technology resources.

Over the last five years there has been an aggregate operating deficit of £836,173. This is before adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has increased by £208,873.

The Board keeps a continual watch on the level of staffing required to fulfil the expectations of the Connexion and there has been a need to strengthen our resources in this regard which has contributed to our ongoing deficits.

## Outgoing Resources for the Year to 31 August 2014



### Utilisation of Reserves

	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Opening Balance</b>	<b>£ 1,813,642</b>	£ 1,745,459	£ 1,778,968	£ 1,857,550	£ 1,974,241
<b>Funds added to / (utilised from) reserves in the year</b>	<b>£ 369,472</b>	£ 68,183	£ (33,509)	£ (78,582)	£ (116,691)
<b>Closing Balance</b>	<b>£ 2,183,114</b>	<b>£ 1,813,642</b>	<b>£ 1,745,459</b>	<b>£ 1,778,968</b>	<b>£ 1,857,550</b>

The above table shows the change in 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.

In 2014 the Chief Executive and the External Auditors have reviewed and updated the Reserves policy which has now been presented to and agreed by the Board.

## **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 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.

The policy is reviewed annually and the responsibility for approval is delegated by the Board to the Executive Committee.

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 Committee, 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 wherever possible; 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 to 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 provides the Board with services in regard to payroll and pensions. The Board provides the Support Services in Manchester with accommodation and office services.
- b) The Central Finance Board of the Methodist Church (CFB) was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The CFB has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the CFB to discuss matters of mutual interest. 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 2014 are given as appropriate.

	<b>2014</b>		
	<b>Income from related party</b>	<b>Purchases from related party (incl VAT)</b>	<b>Amount owed by / (to) related party (incl VAT)</b>
Methodist Council	£ 128,751	£ 3,006	£ 7,143

	<b>2013</b>		
	<b>Income from related party</b>	<b>Purchases from related party (incl VAT)</b>	<b>Amount owed by / (to) related party (incl VAT)</b>
Methodist Council	£ 128,042	£ 3,006	£ 26,020

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

## 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 the Company's Articles of Association by virtue of their membership of the Board of The Trustees for Methodist Church Purposes.

The Board, as full trustee of the MCA Charitable Trust, holds 29.2% (2013: 29.2%) of the share capital of the 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 and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and 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.

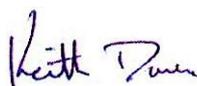
The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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.

**Mr Terry Wynn**  
Deputy Chair of Trustees



**Date: 5 February 2015**

## **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 2014 which comprise the Statement of Financial Activities, the Balance Sheet and notes 1-15. 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 Trustees' Responsibilities, 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 Financial Reporting Council's (FRC'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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

**5 February 2015**

Beever and Struthers is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## Statement of Financial Activities for the year ended 31 August 2014

	Note	Unrestricted Funds 2014 £	Unrestricted Funds 2013 £
<b>Incoming Resources</b>			
Incoming resources from generated funds	3 (a)	<b>50,878</b>	54,090
Incoming resources from charitable activities	3 (b)	<b>673,036</b>	653,842
<b>Total Incoming Resources</b>		<b>723,914</b>	707,932
<b>Resources Expended</b>			
Charitable Activities	4(a) & (b)	<b>903,845</b>	795,055
Governance Costs	4(c)	<b>31,401</b>	25,824
<b>Total Resources Expended</b>		<b>935,246</b>	820,879
<b>Net outgoing resources before Exceptional items</b>		<b>(211,332)</b>	(112,947)
<b>Exceptional Items</b>	5	<b>464,799</b>	-
<b>Net outgoing resources after Exceptional items</b>		<b>253,467</b>	(112,947)
<b>Other Recognised Gains and Losses</b>			
Gains on investment assets	8	<b>116,005</b>	181,130
<b>Net movement in funds</b>	11	<b>369,472</b>	68,183
<b>Reconciliation of Funds</b>			
Fund balances brought forward at 1 September		<b>1,813,642</b>	1,745,459
Fund balances carried forward 31 August	11	<b>2,183,114</b>	1,813,642

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 2014

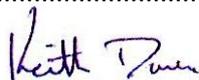
	Note	2014 £	2013 £
<b>Fixed Assets</b>			
Tangible fixed assets	7	8,113	-
Investments	8	<u>1,641,552</u>	<u>1,794,749</u>
<b>Total Fixed Assets</b>		<u>1,649,665</u>	<u>1,794,749</u>
<b>Current Assets</b>			
Debtors and prepayments	9	569,490	46,053
Cash in hand and at bank		<u>37,902</u>	<u>15,902</u>
<b>Total current assets</b>		<u>607,392</u>	<u>61,955</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Amounts falling due within one year	10	<u>(73,943)</u>	<u>(43,062)</u>
<b>Net Current Assets</b>		<u>533,449</u>	<u>18,893</u>
<b>Net Assets</b>		<u>2,183,114</u>	<u>1,813,642</u>
<b>The Funds of the Charity</b>			
Unrestricted income funds	11	<u>2,183,114</u>	<u>1,813,642</u>
<b>Total Charity Funds</b>		<u>2,183,114</u>	<u>1,813,642</u>

Approved by the Board on: 5 February 2015 and signed on its behalf by



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Board Member



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Board Member

The notes form an integral part of these accounts.

## Notes to the Accounts for the Year Ended 31 August 2014

### 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 £343 million (2013: £337 million) at market value held by the Board in its capacity as trustee or custodian trustee. Of the £343 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 33.3% on straight line basis

#### (d) Taxation

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

#### (e) Investments

Investments are stated at the market value provided by the Central Finance Board of the Methodist Church. The net gains / (losses) on the revaluation of the investments are shown in note 8a.

#### (f) Incoming Resources

- Voluntary income, including donations, gifts and legacies, are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Dividends received from the Central Finance Board are recorded on a cash basis.
- Interest from 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 its assets and are primarily associated with constitutional and statutory requirements and include internal and external audit and trustees' expenses.
- All amounts are stated net of Value Added Tax.

**(h) Pension Costs**

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

**3. Incoming Resources**

**3(a) Incoming Resources from Generated funds**

	<b>2014</b>	2013
	£	£
Deposit Interest	<b>1,387</b>	3,298
Dividends	<b>49,491</b>	50,792
	<b>50,878</b>	54,090

**3(b) Incoming Resources from Charitable activities**

	<b>2014</b>	2013
	£	£
Management Charge	<b>561,612</b>	541,178
Methodist Council Contribution	<b>110,572</b>	111,983
Legal income and recovery of bank charges	<b>852</b>	681
	<b>673,036</b>	653,842

#### 4. Resources Expended

##### 4(a) Analysis of Resources Expended

	Staff costs £	Support costs £	2014 £	2013 £
Charitable Activities	721,976	181,869	<b>903,845</b>	795,055
Governance costs (note 4(c))	-	31,401	<b>31,401</b>	25,824
	<u>721,976</u>	<u>213,270</u>	<u><b>935,246</b></u>	<u>820,879</u>

##### 4(b) Staff Costs

	2014 £	2013 £
Wages, Salaries and Agency costs	<b>592,747</b>	520,578
Social Security costs	<b>56,171</b>	54,422
Pension & PHI costs	<b>73,058</b>	75,175
	<u><b>721,976</b></u>	<u>650,175</u>
Average number of employees	<b>17</b>	18

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

##### 4(c) Governance Costs

	2014 £	2013 £
Trustees Expenses (note 14)	<b>993</b>	807
Trustee Consultancy	-	1,595
Committee Expenses (sundry costs)	<b>625</b>	1,056
Auditors Remuneration:		
In their capacity as external auditors	<b>7,862</b>	6,455
Charges for other services: Internal audit	<b>13,358</b>	10,919
Consultancy	-	3,679
HR services	<b>8,563</b>	1,313
	<u><b>31,401</b></u>	<u>25,824</u>

#### 5. Exceptional items

	2014 £	2013 £
Anticipated return of VAT following de-registration	504,614	-
Banking fraud	(39,815)	-
	<u><b>464,799</b></u>	<u>-</u>

#### 6. Net movement in funds for the year

	2014 £	2013 £
Net movement in funds for the year is stated after charging:-		
Depreciation	<u><b>713</b></u>	<u>-</u>

## 7. Tangible Fixed Assets

	Computer Equipment £	Total £
<b>Cost</b>		
At 1 September 2013	47,731	47,731
Additions	8,826	8,826
<b>At 31 August 2014</b>	<u>56,557</u>	<u>56,557</u>
<b>Depreciation</b>		
At 1 September 2013	47,731	47,731
Charge for year	713	713
<b>At 31 August 2014</b>	<u>48,444</u>	<u>48,444</u>
<b>Net Book Values</b>		
At 31 August 2013	-	-
<b>At 31 August 2014</b>	<u>8,113</u>	<u>8,113</u>

## 8. Investments

### 8(a) Movement on Investments

	2014 £	2013 £
Market value 1 September	1,794,749	1,704,868
Disposal proceeds	(201,977)	(156,995)
Acquisitions	-	3,888
Net Transfers to/(from) Trustees Interest Fund	(67,225)	61,858
Net Investment gains	116,005	181,130
	<u>1,641,552</u>	<u>1,794,749</u>
Market value at 31 August	<u>1,641,552</u>	<u>1,794,749</u>

### 8(b) Analysis of Investments

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

	2014 Market Value £	2013 Market Value £
<b>Central Finance Board</b>		
Trustees Interest Fund	2,492	69,717
Managed Mixed Fund	-	1,850
Overseas Investment Fund	380,541	341,336
UK Equity Fund	839,089	968,031
Short Fixed Interest Fund	317,652	317,376
Property Investment Fund	101,778	96,439
	<u>1,641,552</u>	<u>1,794,749</u>

## 9. Debtors

	2014	2013
	£	£
Debtors and prepayments	54,727	12,629
Amounts due from related party	10,149	30,530
VAT	504,614	2,894
	<u>569,490</u>	<u>46,053</u>

## 10. Creditors

	2014	2013
	£	£
Trade creditors	39,300	2,359
Amounts due to related party	3,006	4,510
Accruals	29,632	29,954
VAT	2,005	6,239
	<u>73,943</u>	<u>43,062</u>

## 11. Unrestricted - Administration Fund

	2014	2013
	£	£
Accumulated fund at 1 September	1,813,642	1,745,459
Net movement in funds	369,472	68,183
	<u>2,183,114</u>	<u>1,813,642</u>

## 12. 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.

## 13. 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 2014 by an independent actuary. The major assumptions used by the actuary were:-

	2014	2013
	% pa	% pa
Discount rate	3.8	4.6
Inflation rate assumed	3.4	3.6
CPI rate assumed	2.5	2.7
Rate of increase in pensionable earnings	3.5	3.7
Rate of increase in pension payments	2.2/3.3/5.0	2.2/3.4/5.0

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

	<b>31 August 2014</b>	<b>31 August 2013</b>
	%	%
Equities	60	62
Gilts	6	6
Corporate bonds	18	18
Index linked bonds	7	7
Property	5	1
Cash	4	6

The following amounts at 31 August 2014 were measured in accordance with the requirements of FRS17.

	<b>£ million</b>
Total market value of assets	51.0
Present value of scheme liabilities	<u>54.5</u>
Net Pension Liability	<u>(3.5)</u>

The expected rate of return on the Scheme assets as at 31 August 2014 (for the following year) amounts to 5.5% 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 5.6% of the active membership of the Scheme are employees of the Board.

The total employer contributions paid to the Scheme during the year were £1,628,000 (2013, £1,588,000), of which the Board's contributions totalled £67,560 (2013, £69,209). 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 £2,200,000. 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.

#### **14. 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.

<b>Nature of transaction</b>	<b>2014</b>	2013	<b>2014</b>	2013
	<b>£</b>	£	<b>No</b>	No
Travel expenses reimbursed	<b>993</b>	807	<b>9</b>	14
Consultancy	-	1,595	-	1

## 15. Landfill Grants

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

<b>Nature of transaction</b>	<b>2014</b> £	2013 £	<b>2014</b> No	2013 No
Grants received	<b>170,111</b>	119,684	<b>24</b>	9
Grants paid	<b>194,825</b>	114,027	<b>30</b>	11

These amounts are not included in these financial statements.

**The following sections were approved on behalf of the Board and signed at its direction (Resolution 14, Board Meeting 5 February 2015)**

## SECTION B

### B. General Report – an update on activities from 1 September 2014

During the current connexional year, the Board has met on 2 October 2014 and 5 February 2015 and will meet on 7 May 2015. The Executive Committee has met on 20 November 2014 and 5 March 2015 and will meet on 18 June 2015. This Committee considers all operational and strategic aspects of the organisation's work. The Audit Committee met on 9 January 2015 to consider the Financial Statements, management accounts and risk matrix and will meet again on 17 July 2015 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.

The Board recognise that there have been many changes and challenges across the Connexion in recent years, such as the introduction of the Property Consents system, general organisational developments and a much greater number of property transactions, queries and more demand on the time and effort of a diminishing number of valued volunteers.

Following a period of internal staffing challenges and the need to address the effect of all the aforementioned changes, the TMCP Executive and CEO are now in the advanced stages of implementing recommended changes within its legal section in respect of both its internal procedures and its communication strategy.

There will be significant changes in management of the work and also in the scope of management information provided which will positively impact on the work of managing trustees and connexional officers.

There remains a fairly widespread ignorance about the role of TMCP and a communication strategy will tackle this issue as well as working on matching expectations with service delivery.

The Board wishes to recognise the professionalism, expertise and commitment of the team and looks forward to providing a framework which will highlight this to the Connexion.

### \*\*\*RESOLUTION

**25/1. The Conference adopted the Report and Financial Statements for the year ended 31 August 2014 and the Report on Activities from 1 September 2014.**

## SECTION C

### 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 twelve 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.

#### Changes in Office:

The Revd Kenneth E Street will step down as Chair of the Board on 7 May 2015 and the Revd Dr Keith Davies will be appointed at that time for a period of five years from 2015 to 2020. Kenneth has devoted a great deal of his time steering the organisation. His knowledge and expertise have proven invaluable and potentially irreplaceable. The Board are so very grateful for all he has done over the years and value his continued contribution as he remains on the Board.

#### Resignations:

Mr Terry Wynn will resign at the close of the Board on 7 May 2015. As a member of the Executive Committee Terry Wynn has worked closely with the staff and particularly supported the Chief Executive and senior management team and the Board and all the staff are extremely grateful for the contributions he has made over the period of his service.

#### **Board Membership as at 5 February 2015**

The Revd Dr Keith Davies	Mr Graham Danbury
The Revd Paul Flowers*	Mr Ralph Dransfield
The Revd David Gamble	Dr Ian Harrison
The Revd Doreen C Hare	Mr John Jefferson
The Revd Jennifer A Impey	Mr David Moore
The Revd Gill Newton	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> )

\*While the suspension from all duties as a Methodist minister is in place Mr Flowers is unable to play any part in the work of the Board.

#### Nomination for appointment to the Board

Further to Section 4(3) of the Methodist Church Act 1939 the Board nominates Mr John Bell who has previously been Vice President of the Conference 2005/6 and is currently Chair of the Connexional Allowances Committee. He has participated extensively in connexional, district and circuit activities over many years.

**\*\*\*RESOLUTION**

**25/2. The Conference appointed Mr John A Bell as a member of the Board of the Trustees for Methodist Church Purposes.**

**SECTION D**

**D. Declarations under the Methodist Church Trust Deed 1939**

No Declarations

*Doreen C. Howe*

.....

**Executive Member**

*Ruth ...*

.....

**Executive Member**