

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

The Board of the Methodist Publishing House (**mph**), as Managing Trustees, present their Report and Financial Statements for the period ended 14 October 2008. Although **mph** is not a separate charity, these documents have been prepared in accordance with the provisions of the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2005.

### Trust information

1. **mph** enjoys charitable status within the Methodist Church as an excepted charity under Statutory Instrument 2002 Number 1598. The governing body of the Methodist Church is the annual Methodist Conference. The legal authority under which Conference acts is the 1976 Methodist Church Act.

For the period to 20 April 2009 the principal office of **mph** was at 4 John Wesley Road, Peterborough, PE4 6ZP. At that date the Methodist Council became the Managing Trustees.

- 1.1 **mph** is governed by Standing Order 242 (this was changed at the 2008 Conference to reflect the new Connexional Team structures and the changed relationship with the Epworth Press; please note that the 2007 version of this Standing Order is printed below). Standing Order 243, concerning the Epworth Press, was changed by Conference 2008 to remove responsibility for that body from **mph**. The Epworth Press Editorial Committee now reports directly to the Methodist Council.

### 242 Methodist Publishing House

- (1) *There shall be a Methodist Publishing House managed by a board appointed by the Conference.  
Cl. 21(ii) and (iii) of the Deed of Union (Book II, Part I) empower the Conference to continue or establish printing or publishing offices on behalf of the Church. This continues a long tradition of such activity, originally under the name of the Book Room.*
- (2) *The board shall consist of:*
  - (i) *a lay chair, who shall be responsible to Conference for all matters within the responsibility of the board;*
  - (ii) *six persons at least four of whom are lay;*
  - (iii) *one circuit minister;*
  - (iv) *one Co-ordinating secretary;*
  - (v) *one representative of the Faith and Order Committee;*
  - (vi) *two members of the editorial committee, nominated by the committee.*

The recruitment process of the board is: The Co-ordinating Secretary is nominated by the General Secretary of the Methodist Church, after consultation with the several Co-ordinating Secretaries in the Connexional Team; The representative of the Faith and Order Committee is nominated by that Committee; The two members of the Editorial Committee (itself composed of members appointed by the Conference) are nominated by that committee; The Chair and other members are recruited

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by advertisement within the Methodist Church, and are selected through interview for nomination to the Conference.

- (3) *The board shall be responsible to the Conference for the production and distribution, in the name of the Church, of such books and other publications as the Conference may from time to time direct, including constitutional documents, connexional records, hymn books, orders of service and similar material and also, subject to any directions which the Conference may from time to time give, for:*
- (i) *furnishing appropriate services to the Connexion generally;*
  - (ii) *publishing services undertaken on behalf of other conferences and churches;*
  - (iii) *other publishing services, as recommended by the editorial committee.*
- (4) *The board shall be responsible for maintaining the Epworth Press imprint for books and other publications which contribute to the advance of theological, biblical, historical and related studies or are generally of an educational nature, and shall make adequate provision in the budget for the purpose.*
- (5) *In order better to fulfil its responsibility the board shall have authority to enter into agreements with other publishing houses.*

The present incumbents of the categories in 2 (i) to (vi) above are:

- (i) Professor Peter Brophy (Chair),
- (ii) Mr Richard J Arnold; Ms Ayodele Ajose; Mr Eric Jarvis; Mr Peter Candlin; Ms Ruth M Nason; the Revd Dr Andrew Pratt.
- (iii) the Revd Peter Sheasby.
- (iv) the Revd Kenneth G Howcroft.
- (v) Mr Luke Curran.
- (vi) The Revd Michael J Townsend; Dr Jocelyn Bryan.

During the year the Revd Dr Jonathan Hustler retired as a trustee of **mph** and was replaced by Mr Luke Curran.

There are currently no formal policies for the induction of new Board members. Applicants for Board membership will be given background information as part of the recruitment process. On first appointment, new members will normally be given an informal “on-the-ground” introduction to the activities and personnel of **mph**, and will have access to previous Board minutes and reports. It should be noted that any new Board members will come from a Methodist background, and can be expected to have an awareness of the nature and activity of **mph**.

2. The law applicable to charities in England and Wales requires the managing trustees to prepare financial statements for each financial period which give a true and fair view of the charity’s financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true

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and fair view, the managing trustees should follow best practice and:

- ∞ select suitable accounting policies and apply them consistently;
- ∞ make judgements and estimates that are reasonable and prudent;
- ∞ state whether applicable accounting standards and the Statement of Recommended Practice Accounting by Charities have been followed; and
- ∞ prepare financial statements on the going concern basis unless it is inappropriate to presume that activities will continue.

The managing trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Methodist Publishing House and Epworth Press and which will enable them to ensure that the financial statements comply with the Standing Orders of the Methodist Church and the Charities Act 1993. They are also responsible for taking reasonable steps to safeguard the assets of **mph** and to prevent and detect fraud and other irregularities.

### **Background and the Role of the Board**

3. **mph** is the lineal successor of the Book Rooms of the various traditions which united in 1932 to form the present Methodist Church in Britain.
4. The 2008 Conference, recognising the severe financial difficulties under which **mph** was operating and the need to restructure and refocus publishing activities, resolved that “**mph** should cease to exist as a separate entity within the Connexional structure, and that steps should now be taken to place responsibility for all aspects of Methodist Publishing centrally in the Connexional Team” and that “the process of integration begin immediately with a view to it being completed by 31 August 2009”. Both the Board and the Connexional Team have been working to achieve these aims during the current connexional year (see paragraphs 15-24 below).
5. The Board, through its Chair, was responsible to the Conference for the work of **mph** until this process was completed. On 20th April 2009 a Deed of Retirement, Appointment and Release, formally approved by both the Board and the Methodist Council, was executed, transferring the responsibilities, assets and liabilities of **mph** to the Council. The Board’s remaining responsibility after this date has been to agree and now submit this Report to the Conference.
6. The full **mph** Board met on three occasions during 2008-9, while an Implementation Group consisting of Board members and members of the Connexional Team met frequently during the year to progress the 2008 Conference resolutions.
7. As reported to the Conference in 2008, the Board appointed an Interim Chief Executive, initially to try to return **mph** to a profitable enterprise and latterly to assist in the transfer of

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responsibilities to the Connexional Team, while maintaining the essential parts of *mph*'s work and as far as possible returning them to a break-even position. Mr Neil Joubert continued as Interim Chief Executive until March 2009 and will continue as a consultant to the Methodist Council until 31st August 2009.

### Financial Report 2008

8. The Board has for some time reported on a calendar year basis. In 2005 (Report to Conference 2006), it reported a loss of £226,703 against a total income of £2,096,681, and outlined steps which it hoped would stem the continuing pattern of trading losses. Regrettably, the situation deteriorated markedly in 2006, with a headline loss of £889,731 against an income of £2,166,845, as reported to the 2007 Conference. The accounts for 2007 showed a further very significant deterioration in the financial position, with a headline loss of £727,784 against a total income of £2,202,792 (Report to Conference 2008). As in the previous year, part of this loss is due to non-trading matters and special provisions.

The accounts for the period ending 14 October 2008 again show a significant loss of £763,668 against a total income of £948,720. Part of the loss is the result of the restructuring of *mph* undertaken during the period that has resulted in additional non-trading matters and special provisions, as shown in the attached Accounts.

The Board is conscious of the fact that the arrangements for the handling of materials for the Connexional Team have not always provided realistic returns to *mph*. In a number of cases, *mph* has had to bear the total costs of stocking and distributing materials which are free to the customer. This is one of the reasons for the Board's support for changes which would place the full range of responsibility for the origination, distribution and cost control of publications within the Connexional Team.

The Board was again hampered in its oversight of the activities of *mph* during 2008 by a continuing lack of meaningful financial information, which was largely the result of inaccurate financial records. This was in part caused by continuing problems associated with the introduction of new computer systems, following serious errors in specification and implementation, which it was not possible to rectify. The Board agreed that the new systems should be replaced with simpler and more appropriate ones which will be used from 14 October 2008. The capital cost of this change was reported to the 2008 Conference.

In anticipation of *mph* being brought under the direct management of the Connexional Team, the Board agreed that the reporting for *mph* should be brought in line with other connexional bodies.

### Auditors

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9. The firm of Saffery Champness has continued as auditors to **mph**.

### Contingent liabilities

10. The Board again draws attention, as in previous years, to the contingent liabilities on **mph** in respect of its previous premises in Wimbledon. The premises consist of two industrial units, the leases of which both expired in December 2008. With sub-tenants in place in both units, the bulk of the rental liabilities were protected for the remainder of the lease period.

Note 17 to the Accounts gives details of liabilities which might arise in respect of the cost of restoring dilapidations to one of the units. Paragraph 21 of this Report notes ongoing negotiations taking place in respect of dilapidations etc, in the current (2008-9) financial year following the end of the lease.

### Reserves

11. The Board's policy has been to hold sufficient reserves to meet the cash flow requirements of the operation of **mph** (bearing in mind that there is a significant seasonal element to some of the work) and sufficient to cover a reasonable contingency (judged to be roughly one year's turnover). Reserves to cover cash flow are normally held on deposit. Longer-term reserves are held as investments. The Board has sought to reflect connexional policies in relation to invested moneys,

seeking a reasonable return without undue risk. This has been achieved by a broad balance of investments while at the same time reflecting the ethical investment policies of the Church. For this reason such moneys have been held in a mix of Central Finance Board funds as set out in note 8 to the Accounts. As part of the restructuring process and bearing in mind the deteriorating global financial system, during the period the Board took the decision to sell all investments and hold the cash realised from sale on deposit. The current level of reserves is sufficient to meet the Board's known and anticipated commitments.

### Risk assessment

12. In recent years, the Board has considered specific risks as they have been identified. For example, it recognised in 2005 the risks of having inadequate management accounts, and authorised the introduction of new reporting standards and new systems to meet this need. In 2006, it identified the risks associated with certain poor management practices, and appointed a sub-group to work with the Chief Executive and managers to try to correct these. In March 2007, it identified the risks associated with the loss of the Chief Executive, and established a collective management of **mph** by the Senior Managers in association with the Chair of the Board, and appointed one of the Senior Managers as Team Leader to coordinate the work of the management team.

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From January 2008, the Board has been aware of the serious financial risks of *mph* continuing to trade on its traditional basis, and took the decision to discontinue certain seriously unprofitable lines of business. In considering the problems facing *mph*, the Board concluded that the interests of publishing within the Methodist Church would be best served by bringing all such activity under central management within the Connexional Team and that *mph* should cease to exist as a separate organisation.

### Publication Fund

13. The Publication Fund was set up some years ago to enable *mph* to assist departments within the Connexional Team (and possibly in the wider Connexion) to publish material which would otherwise be beyond their budgetary resources. Applications have had to be made by the intending originator of material for publication, and to be approved by management in the Connexional Team, up to General Secretary level. It has been the policy of the Board to meet such approved requests if funds are available.

In anticipation of *mph* being brought under the direct management of the Connexional Team the Board has taken the decision, during the period, that this designated fund is no longer required. Therefore, the balance of this fund has been transferred to Other Unrestricted Charitable Funds.

### Relationships with others

14. The key relationship for *mph* is that it forms part of the Methodist Church and answers, through this Report, to the Conference.

*mph* has been a partner, and an initial investor by way of an interest-free loan, (along with the Church of England, the United Reformed Church, the Sunday School Council of Wales, Christian Education and Churches Together in Britain and Ireland) in ROOTS for Churches Ltd. ROOTS magazine has established itself as the leading lectionary resource for worship leaders and those working with children and young people.

With the **United Methodist Church** (based in the USA) *mph* has acted as agent for the DISCIPLE programme for Britain and the Commonwealth, and as publisher and distributor of the UK edition of the Upper Room bible reading notes. While it is intended that DISCIPLE will continue within Methodist Publishing, the Upper Room bible reading notes will be published by the Bible Reading Fellowship (BRF) from July 2009.

No fulfilment work for external clients was undertaken during 2008-9 and it is not anticipated that any will be undertaken in the future under the new arrangements.

The work of *mph*

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15. **mph**'s income comes almost exclusively from sales of goods and services to the Methodist Church as an organization, to other Churches and Church-related bodies and to individuals.

**mph** has provided the following main services to the Methodist Church:

- (a) publication of official documents on behalf of the Church, including:
  - ∞ various annual publications (notably the *Agenda of the Conference*, the *Prayer Handbook*, the *Methodist Diary*, the *Minutes of the Conference and Yearbook* and *Constitutional Practice and Discipline*);
  - ∞ a range of official documents, literature and records (such as the 'Safeguarding' policy document, promotional literature, the annual membership ticket and a variety of forms and other Church requisites);
  - ∞ *Faith & Worship* - the training course for Local Preachers;
  - ∞ *the Methodist Worship Book*; in its various printed and electronic editions; and
  - ∞ *Hymns & Psalms*.
- (b) a mail order service covering its own materials and publications and, until recently, a range of third-party resources (mostly books but also other items such as crosses and communion ware);
- (c) a trade distribution service for publications under **mph**'s

own imprints and some of the resources produced by the Connexional Team; and  
(d) distributing the Connexional Link (created by the Connexional Team and sent to every Methodist Church).

16. During 2008-9 **mph** continued to market and sell commercial titles already published under the Inspire imprint, although no new titles were published and marketing & distribution will cease on 31st August 2009. In recognition of the valuable work undertaken by its authors, **mph** used its best efforts to help Inspire authors to secure publishing contracts with other Christian publishers.

The **Methodist Publishing House** imprint is only used for material published on behalf of, and with the agreed authority of, a specifically named part of the Connexion.

During 2008 the following were published:

- ∞ *Methodist Diary 2009 - Interleaved*
- ∞ *Methodist Diary 2009 - Filofax® inserts*
- ∞ *Agenda of the Conference 2008*
- ∞ *Minutes of the Conference 2008*
- ∞ *Constitutional Practice and Discipline of the Methodist Church 2008 vol2*
- ∞ *Living Fire: the Methodist Prayer Handbook 2008/09*

17. Following further redundancies among **mph** staff, the remaining

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five members of staff transferred to Methodist Council employment contracts on 1st April 2009. They remain based in Peterborough but work closely with staff in London.

18. It became clear during the period under review that the warehouse and offices at 4 John Wesley Road, Peterborough were far too large for the scale of the ongoing customer services, warehousing, sales and distribution functions. The premises were therefore offered for sale or long-term lease and, despite the very difficult commercial property market, it is anticipated that they will shortly be let on a five year lease, with an option to buy. Although the option of purchasing a much smaller warehouse was actively pursued, it became apparent that this would not be advantageous to the Church and instead the Peterborough operation will continue by outsourcing warehousing and distribution, while renting office accommodation for the customer services and related financial/management activity. In taking the decision to retain these latter functions in-house the Implementation Group was mindful of the need to provide customers with a service staffed by people with detailed knowledge of the Church and its products and able to provide an empathetic service particularly for enquiries received by telephone. Retaining the expertise and experience of existing staff was therefore a priority.
19. New, and much simpler, IT and financial systems have been put in place and work is ongoing to ensure that detailed, appropriate, integrated and timely management information on all aspects of Methodist publishing is available to those charged with managing this service.
20. At the final meeting of the **mph** Board on 24th March 2009 a Report was received from the Interim Chief Executive showing that, once extraordinary items were removed, **mph** was no longer making a loss. Furthermore, it was anticipated that the value of the assets, including the building at 4 John Wesley Road, which would be transferred to the Church would be of the order of £2.5 million, although this might be reduced by any required contribution to the lay pension scheme in respect of future liabilities for **mph**'s employees.
21. Following the end of the 35 year lease for **mph**'s former premises in Wimbledon, which had been sub-let, negotiations have taken place with the landlord and sub-tenants to reach agreement on liabilities for dilapidations. At the time of writing these negotiations were continuing.
22. Planning is under way for a service, to be held in Peterborough in autumn 2009, to mark the work of **mph** and to give thanks for all those who have contributed to it, either as paid staff, as authors and editors or as members of the Board. It is hoped that members of the Conference will

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support this event.

### **Implementation of 'Methodist Publishing' within the Connexional Team**

23. It has been agreed that in future the publishing activities of the Church will take place within the Christian Communication, Evangelism and Advocacy cluster of the Connexional Team. The Implementation Group has been taking action throughout the current connexional year to ensure a smooth transfer of the work, assets and liabilities of *mph* to the Connexional Team. The following paragraphs summarise the actions taken.

24. Methodist Publishing has been created as a team within the Communications sub-cluster. The team comprises the existing 'Publications' team who will manage commissioning, production and printing from the London office and the 5 remaining Peterborough staff who have been fully integrated into the team and will manage customer services and the outsourced warehousing and fulfilment process. Two new posts have been created in recognition of the commercial and marketing skills required to make Methodist Publishing more cost-effective. These are the Methodist Publishing Manager who will lead the team and a Marketing role to market the products and get a better understanding of the target audience. SRC have directed that Methodist Publishing will encompass everything published in print by the Connexional

Team and will focus on what we can "uniquely and best" undertake and in particular publications should:

- ∞ reflect *Our Calling and Priorities for the Methodist Church*;
- ∞ be explicitly Methodist in appeal;
- ∞ highlight and develop the charisms of Methodism;
- ∞ if already published, be able to demonstrate that they are selling relatively well;
- ∞ supply core Methodist Church needs;
- ∞ meet the requirements of the Conference or the agreed communications strategy;
- ∞ be resources Methodists cannot easily acquire elsewhere.

All new publications will be subject to a pre-evaluation to determine whether they meet the above criteria and to calculate a robust and transparent estimate of the net cost or benefit to the Church before proceeding. The most significant project to go through this process so far is the Hymn Collection. The results of this evaluation are reported in *Singing the Faith* in another part of this Agenda.

Everything published in print by the Connexional Team will fall under the Methodist Publishing imprint from now on. Examples of products that have already been produced or are in the pipeline are: Governance papers, DISCIPLE, the Methodist Diary, the Prayer Handbook and Epworth Review. A number of marketing projects have also been completed by the

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Connexional Team. For example, the website has been updated and improved, a new catalogue has been issued and will be more actively marketed and the campaign to promote Lent titles resulted in a noticeable uplift in sales.

Authority to manage copyrights for TMCP material has passed by a

resolution from the Methodist Council from Methodist Publishing House to the Connexional Team. This will be delegated to members of the Methodist Publishing team or to the appropriate office holders for Epworth press.

### \*\*\*RESOLUTIONS

- 49/1.** The Conference adopted the Report.
- 49/2.** The Conference adopted the Accounts.
- 49/3.** The Conference amended Standing Orders by revoking the whole of the Standing Order 242 and deleting item (vi) in Standing Order 102(1).
- 49/4.** The Conference offered its heartfelt thanks to the many individuals who over the years have contributed to the mission of God and the building up of the Methodist Church through the work of the Methodist Publishing House. In particular, the Conference thanked members of the Connexional Team and those Chairs of the **mph** Board who have steered the House through its recent hard times and who have implemented difficult decisions with dedication and humanity, namely Ms Janet Morley, Mr Eric Jarvis, and Professor Peter Brophy.

### Statement of disclosure to auditor

(a) so far as the trustees are aware, there is no relevant audit information of which **mph**'s auditors are unaware; and

(b) they have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that **mph**'s auditors are aware of that information.

On behalf of the managing trustees

Peter Brophy  
11 May 2009

Peter Candlin  
11 May 2009

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### Methodist Publishing House

#### Charity Information

<b>Registered office</b>	Methodist Connexional Funds (Registered) 25 Marylebone Road London NW1 5JR
<b>Auditors</b>	Saffery Champness Stuart House City Road Peterborough Cambridgeshire PE1 1QF
<b>Business address</b>	4 John Wesley Road Werrington Peterborough PE4 6ZP
<b>Bankers</b>	HSBC Bank plc 250 Lincoln Road Peterborough PE1 2ND
<b>Solicitors</b>	Pothecary Witham Weld Solicitors 70 St George's Square London SW1V 3RD  Greenwoods Solicitors LLP Monkstone House City Road Peterborough PE1 1JE

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### **Independent auditors' report to the members of Methodist Publishing House**

We have audited the financial statements on pages 14 to 25. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of the directors and auditors**

As described on page 3 the Trustees are responsible for the preparation of the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and

fair view and have been properly prepared in accordance with the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2005. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement,

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whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements

give a true and fair view of the charity's state of affairs as at 14 October 2008 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2005.

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**Saffery Champness**

11 May 2009

Chartered Accountants  
Registered Auditors

Stuart House  
City Road  
Peterborough  
Cambridgeshire  
PE1 1QF

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<b>Statement of financial activities for the period ended 14 October 2008</b>	<b>Period ended 14 October 2008 Unrestricted funds £</b>	<b>Year ended 31 December 2007 Unrestricted funds £</b>
<b>Notes</b>		
<b>Incoming resources</b>		
Incoming resources from generated funds		
- Investment income	5	38,734
Incoming resources from charitable activities-		
Subsidies for specific publications	-	12,456
- Other charitable activities	17	874,207
Other incoming resources	17	35,779
	<hr/>	<hr/>
<b>Total incoming resources</b>	<b>948,720</b>	<b>2,202,792</b>
	<hr/>	<hr/>
<b>Resources expended</b>		
Charitable activities		
- Other charitable activities	1,457,562	2,714,208
Governance costs	14,020	17,389
Other resources expended	17	40,470
Tangible fixed assets valuation adjustment	7	200,336
	<hr/>	<hr/>
<b>Total resources expended</b>	<b>1,712,388</b>	<b>2,930,576</b>
	<hr/>	<hr/>
<b>Net outgoing resources before revaluations and investment asset disposals</b>		
4	(763,668)	(727,784)
Unrealised gains on investments	-	46,370
Realised (losses)/gains on investments	(188,069)	13,927
	<hr/>	<hr/>
<b>Net movement in funds</b>	<b>(951,737)</b>	<b>(667,487)</b>
<b>Fund balances at 1 January 2008</b>	<b>3,701,559</b>	<b>4,369,046</b>
	<hr/>	<hr/>
<b>Fund balances at 14 October 2008</b>	<b>2,749,822</b>	<b>3,701,559</b>
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The statement of financial activities has been prepared on the basis that all operations are continuing operations

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## Balance sheet as at 14 October 2008

		2008		2007	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		1,402,707		1,643,446
Investments	8		-		1,508,151
			<u>1,402,707</u>		<u>3,151,597</u>
<b>Current assets</b>					
Stock and work in progress	9	174,616		454,752	
Debtors	10	242,402		398,764	
Cash on deposit		974,032		82,248	
Cash at bank and in hand		113,254		131,218	
		<u>1,504,304</u>		<u>1,066,982</u>	
<b>Creditors: amounts falling due within one year</b>					
	11	157,189		517,020	
				<u>517,020</u>	
<b>Net current assets</b>			<u>1,347,115</u>		<u>549,962</u>
<b>Total assets less current liabilities</b>			<u>2,749,822</u>		<u>3,701,559</u>
<b>Capital and reserves</b>					
<b>Restricted funds</b>					
<b>Unrestricted funds</b>					
- Designated funds	13	40,000		268,921	
- Other charitable funds		<u>2,709,822</u>		<u>3,432,638</u>	
			<u>2,749,822</u>		<u>3,701,559</u>
			<u>2,749,822</u>		<u>3,701,559</u>

The financial statements were authorised for issue and approved by the Board on 11 May 2009

Peter Brophy  
Chairman

Peter Candlin  
Trustee

The notes on pages 491 to 500 form part of these financial statements.

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## Report for the period ended 14 October 2008

### Notes to the financial statements for the period ended 14 October 2008

#### 1 Accounting policies

##### 1.1 Accounting convention

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

##### 1.2 Fund accounting

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

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

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

##### 1.3 Incoming resources

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

##### 1.4 Tangible fixed assets and depreciation

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

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

##### 1.5 Leasing

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

##### 1.6 Investments

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

##### 1.7 Stock and work in progress

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

##### 1.8 Pensions

Employees of Methodist Publishing House are part of the Methodist

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

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

### **1.9 Grants**

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

### **1.10 Resources expended**

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

All expenditure other than that which has been capitalised, is included in the income and expenditure account

and is accounted for on an accruals basis.

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

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

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

### **1.11 Governance costs**

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

# 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

## Notes to the financial statements for the period ended 14 October 2008

### 2 Analysis of total resources expended

	Direct £	Unrestricted		Total £
		Support £	Audit £	
Charitable activities				
- Other charitable activities	970,755	486,807	-	1,457,562
Governance costs	6,020	-	8,000	14,020
Other resources expended	26,953	13,517	-	40,470
Tangible fixed assets valuation adjustment	200,336	-	-	200,336
	1,204,064	500,324	8,000	1,712,388

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

Support costs	£
Salaries and staff costs	341,081
Depreciation	34,137
IT costs	12,189
Professional fees	69,809
Building costs	19,014
Insurances and sundry charges	24,094
	500,324

### 3 Total resources expended

	2008 £	2007 £
Total resources expended includes:		
Operating lease rentals		
- Other assets	32,854	41,500
Auditors' remuneration		
- Audit	8,000	7,000
- Non audit	29,295	63,975
	60,149	112,475

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

### 4 Net outgoing resources The net outgoing resources for the period have been generated as set out below:

	2008 £	2007 £
Methodist Publishing House	(716,331)	(669,042)
Epworth Press	(47,337)	(58,742)
	<hr/>	<hr/>
	(763,668)	(727,784)
	<hr/>	<hr/>

### 5 Investment income

Investment income represents interest received from:

Investment with CFB Investments	23,866	14,868
Bank interest	44,074	4,496
	<hr/>	<hr/>
	38,734	48,570
	<hr/>	<hr/>

### 6 Employees

#### Employment costs

Wages and salaries	289,503	465,807
Social security costs	27,045	45,311
Other pension costs	39,839	90,777
Other costs and redundancy	131,987	-
	<hr/>	<hr/>
	488,374	601,895
	<hr/>	<hr/>

#### Employee numbers

Management and administration	7	10
Sales	5	6
Production	8	11
	<hr/>	<hr/>
	20	27
	<hr/>	<hr/>

There were no employees with emoluments above £50,000.  
No Managing Trustee received any remuneration during the year.

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

### Notes to the financial statements for the period ended 14 October 2008 (continued)

#### 7. Tangible fixed assets

	<b>Freehold property</b>	<b>Computer equipment</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2008	1,773,359	400,717	175,694	17,657	2,367,427
Disposals	-	(376,114)	(83,534)	(1,120)	(460,768)
At 14 October 2008	1,773,359	24,603	92,160	16,537	1,906,659
<b>Depreciation</b>					
At 1 January 2008	160,214	382,018	166,264	15,485	723,981
Revaluation	200,000	207	129	-	200,336
On disposals	-	(370,495)	(82,882)	(1,125)	(454,502)
Charge for the period	22,153	8,192	3,370	422	34,137
At 14 October 2008	382,367	19,922	86,881	14,782	503,952
<b>Net book value</b>					
At 14 October 2008	1,390,992	4,681	5,279	1,755	1,402,707
At 31 December 2007	1,613,145	18,699	9,430	2,172	1,643,446

The freehold property revaluation of £200,000 relates to the reduction in carrying value to estimated current market value, given the downturn in the property market.

The remaining revaluation relates to the write down of items of office equipment that will not be utilised once the company moves to new premises.

# 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

## 8 Investments

	Number of Shares	Cost £
Managed Equity Fund Shares	64,083	518,169
Inflation Linked Fund Shares	64,949	76,120
Managed Fixed Interest Fund	85,407	103,747
<b>At 1 January 2008</b>	<b>214,439</b>	<b>698,036</b>
Managed Equity Fund Shares	(64,083)	(518,169)
Inflation Linked Fund Shares	(64,949)	(76,120)
Managed Fixed Interest Fund	(85,407)	(103,747)
<b>Disposals</b>	<b>(214,439)</b>	<b>(698,036)</b>
Managed Equity Fund Shares	-	-
Inflation Linked Fund Shares	-	-
Managed Fixed Interest Fund	-	-
<b>At 14 October 2008</b>	<b>-</b>	<b>-</b>

	2008 Number of Shares	2008 Market Value £	2007 Number of Shares	2007 Market Value £
Central Finance Board Managed Equity Fund Shares	-	-	64,083	1,214,757
Central Finance Board Inflation Linked Fund Shares	-	-	64,949	152,046
Central Finance Board Managed Fixed Interest Fund	-	-	85,407	141,348
	<b>-</b>	<b>-</b>	<b>214,439</b>	<b>1,508,151</b>

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

### Notes to the financial statements for the period ended 14 October 2008 (continued)

#### 9 Stock and work in progress

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Methodist Publishing House	174,616	404,927
Epworth Press	-	49,825
	<hr/>	<hr/>
	174,616	454,752
	<hr/>	<hr/>

#### 10 Debtors

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	157,331	198,558
Other debtors	44,129	66,829
Prepayments	31,222	51,304
Accrued income	9,720	82,073
	<hr/>	<hr/>
	242,402	398,764
	<hr/>	<hr/>

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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Other debtors	35,000	45,000
	<hr/>	<hr/>

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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade creditors	31,159	319,014
Taxation and social security	3,794	-
Other creditors	18,779	63,420
Accruals	103,457	134,586
	<hr/>	<hr/>
	157,189	517,020
	<hr/>	<hr/>

# 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

## 12 Pension costs

The pension charge for the year was £39,839 (2007: £90,776).

The creditor due at the year end was £1,380 (2007: £nil).

## 13 Analysis of Designated Funds

	Ecumenical Fund £	Publication Fund £	Total £
Balance at 1 January 2008	45,000	223,921	268,921
Transferred to Other Charitable Funds	-	(223,921)	(223,921)
	<hr/>	<hr/>	<hr/>
Loan refunded	45,000 (5,000)	-	45,000 (5,000)
	<hr/>	<hr/>	<hr/>
Balance at 14 October 2008	40,000	-	40,000

### Publication Fund

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

Funding provided to institutions during the year totalled £nil (2007 - £nil).

It has been decided to transfer the Publication Fund to Other Charitable Funds as a result of the ongoing restructuring at Methodist Publishing House.

### Ecumenical Fund

The Ecumenical fund represents an amount of £40,000 (2007 - £45,000) designated to support the project being undertaken by Roots for Churches Limited.

## 14 Contingent liabilities

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

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

### Notes to the financial statements for the period ended 14 October 2008 (continued)

#### 15 Financial commitments

At 14 October 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	8,646	41,500
	8,646	41,500

#### 16 Epworth Press

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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Sales	43,876	80,497
Royalties received	81	1,916
	43,957	82,413
Cost of sales	(39,591)	(110,748)
Administration expenses	(1,878)	(32,573)
Stock write off	(49,825)	-
	(47,337)	(60,908)
Interest received	-	2,166
	(47,337)	(58,742)

## 49. Managing Trustees of Methodist Publishing House Report for the period ended 14 October 2008

### 17 Wimbledon Property

	2008 £	2007 £
Rental income and reimbursed costs received	35,779	38,974
Rent paid and expenses incurred	(26,953)	(82,586)
Share of allocated support costs	(13,517)	(8,783)
	<hr/>	<hr/>
Net outgoing resources	(4,691)	(52,395)
	<hr/>	<hr/>

The Board has consistently reported that under the head lease of the Wimbledon property, formerly occupied by Methodist Publishing House, there exists a contingent liability in respect of rent due.

During the year tenants occupied both units 1 and 2 at Wellington Works, Wimbledon. There are underleases to 24 December 2008 at a total annual rent of £33,630. Methodist Publishing House continues to have responsibility for the annual current rent of £41,500 until 24 December 2008.

The head lease for units 1 and 2 expires on 25 December 2008 and a further contingent liability exists in respect of repairs that are required to be undertaken. A review of the necessary works has estimated the cost at £160,000 for unit 2 but a figure is not yet available for unit 1. Although the agreement places this liability with the sub-tenant there is scope for dispute and any final cost to the charity is not yet certain.

### 18 Related party transactions

Because of the special circumstances facing the Methodist Publishing House, trustees were involved in many more meetings and other activities during 2008 than in normal years.

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

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

The aggregate expenses paid to the above amounted to £9,659 (2007: £7,434).