

36. Methodist Council Annual Report and Financial Statements for the Year 2007/08

Introduction

Standing Order 360(1) states that:

The Methodist Council shall submit to the Conference annually a unified statement of connexional finances, clearly distinguishing between restricted and unrestricted funds and conforming to the law and accounting regulations, so as to give an overall view of those moneys and other assets for which the council is responsible.

The Consolidated Annual Report and Financial Statements of the Methodist Council for the year ended 31 August 2008 fulfils this requirement. The Council at its meeting on 16 February 2009 approved the report and authorised its chair, the Revd William R Morrey to sign it on its behalf. The full consolidated report is available for viewing or downloading from the Methodist Church website:

<http://www.methodistchurch.org.uk/index.cfm?fuseaction=churchlife.content&cmid=93>.

Southlands College and the Methodist Relief and Development Fund were added to the consolidated financial statements for the first time this year. As in the past, the report also included financial figures for Cliff College and its trading subsidiaries, Guy Chester Centre, Hartley Victoria College, Methodist International Centre and MIC Limited, Wesley College, Bristol and Wesley Conference Centre Limited as well as Wesley Study Centre, Durham.

The consolidated financial statements have been prepared under the historical cost convention, except for investments which are stated at market value and are in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) 2005, Accounting and Reporting by Charities and the Charities Act 1993.

	2008	2007
	£'000	£'000 (as restated)
Total Incoming Resources (Income)	39,500	40,157
Less: Total Resources Expended (Expenditure)	(38,283)	(38,739)
Net Incoming Resources (Net income)	1,217	1,418
(Losses)/Gains on revaluation of investment assets	(4,911)	1,760
Net (decrease)/increase in funds	(3,694)	3,178
Total Funds balance brought forward (as re-stated)	139,461	136,283
Total Funds balance carried forward	135,767	139,461

Summary Review of Financial Activities

The consolidated financial statements of the Methodist Council for the year ended 31 August 2008 showed a net decrease in funds (after revaluations) of approximately £3.7 million (compared to an increase of £3.2 million the previous year). A summary of the consolidated statement of financial activities (the not-for-profit equivalent of a typical income statement) is given on page 319.

Total incoming resources for the year came to £39.5 million, a decrease of 1.6% from the previous year. Whilst district assessment, investment and grant income went up, these were not sufficient to offset significant falls in voluntary and sundry income.

Compared to the previous year, total resources expended (expenditure) went down from £38.7 million in 2007 to £38.3 million – a fall of approximately 1%. This reduction in expenditure was the net effect of:

- ∞ An overall fall in the amount of resources going into our core charitable activities namely the Grants Programme, Formation in Ministry training and Direct Mission and Ministry; and
- ∞ Increased governance activities during Team Focus and increased fundraising trading at self-accounting entities as they face the challenge of falling student numbers.

Allowing for a revaluation loss on investment assets of £4.9 million (2007

– gain of £1.8 million), the Methodist Council ended the year with a net decrease in reserves of approximately £3.7 million.

Closing Funds Position and Underlying Net Assets

At 31 August 2008, total funds balance stood at £135.8 million (£139.5 million the previous year). Of this total,

- ∞ Endowment funds representing funds held on trust as capital funds, to be retained for the benefit of the Church account for £23.3 million or 17%
- ∞ Restricted funds including the ring fenced Funds for World Mission, Home Mission and Property account for £64.8 million or 48% of the total with
- ∞ Unrestricted funds including funds designated by the Council for specific purposes accounting for the balance – £47.7 million or 35% of the total funds.

In terms of the underlying net assets, the bulk of the funds - £88.2 million or 65% were held in the form of investments, mostly under the management of the Central Finance Board, with a further £40.2 million or 29% in the form of tangible fixed assets. Net current assets less long term creditors, including short term deposits, accounted for the remaining 6%.

Independent Auditor's Report

In the opinion of the Council's auditors, Baker Tilly UK Audit LLP, the financial

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statements gave a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Council's and its subsidiaries' affairs as at 31 August 2008 and of

the Group's, and Connexion's, incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

*****RESOLUTION**

36/1. The Conference received the statement of accounts for the year 2007/08.