



Consolidated Report and Financial Statements

for the year ended
31 August 2019

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Welcome from the Revd Dr Jonathan R Hustler



Brothers and Sisters

It is encouraging from time to time to be able to take a step back from the work in which we engage in day by day and to see all that has been achieved over a longer period. This report gives us that overview for the past year and shows how we have grasped opportunities and faced challenges in order to use the resources of the Church in response to *Our Calling* to enable worship, learning and caring, service and to evangelism across the Connexion.

The Methodist Church often delights in focusing on the numbers, and this report contains even more numbers for us that provide an insight into our financial resources. It is, however, worth noting that the figures represented in this report show far more than our bank balance. They are indicative of a huge amount of work and great generosity. Therefore, this report reflects the great debt of thanks that the Church owes to so many people – those who give week by week, those who have given in the past, those who exercise trustee responsibilities, those who

act voluntarily, and those in paid positions administering our finances. We owe a debt of thanks to all these members of the Church, and as we receive this report, we continue to pray for one another and to support each other. In its narrative and numbers, here we see in real terms what it means to be God's people who are called to love and praise.

A handwritten signature in black ink, appearing to read 'Jon Hustler'.

The Revd Dr Jonathan R Hustler
Secretary of the Methodist Conference

January 2020

The Methodist Church in Great Britain Trustees' Report

Strategic objectives, aims and purposes

The activities covered in these financial statements fall within the work of The Methodist Church in Great Britain (The Methodist Church). The aim of The Methodist Church in Great Britain is to fulfil its calling, which is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. It does this through its strategic objectives, which are:

1. **Worship** – to increase awareness of God's presence and to celebrate God's love;
2. **Learning and caring** – to help people to learn and grow as Christians, through mutual support and care;
3. **Service** – to be a good neighbour to people in need and to challenge injustice; and
4. **Evangelism** – to make more followers of Jesus Christ.

Public benefit requirement

The trustees of The Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011.

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 Methodist Church exists inter alia, to:

1. increase awareness of God's presence and to celebrate God's love;
2. help people to learn and grow as Christians, through mutual support and care; and
3. be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

Structure

The entities included in this report are not a record of all the financial activities of The Methodist Church in Great Britain, as they do not include local church, circuit and district financial statements. The names of the entities included in this report, are listed on the group structure diagram in 'Note 1' of the financial statements on page 33 and include:

Activities managed or administered by the Connexional Team (hereafter referred to as the Connexional Funds)

Cliff College	(a separately registered charity)
Cliff College Outreach Limited	(a separately registered company)
Cliff (Methodist) Developments Limited	(a separately registered company)
All We Can	(a separately registered charity)
Southlands Methodist Trust	(a separately registered charity)
Methodist International Centre Limited	(a separately registered company)
Westminster College Oxford Trust Limited	(a separately registered company)
Westminster College Oxford Trust	(a separately registered charity)

These financial statements are the consolidated financial statements for the Methodist Council and entities under its control.

The Methodist Church registered as a charity on 20 October 2009 (1132208 – The Methodist Church in Great Britain) when it became necessary for excepted charities with a gross annual income over £100,000 to register.

The members of the Methodist Conference are the trustees and their names are publicly available on the Charity Commission website. The Methodist Council is appointed annually by the Conference to undertake ongoing work on behalf of the Conference (which only meets once a year). Amongst other functions, the Council is responsible for the adoption annually of a unified statement of connexional finances, clearly distinguishing between restricted and unrestricted funds, and conforming to the law and accounting regulations to give an overall view of those monies and other assets for which the Council is responsible. The Council is further responsible for presenting the unified statement of connexional finances to the Conference. The names of the members of the Methodist Council are appended at the end of these financial statements.

Governance and oversight

The Constitutional Practice and Discipline of The Methodist Church (2019 edition) Volumes 1 and 2 contain the governing documents of The Methodist Church. The authority under which the Conference acts is legally given by The Methodist Church Act 1976. The Deed of Union provides for the Conference to be the governing body of the Methodist Church. The next 'tier' of authority is given by the Model Trusts in the second Schedule of the Act and the Deed of Union. These derive their authority from the Act. Thirdly, there are the Standing Orders and guidelines adopted by the Conference, which are far more detailed and more easily changed, provided that they are within the limits prescribed by the Act, the Model Trusts and the Deed.

Much of the day-to-day work for which the Methodist Council is responsible is delegated to the Connexional Secretary and other members of the Senior Leadership Group of the Connexional Team for matters relating to the objectives of the Connexional Team, and to local trustees in the case of the self-accounting entities. These local trustees are accountable to the Methodist Council.

The basic governance structure as far as these consolidated financial statements are concerned is presented in the diagram above right.



The Methodist Conference

This is the ultimate decision-making body of The Methodist Church. It sets policy for the Church, exercises discipline and ensures effective management and administration of the Church's affairs. The Conference meets annually in Representative and Presbyteral Sessions (and there is, in addition, a Conference Diaconal Committee). The Conference is a representative body of 306 members comprising ministers and laypersons from the 30 Districts of The Methodist Church as well as other sections of the Church.

The Methodist Council

The Methodist Council meets three times a year and consists of 54 members, most of whom hold office for four years. Its terms of reference are to:

- continuously review the life of The Methodist Church;
- study the work of The Methodist Church and witness throughout the Connexion;
- indicate what changes are necessary or what steps should be taken to make the work of the Church more effective;
- give spiritual leadership to the Church;
- implement Conference decisions;

Governance and oversight (continued)

- report annually to the Conference, bringing to its notice matters to which it believes the Conference ought to give urgent attention; and
- protect the assets of The Methodist Church.

In addition to the above, it is responsible for (inter alia):

- adopting and presenting to the Conference the unified statement of connexional finances;
- recommending the budget for the Methodist Church Fund (unrestricted general fund);
- employing lay members of the Connexional Team and being the responsible body recommending the stationing of the Church's ordained members within the team;
- administering the following funds:
 - the Methodist Church Fund
 - the Connexional Priority Fund
 - the World Mission Fund
 - the Mission in Britain Fund
 - the Fund for Training
 - the Fund for Property
 - the Epworth Fund
 - the Fund for the Support of Presbyters and Deacons
 - the Sabbatical Fund;
- making recommendations on expenditure and amounts to be contributed by the Circuits through Districts to fund the next connexional year;
- recommending to the Conference minimum stipends for ministers and probationers, including additional allowances to be paid to superintendent ministers, district chairs and the maximum to be reimbursed from the Connexional Sabbatical Fund;
- dealing with all model trust property affairs for all Home Districts and the building, legal and financial aspects of shared schemes under the Sharing of Church Buildings Act 1969, where that act applies;
- acting generally in relation to property affairs and constituted to discharge the responsibilities of the former Property Division; and
- ensuring that the sale, lease, rental or lending of artefacts, publications and records that are model trust property and which in the view of the Council are historically significant are scrutinised before going ahead.

The following committees have an oversight/governance role and report to the Methodist Council.

The Strategy and Resources Committee

The Conference appoints annually the Strategy and Resources Committee (SRC), a sub-committee of the Methodist Council. The SRC advises the Council in relation to all matters that are within the SRC's terms of reference, having regard to advice of non-voting members. The Committee, which met four times in 2018/2019, has specific responsibility for detailed review and subsequent reporting to the Council on the following aspects of its work:

- detailed examination of the annual consolidated financial statements and budgets;
- recommending to the Methodist Council the three year connexional finance budgets;
- supervising the work of the Secretary of the Conference and the Connexional Team;
- exercising oversight of the general work of the Connexional Team and reporting to the Council and the Conference;
- ensuring that a collaborative style of working is adopted throughout the Connexional Team; **and**
- identifying and managing risks.

The Audit Committee

This is a committee of the Conference appointed on the nomination of the Methodist Council. To safeguard its independence, members of the Methodist Council or the Connexional Team are barred from serving. This committee nevertheless has powers to require the Connexional Treasurers and any appropriate staff members of the Connexional Team to attend its meetings.

Meeting three times in the year and reporting annually to the Methodist Council, the Audit Committee has responsibility for:

- advising the Council on the appointment of external auditors;
- reviewing, with the auditors, the consolidated financial statements;
- reviewing the effectiveness of procedures relating to risks;
- reviewing the effectiveness of the financial and other internal control systems with regards to monies and other assets for which the Council is responsible;
- approving the annual risk-based internal audit plan, receiving internal audit reports, regular progress reports and risk updates; and
- submitting an annual report to the Council.

The Investment Committee

The Methodist Council appoints the Investment Committee. It meets up to four times a year and has a membership of six people, including the Connexional Treasurers. Its remit is to:

- supervise the management of all the investment assets;
- manage the assets agreed to be under the direction of the Investment Committee; and
- liaise with other boards or committees that report to the Methodist Council to ensure that all investment assets are subject to appropriate oversight and day-to-day management.

Oversight committees

To assist the Council in discharging its duties there are a number of other committees, the key ones being:

- **The Finance Sub-Committee of the Strategy and Resources Committee**, whose remit is to:
 - provide expert advice on financial matters to the SRC;
 - provide the core membership of the Conference Financial Committee; and
 - represent the Council as the employer in discussions with the trustees of connexional pension schemes;
- **The Connexional Allowances Committee**, which is responsible for recommending allowances for ministers and awarding grants from the following funds:
 - The Fund for the Support of Presbyters and Deacons;
 - The Methodist Medical Benevolent Fund;
 - The Methodist Ministers' Children's Relief Association; and
 - The Connexional Travel Fund;
- **The Connexional Grants Committee**, which is responsible for:
 - all connexional grants;
 - monitoring all grants made by sub-committees and grant streams;
 - operating within the annual budget set by the Council;
 - monitoring the use of District Advance Funds (DAFs); and
 - establishing clear processes for the longer-term monitoring and evaluation of grant expenditure;
- **The Property Development Committee**, which works to develop and maintain a connexional property strategy. It will:
 - develop and propose to the Council policies in respect of the use of Methodist property;
 - exercise such managing trustee responsibilities and duties as may be delegated to it by the Council;
 - be responsible for identifying funding sources from across the range of Methodist investments and financial resources and from external sources for the development of Methodist property;
 - review and monitor the use of all property held by bodies reporting to the Council, advising the Council on the effectiveness of current and planned use of property held by such bodies; and
 - offer advice to any Methodist trustees body that so requests it regarding any development, disposal or mortgage of any property or part of any property held on the Model Trust;
- **The Ministries Committee**, which reports to the Methodist Council to enable the Church to develop and maintain a strategic vision for the use of ordained, accredited, commissioned and informal ministries and offices, and is accountable for developing and supporting programmes and processes for candidacy, training, oversight and related matters;
- **The Safeguarding Committee**, which has wide-ranging responsibilities for promoting safeguarding practice and safe recruitment across the Connexion, and advising the Methodist Council on all related issues.

Other oversight bodies

- The trustees of All We Can (the operating name of the Methodist Relief and Development Fund), whose remit is to receive, hold and transmit monies for relief, rehabilitation and development under Methodist, ecumenical or other appropriate oversight, primarily overseas;
- Local managing trustees for those bodies, which report to the Council but are not administered by the Connexional Team (self-accounting entities).

Governance and oversight (continued)

A comprehensive list of the subsidiaries whose financial statements are included in The Methodist Church Consolidated Financial Statements is provided on page 33. For each of them, with the exception of Westminster College Oxford Trust Ltd, a local governance committee or group of managing trustees is appointed by the Council to oversee the entity, within the terms of responsibility delegated to them by the Council. Ultimate control in all these cases resides with the Methodist Council. In the case of Westminster College Oxford Trust Ltd, the Conference appoints the trustees, subject to the approval of the Methodist Council, and they in turn report to the Conference. Through a governance scrutiny process overseen by the SRC, the Council aims to monitor standards of governance in all the entities that are accountable to the Council and the Conference.

The Methodist Council appoints members to the various trustee bodies, on the recommendations of existing members. This follows a selection process that involves a skills audit and advertisement for trustees with the appropriate skills and expertise. Appointments are normally for a six-year period but each trustee body will have its own governing document that will set out the terms of appointment and re-appointment.

All new members of the Council undergo induction to familiarise themselves with the aims and work of the charity, and to ensure they understand fully their responsibilities as trustees 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 receive regular updates, and are made aware of relevant events and training opportunities.

Overview of the work of The Methodist Church in Great Britain

The calling of The Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. Most of the work of the Church occurs within or is associated with Local Churches throughout the country; this involves:

- 4,271 places of worship, with around 173,000 members;
- the work of around 1,472 active Methodist ministers, of whom around 100 are in chaplaincy roles;

- approximately 140,000 visits to a Methodist service each week;
- around 25,000 pupils enrolled in 86 Methodist schools;
- innumerable hours of voluntary time given by our members, local preachers, office holders and others in the community contributing to the diverse activities of the local church.

This report cannot capture in detail the breadth and depth of the Church's work. The following 'key activities' section lists a range of activities from around the Connexion as examples of that work.

Key activities

The work of the Church in 2018/2019 as reported to the Methodist Conference

The government and discipline of the Methodist Church, along with the management and administration of its affairs, are vested in the Methodist Conference that meets annually. The Conference considers all aspects of the Church's life and witness, and receives reports. At its meeting in Birmingham in June-July 2019:

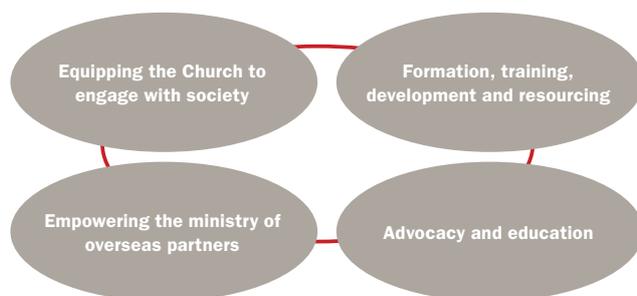
- Four deacons and 22 presbyters were received into Full Connexion, along with seven presbyters by transfer, and one by reinstatement.
- A report on the theology and ecclesiology underpinning the Diaconate and the Methodist Diaconal Order (MDO) was adopted emphasising that deacons are ministers of the Church, focusing and representing a ministry of witness and service. It reaffirmed that the MDO is a religious order open only to deacons in Full Connexion. All deacons must be members of the MDO. The report explored the broad ministry of proclamation as it is exercised by deacons and affirmed that preaching is part of that ministry.
- The 3Generate manifesto (available at www.methodist.org.uk/3genmanifestos) focused on homelessness, loneliness, the environment, and creativity in worship. The Conference urged churches to engage and to respond with intentional action.
- The Conference celebrated the ways in which the reaffirmation of *Our Calling* had shaped the life and work of the Church during 2018/2019 and engaged in workshops focusing on reimagining

structures of decision-making, and a developing strategy for evangelism.

- *God in love unites us*, the report of the Marriage and Relationships Task group, was commended to the Connexion for study and prayerful discussion. Resources to facilitate discussion are available at www.methodist.org.uk/MandR19. Provisional resolutions (under Standing Order 122) were passed on good relating, an understanding of cohabitation, celebration of civil partnerships, prayers following the end of a marriage, and for same-sex marriages to take place in churches.
- *Hope in God's Future* was adopted as a Conference Statement (under Standing Order 129) in 2011. It outlines a Methodist understanding of discipleship in the context of climate change. Recognising the on-going climate emergency, the Conference called for urgent action.

Organisation of the work

In 2018/2019 The Methodist Church in Great Britain, in response to its calling and in pursuit of the strategic objectives shown at the start of this report, organised its work in the following four key areas:



Each of these is reviewed in turn below, followed by a summary of the grants programmes that support the Church's work across all of the above.

1. Equipping the Church to engage with society

- Taking the theme of Radical Grace, the President and Vice President of the Methodist Conference, the Revd Michaela A Youngson and Mr Bala Gnanapragasam, travelled extensively across the Connexion helping the Methodist Church consider the radical nature of God's grace and the ethic of hospitality and love-centred mission that flows from that grace.

- The *Belonging* Conference live-streamed across the UK, focusing on accessible ministry with children and young people with additional needs.
- The Methodist Church supported the ecumenical *Thy Kingdom Come* prayer initiative, with Jasmine Yeboah, Youth President, featuring in their *Power of Praise* video on day two, which has been watched over 6,000 times on Youtube.
- Hundreds of copies of *Talking Jesus*, the new evangelism resource from Hope Publishing, were distributed across the Connexion, with every Circuit receiving at least one free copy to enable local evangelism.
- £1.6m was set aside from the Connexional Priority Fund to finance the piloting of work that enables and supports mission, as part of the reaffirmation of *Our Calling*. This funding has been granted to a range of projects, including district evangelism posts, a project replanting rural churches, and the conversion of a double-decker bus into a Godly Play classroom.
- 1,711 people were a part of 3Generate 2018, making it our largest event ever. This year's theme was '#Courageous'. This theme aims to encourage young people to step outside of their comfort zone to do something Courageous for Christ. The 3Generate manifesto focused on issues of:

- homelessness,
- care for the environment,
- helping others, including lonely and marginalised people by making Church a deliberately inclusive place,
- creating safe spaces for non-judgemental listening,
- creativity in worship and making a positive impact in our local communities by building relationships, breaking down barriers and stopping prejudice.

- The Joint Public Issues Team (JPIT) ran the 'Lift the Ban' campaign, with thousands of postcards sent to the Home Office from Methodists supporting the right of asylum seekers to undertake paid work.
- The Revd Barbara Glasson, President of the 2019/2020 Conference, gave the keynote address at the *Bright Succession* Methodist Heritage Conference, celebrating the 350th anniversary of the birth of Susanna Wesley and her legacy of women's ministry.

Key activities (continued)

Supporting local work through grants

The missional work of The Methodist Church in Great Britain is enabled in part by grants administered by the Connexional Grants Committee. This committee distributes money held in: the Mission in Britain Fund, the World Mission Fund, the Fund for Property, the Epworth Fund and the Connexional Priority Fund. It aims to support well-organised and costed projects and building initiatives aimed at equipping the Church and making a real difference to the work of Christian mission. (See also Grant programmes, page 14, and for criteria in detail, go to www.methodist.org.uk/grantseligibility).

A few examples follow of grants supporting the Church across Britain and awarded this year:

Non-property grants

- Who is Your Neighbour, Sheffield **£142,000**
- New Room, Bristol **£140,000**
- Walk Ministries, Stoke on Trent **£120,000**
- Ablewell Advice Services, Walsall **£100,000**

Property grants

- North Lynn Methodist Church **£150,000**
- St James Road Methodist Church, Southampton **£150,000**
- Wellspring Methodist Church **£120,000**
- Barry Uniting Church **£100,000**
- Greenhill Methodist Church, Sheffield **£100,000**

2. Formation, training, development and resourcing

The Queen's Foundation

- Queen's leads the Church's responsibility for initial ministerial training (IMT), with three basic pathways on offer: full-time, part-time (The Queen's Connexional Course), and circuit-based learning. In the year 2018/19, the Foundation worked with 58 student presbyters and deacons and 49 probationer ministers. They represent around 40% of Queen's learning and formational community, alongside Anglicans, Pentecostal Christians and other independent students, particularly from black-led churches. A new Partnership Agreement was agreed between the Foundation and the Methodist Council during the year and is now in place.

- The Foundation continues to offer postgraduate degrees and awards through its validating university partners in Durham and Birmingham (Newman University). The research department offers doctoral awards, through continuing partnership with the Free University of Amsterdam, whose theology department is ranked as one of the world's best. Queen's continues also to cherish its connections to and work with the global Church, both in offering student ministers experiences of Christian life and ministry in other parts of the world, and in receiving postgraduate students from overseas to join the college community for a period. The Centre for Black Theology was launched in 2019, and is a vital and urgent initiative in the Foundation's life, offering courses at undergraduate and postgraduate levels to students across Britain. Professor Robert Beckford has joined the staff team to help launch this project alongside the Centre's director, Dr Dulcie Dixon McKenzie, building on a longstanding commitment at Queen's to this work.

Cliff College

- Cliff College continues to act as a focus for lay ministry development with a renewed focus on 'equipping the church in evangelism and mission'. In recent years, the College has worked in partnership with the Learning Network in the delivery of a range of innovative short courses, including Worship Leading & Preaching, Family Ministry, Pioneering Ministry and Administrative Ministry. Cliff continues to develop its undergraduate and postgraduate programmes with an increasing number of students joining the programmes, all of which support and encourage the development of individuals in their ministry roles, both lay and ordained. The annual Cliff Festival continues to flourish, with over 1,500 people gathering for a weekend of worship, study and fellowship supported by growing work with children, young people and young adults.
- In 2018/2019, Dr. Richard Saunders-Hindley joined the staff team as Academic Director. Andrew Harper has now been appointed as Head of Global Relationships, and is leading the development of Cliff's engagement in theological education with Partner Churches in Africa, Europe and the Americas. In September 2019, a small group of young people began the re-launched Cliff

Year, an intentional yearlong programme of study and vocational discernment that builds on and honours Cliff's historical ministry programmes.

Southlands Methodist Trust

- The Southlands Methodist Trust (SMT) is an educational charity, focused on encouraging the Methodist ethos of Southlands College (the Methodist-founded College of the University of Roehampton) and the development of the college's contributions to the research and learning of the wider Church and society.
- During the reporting year, the SMT's main research and educational activities focused on the Susanna Wesley Foundation (www.susannawesleyfoundation.org). Alongside this, grants from the Trust also supported research and research-related activities across a range of subject areas deemed to be of importance and interest to the Church and Society. This included subjects such as ecumenical social action, the practice and cultivation of Christian leadership, and a range of questions concerning diversity, widening theological participation and racial justice.
- The SMT sponsors a young person to spend two years working as Assistant Chaplain at the college as part of a discernment process. That role is attached to an ecumenical project to develop a Methodist-Roman Catholic student community housed on campus. It also supports chaplaincy activities and student-led ventures to encourage commitment to social action, such as the Southlands Venture.
- The SMT retains ownership of the college's historic records and continues to upgrade the archive to make it more accessible to the public as a resource for studying teacher training and the Methodist Church's involvement in education. The Trust acts also as a resource and a catalyst for the Methodist Church's contemporary engagement with education at every stage and level, working with the Connexional Team, and the various Methodist schools-related bodies (MAST, MIST, Wesley Trust, MSC) to offer insight, advice and support. It also nurtures and cherishes its own relationships with the global Church and its connections to worldwide Methodist educational ministries. The Head of College is currently a director of the International Association of Methodist Schools, Colleges and Universities.

3. Empowering the ministry of overseas partners

The Methodist Church in Great Britain has Partner Churches in over 65 countries across the globe, and the continuing development of our relationships is overseen by the Global Relationships Committee (GRC). The Global Relationships strategy is a part of the response to *Our Calling* and can be summarised thus:

To enable churches, circuits and districts to be distinctive and highly effective participants in mission, by means of:

- True *Partnership* with sister churches around the world;
- A *Focus* on the places and programmes where our participation can make a real difference locally and globally;
- *Evolution* that encourages new initiatives while maintaining the best of what has gone on before.

This is expressed by maintaining and strengthening traditional and newer partnerships through:

- Fostering people-to-people encounters;
- Enabling reciprocal learning and engagement in mission;
- Sharing resources within the agreed strategies and priorities of the World Mission Fund;
- Engaging in capacity building with global partners to enable long-term sustainability and mission;
- Being flexible so that new opportunities for mission and cooperation can be seized;
- Equipping members of The Methodist Church in Britain to celebrate and take confidence in God's presence and action in the world and respond to God's call.

The Global Relationships team has also developed a number of new ways for people to serve the world church by going 'out of' or coming 'into' the Methodist Church in Britain. These include 'Encounter Worldwide' and 'Encounter Together', as well as participation in the Global Mission Fellows (GMF) programme, a two-year faith and justice-centred leadership development programme for young adults run by the United Methodist Church. The Methodist Church in Britain became an Affiliate of GMF in September 2018 and in the following months welcomed its first two Fellows – from Zimbabwe and Cambodia – to placements with Wesley's Chapel and Birmingham District. Global

Key activities (continued)

Relationships is also working with CIEMAL, a mission network of Methodist churches in Latin America, on a pilot programme bringing evangelists and church planters to support the work of Circuits and Districts in Britain.

As a way of Global Relationships and All We Can working together with Partner Churches, early work through Church CAN has now grown. This shared work enables Partner Churches to strengthen their capacity and effectiveness as agents of change in their local context. Work was undertaken during the year with the Methodist Church of Sierra Leone, the Church of North India and the Methodist Church in the Caribbean and Americas, with scoping discussions in a number of other areas.

Being in partnership does not in itself imply that we will provide grant funding, which is only one way of expressing that partnership. The Strategy for Global Relationships defines the following priorities for grants from the World Mission Fund:

- building the capacity, leadership, and long-term stability of Partner Churches;
- encouraging evangelism, outreach and engagement with the wider society (including interfaith and peace initiatives);
- supporting partners who have a special emphasis on issues of justice, inclusion, education, health and empowerment, and support for those who have been marginalised because of their identity, faith, ethnicity, gender or economic status;
- assisting Partner Churches in responding to emergencies, natural disasters and where there has been human violence or ethnic conflict; and
- supporting partner organisations that have close relationships with Partner Churches overseas and are used by them for the ministry and mission of that Church.

Work funded by grants in 2018/2019 is illustrated by the following small sample of projects:

- Methodist Church Colombia: General (Emergency) grant given to for its ongoing support to Venezuelan migrants (£15,000)
- Jamaica District of the Methodist Church in the Caribbean and Americas (MCCA): National in Mission Appointment grant for a national Safeguarding Officer (five-year grant; 2018/2019 amount: £8,333)
- Haiti District of the MCCA: Scholarship and

Leadership Group Training grant for class leaders (£10,000)

- Pacific Conference of Churches: National in Mission Appointment grant for work on Stewardship and Climate Justice (£74,770)
- Methodist Church Upper Myanmar: Annual grant for work with migrant workers in Malaysia (£8,300)
- National Christian Council of Sri Lanka: Annual grant for training Sunday School teachers, youth workers and teachers of Christianity in schools (£6,588)
- Eglise Protestante Méthodiste du Bénin: Scholarship and Leadership Training (SALT) Grant to provide five days of group training for 14 people on conflict management and peace maintenance (£13,078)
- World Student Christian Fellowship (Youth wing of All African Conference of Churches): National in Mission Appointment grant for WSCF-Africa Intern Programme over five years (£31,200)
- Igreja Metodista Wesleyana em Moçambique: General (Solidarity) grant for humanitarian support for Cyclone Idai victims (£15,000)
- United Methodist Church in Russia: National in Mission Appointment grant for Discipleship and Spiritual Formation ministries (£24,000)
- Community for Reconciliation: Annual grant for peace, justice and reconciliation work in Bosnia (£10,000)
- United Methodist Church in Romania: A National in Mission Appointment grant for ministries with Orphans and Roma (£28,500)

4. Advocacy and education

Joint Public Issues Team

The Joint Public Issues Team (JPIT) has continued to enable church members to campaign on peace and justice issues, including the campaign to ‘Lift the Ban’ on asylum seekers working, resulting in thousands of postcards being sent to the Home Office, including hundreds from Methodist Conference. Successful campaigning has also included a partnership in the ‘End Hunger’ coalition, to successfully introduce a measure of hunger into UK poverty analysis.

JPIT has also equipped churches to respond to the climate emergency by producing ‘Living Lent’ resources and encouraging Methodists to join with thousands of others in ‘The Time is Now’ mass lobby of parliament in June 2019, successfully resulting in

the introduction of net-zero carbon emissions targets in the UK.

Areas of work also included the release of the updated *More than Bricks and Mortar: forming theological, practical and political responses to the housing crisis* resource and online resources around Human Trafficking (hosted on the JPIT website).

JPIT continued to support churches in responding to the political situation, producing briefings and comment on Brexit, and producing resources for the European elections. They also coordinated an ecumenical letter to the Prime Minister expressing concern for the effects of a no-deal Brexit on those locked in poverty in our communities.

Methodist Publishing

The core of the Connexional Team's publishing continues to be material required for and mandated by the Methodist Conference. In addition to the usual Conference Agendas and resources, we published a suite of printed and online resources in order for the whole Church to prayerfully consider, study and discuss the report to the Conference of the Marriage and Relationships Task Group 2019: *God in Love Unites Us*. Mindful of the memorial to the 2019 Conference on accessibility, these resources are available or can be accessed in English, Welsh and with enlarged print. Other mandated resources published in 2018/2019 included the Circuit Steward's Handbook and a new edition of *Responsible Grace* for supervision, alongside Safeguarding's Advanced training module.

The connexion magazine continues to go from strength to strength, alongside several other resources that have been widely distributed for free to support our churches, including *Our Church's Future Story* to respond to the Conference's call for resources for 'end of life or growth' plans. We also published prayer and worship resources for 'Thy Kingdom Come' and the Joint Public Issues Team's response to the housing crisis: *More than Bricks and Mortar?* For those encouraging mission with children, we relaunched JMA (Junior Mission for All) with a revamp of *Rainbow* magazine, an e-newsletter and a commissioning service supported by online content, all more targeted and age-appropriate.

In addition to annually-produced publications for sale such as the Methodist Prayer Handbook and

Methodist Diary, we published a new guide to the Methodist Modern Art Collection, *Seeing the Spiritual*, and the Heritage anthology, *From a Mother's Pen*, commemorating 350 years since the birth of Susanna Wesley.

Supporting the advocacy of All We Can

In the last year, the work of All We Can has impacted the lives of more than 1.3 million people around the world. This movement to end injustice and poverty is fuelled by passionate, committed and generous supporters, institutional donors and trusts working together with development professionals, local people and organisations, and communities around the world, all playing their part to achieve its vision of every person's potential fulfilled. Extensive work is done to engage churches and their wider communities in this vital cause. It is an integral part of the Methodist family, its ministry and mission and serves as the official relief and development agency of the church.

This year, All We Can supported 24 local organisations in 7 countries through specific funding support for local partners' sustainable development projects and activities. All We Can's unique approach, however, not only supports partners in implementing projects, but also focuses on strengthening the partner organisation itself. These partnerships with both new and existing partners are underpinned by a relational approach, whereby partners are seen as holistic organisations. The work of All We Can covers a multitude of focus areas, but 100 per cent are supporting local communities and beneficiaries to develop sustainable livelihoods by supporting activities that enhance food security and help local communities better adapt to and mitigate the negative effects of climate change.

In addition to the work done with local NGOs, a significant and growing part of All We Can's work is developing the capacity for mission and ministry of Partner Churches around the world. Done in close partnership with the Global Relationships team, this work seeks to support Partner Churches specifically through the Church CAN initiative. Global Partner Churches who want to develop a greater understanding of what God is calling them to do in their countries are supported through a facilitated process where they develop their own strategy that determines how they can be supported more effectively, whilst acknowledging and maximising the

Key activities (continued)

local human and resource assets that are already found in their churches and countries.

Responding to humanitarian emergencies on behalf of the church has involved meeting the needs of people whose lives have been devastated by cholera, cyclones, tsunamis, earthquakes, protracted wars and genocide. The generosity of supporters giving to appeals managed by All We Can on behalf of The Methodist Church in Britain has directly and deeply impacted the lives of over 35,000 people, helping them to survive and begin to rebuild their lives, homes and communities.

Grant programmes

Connexional grants are only offered to projects in line with *Our Calling*. When considering grant applications, the Connexional Grants Committee (CGC) examined how applicants intended to fulfil the calling of The Methodist Church in Great Britain:

- to increase awareness of God's presence and to celebrate God's love through worship;
- to help people to grow and learn as Christians, through mutual support and care;
- to be a good neighbour to people in need and to challenge injustice; and
- to make more followers of Jesus Christ.

The CGC sought to concentrate its resources on projects that:

- underpin every activity with God-centred worship and prayer;
- support community development and action for justice, especially among the most disadvantaged – in Britain and worldwide;
- develop confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved;
- encourage fresh ways of being Church; and
- nurture a culture in the Church that is people-centred and flexible.

Mission and Ministry in Britain grants: £5.8m (2018: £5.5m)

The Connexional Grants Committee (CGC) receives applications for funding for Mission and Ministry in Britain, including Chaplaincy, Methodist Action on Poverty and Justice (MAPJ), Property and Mission & Ministry streams. The CGC assesses these applications against criteria for eligibility and impact.

The first allows the committee to assess whether the project should be funded from its resources; the second enables the committee to prioritise competing applications based on potential impact.

The general situation in 2018/2019 was for a downward trend in the number and value of applications. 121 applications were received (down from 143) for a total value of £10.6m (£12m in the previous year).

The total grants awarded included £0.8m MAPJ projects, with 26 awards in total. Grants made from the Fund for Property totalled £1m (down from £1.8m due to budget constraints) with additional support for property from the Connexional Priority Fund.

World Mission Fund grants: £3.4m (2018: £3.6m)

The Connexional Grants Committee (CGC) also administers the Church's international grants. These are given to Partner Churches and organisations overseas to support mission and ministry in their communities. These grants are made from the World Mission Fund and the entire cost of a multi-year grant, where there is no break clause, is committed in the year it is approved. The grants cover four main streams:

1. Annual grants to support the core work of our partners;
2. Scholarship and Leadership Training (SALT), enabling key partner personnel to study for qualifications;
3. Nationals in Mission Appointments (NMA), funding posts for which our partners have the people but not the financial resources;
4. General Grants, mainly in response to natural disasters or other unforeseen events.

All We Can – Methodist Relief and Development grants: £1.3m (2018: £1m)

All We Can awards grants through local partners in its priority countries that are registered Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) or Methodist Churches. These grants are given in the context of a deeply relational approach to joint working and are focused on community and capacity development initiatives, which are monitored and measured for impact and clear accountability. Humanitarian aid is only allocated through organisations that are existing

All We Can partners, Methodist churches, or through Action by Churches Together (ACT).

Westminster College Oxford Trust: £1.9m (2018: £0.3m)

The Trust made two significant grants. The first to the Methodist Academies and Schools Trust (£0.9m) and the second to Oxford Brookes University: Oxford Centre for Methodism and Church History. The latter grant was made in 2017/2018 but is only included in the consolidated accounts in 2018/19.

The Discipleship and Ministries Learning Network grants: £2.3m (2018: £2.9m)

The grant is given to equip the Church ministries through its work with chaplaincies, children and young people, and by enabling evangelism, spirituality and discipleship. Most of the grants were made to The Queen's Foundation and Cliff College (see detail on pages 10 and 11).

Personnel support grants: £1.7m (2018: £1.7m)

Small grants are made to Methodist presbyters, deacons, lay employees and local preachers and their families towards the education of their children, during times of ill health and for one-off financial support. Giving for this purpose draws on a variety of funds including the Fund for the Support of Presbyters and Deacons, Trinity Hall Trust and several benevolent funds.

The figures disclosed above in key activities do not link directly with Note 10 because the activities are not classified in the same way.

Plans for the future

Throughout the coming year The Methodist Council plans to continue pursuing the objectives of the Methodist Church in particular through pursuing the objectives collectively referred to as: 'Reaffirming *Our Calling*'. The main strands of this work include:

Worship

- Support both lay and ordained ministries by continuing to refine the 'Worship: Leading and preaching' course, encouraging young preachers, offering resources for Local Preacher Continuing

Development, training superintendents and seeking to address issues around well-being in ministry;

- Increase the number of opportunities for vocational discernment and increase the diversity of those engaging;
- Identify diverse future senior leaders (for the Church's future) and journey with them to enable them to flourish.

Learning and Caring

- Continue with the growth of 3Generate as a significant engagement in the discipleship journey of children and young people, paying particular attention to those places where young people are most excluded. This will include encouragement of the Year of Testimony initiative;
- Encourage churches, Circuits and Districts to engage with the Marriage and Relationships consultation process.

Service

- Commit to a key number of issues where we want to act as a prophetic voice;
- Ensure our grants processes enable work in the hardest to reach places.

Evangelism

- Resource and support Districts, Circuits and Churches in mission planning;
- Create hundreds of New Places for New People: starting, building, and creating new Christian communities amongst unaffiliated people. This includes focusing on those led by God's people in the most marginalised communities;
- Identify the links that will be nurtured and led by each District around the world with particular focus on Europe.

In addition to this work, there are supporting strategies covering both Finance and Property. This includes the redevelopment of two former church properties, one into a hotel and worship space, and one into a hotel. Both hotels will be run by the Methodist International Centre Ltd under The Wesley brand.

Remuneration of key management personnel

The Methodist Council oversees the operation of the Church on a day-to-day basis. It acts as the

Grant programmes (continued)

employing body for staff and the appointing body for ministers serving within the Connexional Team. It delegates the monitoring of the Connexional Team to its Strategy and Resources Committee (SRC). The Senior Leadership Group of the Connexional Team comprises the key management personnel of the Church in charge of directing and controlling, running and operating the Team on a day-to-day basis.

Two senior leadership posts, the Secretary of the Conference and the Assistant Secretary of the Conference, have to be held by ordained ministers. They each receive the standard stipend plus a fixed percentage allowance. The levels of both are set annually by the Methodist Conference. The pay of the senior employed staff is set by a job grading panel by reference to the Hays Pay and Grading Scale. In view of the nature of the Church's work, the salaries are benchmarked against pay levels in other charities of a similar size run on a voluntary basis. The salaries for senior staff posts are determined as part of the same salary scale as is used for all staff posts.

Trustees are required to disclose all relevant interests and register them with the Conference Office. In accordance with the Church's policy, trustees must withdraw from decisions where a conflict of interest arises.

Details of the expenses reimbursed and related party transactions relating to the Council and the SRC are in Notes 25-27 to the financial statements.

Fundraising activities

The Methodist Church raises funds through investment management, trading activity, property transactions and voluntary income. It receives a proportion of funds raised locally on the sale of property owned by the Circuits.

It does not employ external fundraisers or undertake direct fundraising campaigns, such as direct mail or telephone canvassing of donations. It is registered with the Fundraising Regulator and indirectly raises funds from individuals by the following means:

- A proportion of the weekly offertory and other donations in churches to support the central work of the Church; and
- Donations for the mission funds (Mission in Britain Fund, Fund for Property, World Mission Fund) collected by Churches, Circuits and Districts; The Methodist Church will assist

Churches, Circuits and Districts in this work, for example by providing collecting boxes and worship resources.

The Methodist Church has not been made aware of any complaints from its fundraising activities.

Financial review

The activities covered in these consolidated financial statements are those under the oversight of the Methodist Council. The Methodist Church in Great Britain is the registered charity and the Charity Commission has agreed that these financial statements can properly serve as the financial statements of the charity.

The net income for the year was a surplus of £3.33m (2018: £0.24m), including net investment gains of £3.8m (2018: £6.5m).

Other recognised losses for the year were £5.6m (2018: £11.1m recognised gains). A £5.4m loss arose from the actuarial revaluation of the Pension and Assurance Scheme for Lay Employees of The Methodist Church. A detailed disclosure on the Scheme's financial position is provided in Note 28 (page 71).

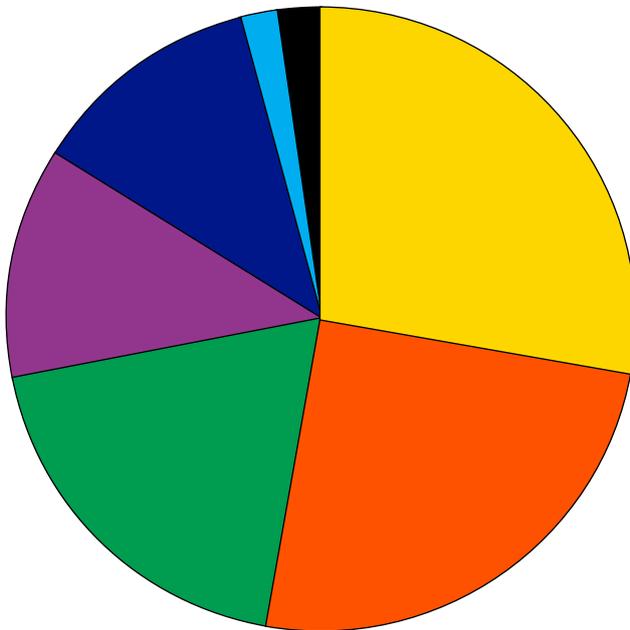
Income

The total income for the year was £49.1m (2018: £43.4m), an increase of 13.1% compared to the previous year. This increase was mainly due to additional investment income and grant income. The donation figure included an amount of £3.5m reflecting the transfer of a property at Oxford Place, Leeds to Connexional Funds at 'fair value'. A detailed analysis of income is provided in Notes 3-6 (pages 42-44).

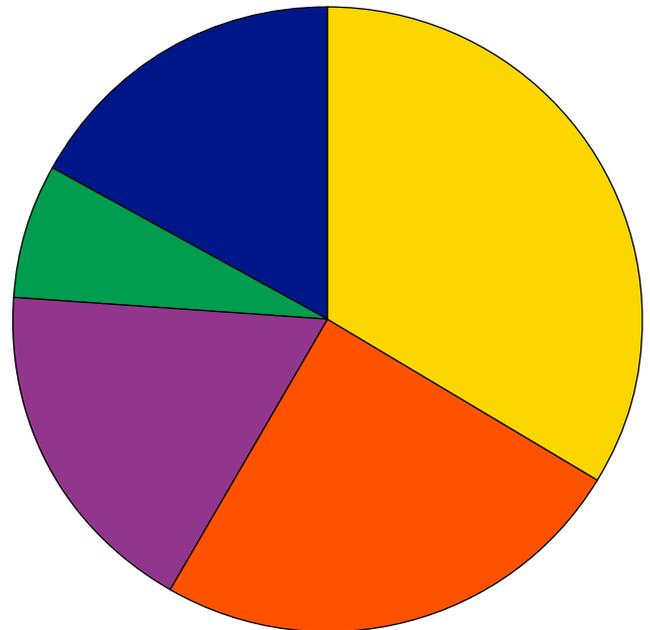
Expenditure

Total expenditure decreased slightly to £49.6m (2018: £49.7m). Of this, £41.2m was spent on direct charitable activities (2018: £41.3m). This includes all amounts spent in furtherance of our mission including grants and direct programme activities. Spending from restricted funds (after transfers) was greater than income by £4.8m. This reflects the policy to use excess reserves in a planned manner over three years. A detailed analysis of expenditure by activity is included in Notes 7-8 (pages 44-45).

The Methodist Church in Great Britain
Total income £49.1m



The Methodist Church in Great Britain
Total expenditure £49.6m



Managed reserves

The total value of funds held at 31 August 2019 was £284m (2018: £284m). There are restricted reserves of £164m (2018: £168m), unrestricted reserves of £100m (2018: £96m), and endowment reserves of £20m (2018: £20m).

The Methodist Church in Great Britain does not have a blanket reserves policy to cover its operations. Rather, the policies are set locally by the relevant trustee bodies and take into account the unique risk factors faced by each entity. The unrestricted funds reported in these financial statements are under the trusteeship of the Methodist Council; therefore the reserves policy outlined below is that of the Methodist Council. There are five main unrestricted funds:

- the Methodist Church Fund (also known as the general fund);
- Methodist International Centre (included within general funds);
- the Connexional Priority Fund;

- the Pension Reserve Fund; and
- the Epworth Fund.

General funds

At 31 August 2019, the balance of the unrestricted general funds was £55m (2018: £47m). Of this, £44m (2018: £38m) is invested in fixed assets, used in the day-to-day running of the Council's activities and that of one of its subsidiary undertakings, which is therefore not available for use as a reserve. The trustees approved a reserves balance of £7.5m. This would ensure that there is sufficient cash or near cash at hand at all times to enable operations to continue smoothly and without the disruption that might otherwise arise when receipts and payments occur irregularly or are delayed or accelerated. At 31 August 2019 the free reserves balance was £10m (2018: £9m).

Designated funds

Designated funds are part of the unrestricted funds, which the trustees have earmarked for a particular

Financial review (continued)

project or use, without restricting or committing the funds legally. The trustees may cancel the designation if they later decide that the activity should not proceed or continue with the project for which the funds were designated.

At 31 August 2019, the designated funds totalled £50m (2018: £49m) of which the main fund balances were as follows:

● the Connexional Priority Fund	£9m
● the Epworth Fund	£7m
● the Pension Reserve Fund	£33m
● Others	£1m
● Total	£50m

The Connexional Priority Fund (CPF), as a large designated fund, reflects the connexional nature of The Methodist Church. Its income is derived from levies on property sales. It serves to redistribute money around the Connexion so that a proportion of money released in one area becomes available for new mission and ministry elsewhere. The Methodist Council in 2015 approved a reserves policy for this fund, setting the long-term uncommitted reserves level of the CPF at £5m. Around £3m of this will cover the potential claims for levy refunds as applications can be made regarding replacement projects for up to five years under Standing Order (SO) 973. The remaining £2m will cover year-to-year fluctuations in levy income and investment values.

The Epworth Fund was set up with the proceeds from the sale of Epworth House, City Road, London in 1987. The Church wanted the fund to be used in the long term for innovative projects, expenditure for which could not always be justified using other resources and designated an amount of £5m for this purpose. It receives approximately £0.2m annually from investments and has the potential for some capital appreciation. The current expenditure policy is in line with the reserves policy and serves to ensure that the fund balance does not fall below £5m.

At 31 August 2019 the reserves position on the designated funds is above the policy by £6m. The CPF's reserves are above the policy by £4m and the Epworth Fund is above policy by £2m. The balance held in the smaller designated funds is detailed in Note 19c (page 58) in the notes to the financial statements.

Financial risks

The Council's general reserves enable it to make

long-term commitments to projects, and to protect its work against adverse financial events. A formal review of the reserves levels takes place every three years. In the intervening years the Strategy and Resources Committee (SRC) considers the impact of the financial risks associated with the income and expenditure streams and balance sheet items and assesses the appropriateness of the reserve range. This allows time for fundamental restructuring, in the event of a major downturn, and to protect the current programme of work from unexpected demands. The goal is to plan for the effective deployment of the available financial resources to achieve the aims of The Methodist Church, which are:

- Worship – to increase awareness of God's presence and to celebrate God's love;
- Learning and caring – to help people to learn and grow as Christians, through mutual support and care;
- Service – supporting community development and action for justice, especially among the most deprived and poor – in Britain and worldwide; and
- Evangelism – developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved.

The Council is faced with the following financial risks:

- dependency on limited income sources (the Methodist Church Fund (MCF) assessment, investment income and donations);
- fluctuations in investment income;
- fluctuations in income from the levies on proceeds of property sales;
- inability to attract donations from the general public;
- an increase in the defined benefit pension scheme liabilities;
- an unforeseen increase in the requirement for additional connexional manses; and
- a sustained fall in the value of investments and property held by the Council.

The MCF assessment is the main source of unrestricted income for the Council. It is a major contributor to the funding of a number of key activities including the administration of the Connexional Funds, the Discipleship and Ministries Learning Network and major aspects of the governance processes such as the Methodist Council and the Conference.

The assessment is a charge upon circuit receipts. The impact of a reduction in membership and a turbulent economic environment has left a number of

circuits expressing doubts about their ability to meet the assessment. If these trends continue, there is a risk that the annual increases in the assessment will not be sustainable and in a few years, we could see a decline. If this decline were to happen, it would be gradual, and with the three-year planning processes in place, the Council would have time to adjust.

Other sources of income available to the Council are donations, legacies and investment income. Legacy income, when received, is significant but prone to fluctuation. Unrestricted donations have been mainly from a single donor, who provides support on a year-by-year basis.

The impact of a sustained fall in the investments and other assets held by the Council could be felt in two ways: first, a deficit in the statement of financial activities occurring over a number of years; second, difficulties in realising assets with the potential for consequent cash flow, and operational problems.

A key financial risk faced by the Church is the level of the deficit within the defined benefit pension schemes. In order to mitigate this risk, the Pension Reserve Fund was established by the 2009 Conference as a fund outside the schemes, which could be used to meet future funding deficits. This fund has the benefit of providing comfort to the Pension Fund trustees of the financial support of the Church for the schemes and enables them to follow an investment policy more likely to generate higher returns than a more conservative policy. The fund has made annual contributions of £1m up to 2018 (with no payment required in 2019) to the Methodist Ministers' Pension Scheme (MMPS) in order to help eliminate the deficit. An additional contribution of £650k was also made to the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) scheme in 2018/2019 to reduce the deficit balance on that scheme.

The Methodist Council closed the PASLEMC to new entrants with effect from 31 May 2019. Existing members benefit from the scheme arrangements up until this date but are no longer able to make further member contributions, and members therefore do not build up any further benefits in the Scheme. The pension that members have already built up is retained in the Scheme and, upon retirement, they will receive that pension, and any inflationary increases granted.

The accumulating level of reserves expected to be held in the Pension Reserve Fund forms part of the 'employer covenant' with the pension trustee boards

and is therefore currently considered appropriate. This fund is defined by SO 974(iA) and decisions regarding its use can only be taken by Conference.

Investments

As at 31 August 2019, the Church held fixed asset investments with a fair value of £194m (2018: £189m). The Investment Committee regularly reviews the investment portfolio and performs an annual review of the investment policy. The Church's investment objective is to seek an optimal return from income and capital combined. The Investment Committee is satisfied with the overall performance of the investment portfolio against agreed benchmarks.

Funds not immediately required are invested in marketable securities through 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; and
- be a Christian witness in the investment community.

To ensure that the CFB is working to the highest ethical standards, the trustees established 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. The committee monitors the activities of the CFB to ensure that it complies with the ethical stance of the Church.

With regard to investment management the Investment Committee and representatives from the Connexional Team decide, after taking advice from the CFB, the most appropriate investment strategy for each fund under the management of the Connexional Team.

In addition to marketable securities, some funds hold freehold property as investments. These tend to be either given to the fund, or are redundant properties that are either rented out or are awaiting disposal.

Financial review (continued)

The value of these properties is small in relation to the overall amounts held in marketable securities: £53m versus £194m (2018: £48m versus £189m).

Performance and holdings

The total returns as at 31 August 2019 for CFB managed funds are summarised as follows:

	1 year to 31.08.19	3 years to 31.08.19 (p.a.)	11.07.16 to 31.08.19 (p.a.)
Managed LT Methodist Council Fund	4.4%	8.8%	9.4%
Managed MT Methodist Council Fund	4.7%	5.6%	6.5%
	1 year	3 years (pa)	10 years (pa)
CFB UK Equity Fund	0.9%	7.2%	8.7%
FTSE All Share	0.4%	6.3%	8.4%
Ethical benchmark	1.4%	6.9%	8.6%
CFB Overseas Fund	6.0%	12.4%	12.6%
FTSE All World ex UK	7.2%	12.7%	12.7%
CFB Short Fixed Interest Fund	4.3%	1.1%	3.1%
Benchmark	4.6%	1.1%	3.2%
CFB Corporate Bond Fund	8.4%	2.2%	5.8%
Benchmark	8.5%	2.3%	6.1%
CFB Deposit Fund	0.7%	0.5%	0.8%
1 week Libid	0.6%	0.3%	0.4%

Property benchmarks

	1 year to 30.06.19	3 years to 30.06.19 (p.a.)	11.07.16 to 31.06.19 (p.a.)
Managed LT Methodist Council Fund	5.7%	n/a	9.5%
Benchmark	5.6%	n/a	9.1%
Ethical Benchmark	6.2%	n/a	9.3%
Managed MT Methodist Council Fund	4.8%	n/a	6.3%
Benchmark	4.7%	n/a	5.8%
Ethical benchmark	5.1%	n/a	5.9%
	1 year	3 years (pa)	10 years (pa)
CFB Property Fund	4.3%	7.9%	10.7%
FTSE All Share	3.9%	6.6%	10.3%

Principal risks and uncertainties

The Methodist Church in Great Britain has a risk management policy, which has been set by the Methodist Council for use both by the trustees and by the Connexional Team on behalf of the trustees. The risk management policy is designed to identify and analyse key strategic and operational risks facing The Methodist Church and, where at unacceptable levels, to take steps to mitigate the risks.

We define key strategic and operational risks as those that, without effective or appropriate mitigation, are

highly likely to occur and would have a positive or negative impact on the Church's ability to fulfil its purpose of advancing the Christian faith in accordance with its doctrinal standards. These risks are reported to the trustees through a risk management process, which allows them both to challenge any assumptions the management team has made about risks and to understand the context in which decisions are taken. This helps to ensure that the most serious risks are being managed effectively.

The trustees recognise that it is neither possible nor appropriate to seek to eliminate risk entirely. We recognise that risk taking is inherent within the task of communicating the gospel; John Wesley himself

took risks in establishing Methodist communities. Our task, therefore, is to embrace risks that aim to advance the Church's purposes while ensuring that we avoid or minimise those risks that might have a negative impact. Effective risk management processes will help to increase the likelihood of the Church fulfilling its mission.

The most significant risks faced by the Church are:

- inability to create new Methodist disciples results in further decline, ultimately resulting in The Methodist Church ceasing to exist;
- lack of coherent strategy and an inability to identify priorities contributes to decline, ultimately resulting in The Methodist Church ceasing to exist;
- breach of data protection law by wrongful disclosure of personal data or data not held securely;
- ineffective recruitment and training of those who fulfil ministerial/lay roles results in shortage/surplus of ministers or decline in membership due to poor standard/allocation of ministers/lay workers;
- safeguarding failures lead to harm to individuals or the organisation;
- ineffective stewardship of resources results in: reduced liquidity/cash flow or deficit; or failure to use funds towards changing priorities;
- local Churches and Circuits decide to leave the connexional framework resulting in reduction or break up of the Methodist Connexion;
- changes in government policy result in loss of favourable charitable status in law; and
- an unforeseen increase in the actuarial shortfall on the pension funds for which the Council could be deemed responsible.

Risk management

The trustees consider that the following framework provides the Church with adequate measures to minimise the impact of identified risks.

Risk appetite

Risk appetite is the amount of risk that the Church is willing to accept in relation to key drivers of the organisation. Our risk management philosophy is to minimise risk but it enables us to accept additional risk, providing the impact has been evaluated, mitigation measures have been put in place and a regular, robust monitoring process is established. This approach to reviewing risk enables the Methodist Council to adopt appropriate behaviours, decisions and controls according to the priorities in the Connexional Team's strategy plan.

Prior to any risk being accepted, we consider the likelihood of the risk occurring and the impact on the Church if the risk did occur. Any risk that seriously threatens the ability of The Methodist Church in Great Britain, now or in the future, to further its purpose of advancing the Christian faith will not be acceptable. If such a risk cannot be extinguished then all steps will be taken to minimise the likelihood of the risk occurring.

Risk strategy and responsibilities

The Council's role in the oversight of risk is to set the ethos for risk management and to promote a culture of risk management within the activities of The Methodist Church in Great Britain on behalf of the trustees, including:

- determining the risk appetite for key drivers of the Church; which types of risk are acceptable and which are not; setting of standards and expectations of staff with respect to conduct and probity;
- approving major decisions affecting the Church's risk profile or exposure;
- monitoring the management of significant risks on an annual basis by the Audit Committee and the Strategy and Resources Committee on behalf of the Council;
- satisfying itself that the less significant risks are being managed actively, with the appropriate controls in place and working effectively; and
- annually reviewing the Connexional Team's approach to risk management; approving changes or improvements to key elements of its processes and procedures; forming an opinion on whether or not the Team has complied with expected risk management practice. For example:
 - Policies and procedures: attached to significant risks are a series of policies that underpin the internal control system. Written procedures support the policies where appropriate;
 - Reporting: the Senior Leadership Group of the Connexional Team, the Council and its committees (Audit Committee and the Strategy and Resources Committee) receive a number of key reports on a regular basis, which allow for the monitoring of key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior Leadership Group and the Council, if appropriate;

Financial review (continued)

- Strategic planning and budgeting: the strategic planning and budgeting process, undertaken by the Strategy and Resources Committee, is used to set objectives, agree action plans and allocate resources. Progress towards meeting strategic plan objectives is monitored regularly;
- Risk register: registers exist for both the corporate and programme dimensions of the life of the Church. These documents are formally appraised annually, and updated for emerging risks as these arise. Additionally, improvement actions and risk indicators are monitored regularly;
- Team risk management: the senior managers are expected to use the framework of the plan to ensure that risk management is embedded within their areas of responsibility and that significant risks are identified, assessed and referred to the Connexional Secretary, who acts as the Church's 'Risk Champion'. This also includes the removal of any previously-listed risks where the threat is no longer significant enough to be included in the document;
- Audit Committee: in its report to the Council on internal controls, the Audit Committee alerts the Council to any emerging issues. A summary of the committee's terms of reference can be found on page 6;
- Internal audit programme: internal audit is an important element of the internal control process. including reviewing aspects of the effectiveness of the internal control system within the organisation;
- External audit: the external audit provides a report to the Audit Committee on the operation of the internal financial controls and the statutory requirements placed upon the trustee body;
- Third party reports: from time to time, the use of external consultants will be necessary in areas such as health and safety and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

Monitoring and review of the policy

The risk management policy is reviewed by the Senior Leadership Group of the Connexional Team, meeting annually as the Risk Management Group,

which reports to the Audit Committee and makes recommendations to the Strategy and Resources Committee and/or the Council.

For the year under review, the Council is satisfied that the major risks to which the Church is exposed have been assessed and that systems are in place to manage and mitigate exposure to them.

Risk management is part of the wider system of internal control. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Church to respond to a variety of operational, legal, financial and commercial risks.

The environment

The Methodist Church takes its responsibility towards the environment seriously (as detailed in *Hope in God's Future*). Having originally set an ambitious target of an 80 per cent reduction of carbon emissions by 2050, the Methodist Council adopted a report in 2019 recognising the need for the achievement of net-zero carbon emissions before 2050.

Our environmental goals

- Improve knowledge of the footprint of The Methodist Church and of the measures that would be most effective in reducing carbon emissions;
- Improve knowledge of further technical support that can be made available to support Circuits' adaptation of buildings;
- Identify further financial resources to support reduction in carbon emissions;
- Better equip staff and ministers to make informed choices to reduce their carbon footprint.

Connected organisations

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

- a) The Trustees for Methodist Church Purposes, (TMCP) are the custodian trustees of all property held on the Model Trust of The Methodist Church

Act 1976, except for properties in the Channel Islands and the Isle of Man, which are held by the Trustees for Jersey Methodist Church Purposes, the Trustees for Guernsey Methodist Church Purposes and the Trustees for Manx Methodist Church Purposes.

- b) The Central Finance Board of The Methodist Church (CFB) 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 for the Connexional Team as well as other organisations within Methodism.
 - c) The Methodist Ministers' Housing Society set up under the Community and Co-operative Benefit Societies Act 2014, and operating from Methodist Church House in London, provides housing and associated amenities for retired Methodist presbyters, deacons and their partners. The Methodist Council makes regular grants from the Fund for the Support of Presbyters and Deacons (FSPD) in support of its work under Standing Order 364.
 - d) The Queen's Foundation for Ecumenical and Theological Education offers training pathways for student ministers to prepare for ordained ministry in The Methodist Church.
 - e) Other Methodist bodies with which the Connexional Team have regular dealings include the Methodist Ministers' and Lay Employees' Pension Trusts and the Methodist Independent Schools Trust.
- a. select suitable accounting policies and then apply them consistently;
 - b. observe the methods and principles in the Charities SORP;
 - c. make judgements and estimates that are reasonable and prudent;
 - d. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - e. 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 provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group 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.

Auditor

A resolution proposing the reappointment of RSM UK Audit LLP as auditor to the charity will be put to the Methodist Council.

RSM UK Audit LLP has indicated its willingness to continue in office.

Mrs E Jill Baker
Chair of the Council

January 2020

Statement of trustees' responsibilities

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 the group and of the income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

Independent Auditor's Report to the Trustees of The Methodist Church in Great Britain

Opinion

We have audited the financial statements of The Methodist Church in Great Britain (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2019 which comprises the Consolidated statement of financial activities, the Statement of financial activities – Connexional Funds, the Consolidated and Connexional Funds balance sheets, the Consolidated and Connexional Funds cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2019 and of their 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.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Consolidated Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial statements is inconsistent in any material respect with the Trustees' Report; or

- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row, Birmingham
West Midlands B2 5AF

Date:

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated financial statements

Consolidated statement of financial activities

For the year ended 31 August 2019

	Notes	Unrestricted £000	Restricted £000	Endowment £000
Income and endowments from:				
Donations and legacies	3a	4245	7,911	-
Charitable activities	3e	13,440	500	-
Investments	4a	1,663	4,157	-
Other trading activities	5a	8,105	1,474	-
Other				
Capital levies	6a	5,656	-	-
Grants	6b	2	936	-
Miscellaneous income	3c	660	399	-
Total income		33,771	15,377	-
Expenditure on:				
Raising funds	7a	7,028	1,337	17
Charitable activities				
Equipping the church to engage society	7a, 20a, 21a	12,535	4,097	-
Formation, training, development and resourcing	7a, 20a, 21a	6,018	6,154	-
Empowering the ministry of overseas partners	7a, 20a, 21a	1,672	7,111	-
Advocacy and education	7a, 20a, 21a	2,717	743	-
Net loss on the disposal of tangible fixed assets		166	44	-
Total expenditure on charitable activities		23,108	18,149	-
Total expenditure		30,136	19,486	17
Net gains on investments	14a	3,047	1,000	(219)
Net income		6,682	(3,109)	(236)
Transfers between funds	22	1,455	(1,679)	224
Net income after transfers		8,137	(4,788)	(12)
Other recognised gains and losses:				
Remeasurement of net defined benefit pension scheme liability	28	(5,418)	(139)	-
Gains on revaluation of charitable properties		1,118	782	-
Net movement in funds		3,837	(4,145)	(12)
Total funds at 1 September		96,130	167,985	20,125
Total funds at 31 August		99,967	163,840	20,113

2019 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000
12,156	1,206	6,123	-	7,329
13,940	13,466	516	-	13,982
5,820	1,487	3,788	-	5,275
9,579	7,650	1,636	-	9,286
5,656	5,484	-	-	5,484
938	6	565	-	571
1,059	786	665	-	1,451
49,148	30,085	13,293	-	43,378
8,382	6,816	1,515	16	8,347
16,632	13,183	5,857	-	19,040
12,172	7,172	3,448	-	10,620
8,783	1,707	6,868	-	8,575
3,460	2,413	672	-	3,085
210	-	-	-	-
41,257	24,475	16,845	-	41,320
49,639	31,291	18,360	16	49,667
3,828	2,607	2,925	1,000	6,532
3,337	1,401	(2,142)	984	244
-	1,332	(1,513)	181	-
3,337	2,733	(3,655)	1,165	244
(5,557)	11,024	139	-	11,163
1,900	-	-	-	-
(320)	13,757	(3,516)	1,165	11,407
284,240	82,373	171,501	18,960	272,834
283,920	96,130	167,985	20,125	284,240

Statement of financial activities – The Connexional Funds

For the year ended 31 August 2019

	Notes	Unrestricted £000	Restricted £000	Endowment £000
Income and endowments from:				
Donations and legacies	3b	4,245	4,800	-
Charitable activities	3e	13,440	500	-
Investments	4b	3,617	3,212	-
Other trading activities	5b	471	1,072	-
Other				
Capital levies	6a	5,656	-	-
Grants	6c	2	156	-
Miscellaneous income	3d	667	62	-
Total income		28,098	9,802	-
Expenditure on:				
Raising funds	7b	1,497	1,337	17
Charitable activities				
Equipping the church to engage society	7b, 20b, 21b	12,561	4,100	-
Formation, training, development and resourcing	7b, 20b, 21b	6,620	1,019	-
Empowering the ministry of overseas partners	7b, 20b, 21b	1,486	4,899	-
Advocacy and education	7b, 20b, 21b	2,719	321	-
Net loss on the disposal of tangible fixed assets		166	45	-
Total expenditure on charitable activities		23,552	10,384	-
Total expenditure		25,049	11,721	17
Net gains on investments	14b	3,047	685	(219)
Net income		6,096	(1,254)	(236)
Transfers between funds	22	1,455	(1,679)	224
Net income after transfers		7,551	(2,913)	(12)
Other recognised gains and losses:				
Remeasurement of net defined benefit pension scheme liability	28	(5,418)	(139)	-
Gains on revaluation of charitable properties		1,118	782	-
Net movement in funds		3,251	(2,270)	(12)
Total funds at 1 September		94,856	136,771	20,125
Total funds at 31 August		98,107	134,501	20,113

2019 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000
9,045	1,206	3,695	-	4,901
13,940	13,466	516	-	13,982
6,829	3,405	2,829	-	6,234
1,543	369	1,187	-	1,556
5,656	5,484	-	-	5,484
158	6	81	-	87
729	791	160	-	951
37,900	24,727	8,468	-	33,195
2,851	1,667	1,515	16	3,198
16,661	13,218	5,857	-	19,075
7,639	7,733	730	-	8,463
6,385	1,612	4,789	-	6,401
3,040	2,418	172	-	2,590
211	-	-	-	-
33,936	24,981	11,548	-	36,529
36,787	26,648	13,063	16	39,727
3,513	2,778	2,869	1,000	6,647
4,626	857	(1,726)	984	115
-	1,332	(1,513)	181	-
4,626	2,189	(3,239)	1,165	115
(5,557)	11,024	139	-	11,163
1,900	-	-	-	-
969	13,214	(3,100)	1,165	11,278
251,752	81,643	139,871	18,960	240,474
252,721	94,856	136,771	20,125	251,752

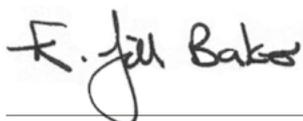
Balance Sheets as at 31 August 2019

	The Methodist Church in Great Britain			The Connexional Funds	
	Notes	2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets					
Intangible assets	13c	138	165	112	154
Tangible fixed assets	13a&b	98,561	96,536	90,374	88,281
Investments	14a&b	193,934	188,685	167,451	165,865
		292,633	285,386	257,937	254,300
Current assets					
Stocks	17	70	83	50	68
Debtors	15	5,284	5,100	5,422	4,876
Short-term deposits		15,549	14,729	14,577	13,284
Cash at bank and in hand		5,352	7,259	2,518	2,262
Total current assets		26,255	27,171	22,567	20,490
Creditors					
Amounts falling due within one year	16a	(17,489)	(16,789)	(15,262)	(15,432)
Net current assets		8,766	10,382	7,305	5,058
Total assets less current liabilities		301,399	295,768	265,242	259,358
Creditors					
Amounts falling due after more than one year	16b	(10,311)	(9,667)	(5,353)	(5,745)
Net assets excluding pension liability		291,088	286,101	259,889	253,613
Defined benefit pension scheme liability	28	(7,168)	(1,861)	(7,168)	(1,861)
Net assets including pension liability	23	283,920	284,240	252,721	251,752
The funds of the charity					
Unrestricted funds					
General funds		54,813	46,893	53,626	45,903
Designated funds		50,388	49,237	49,715	48,953
Defined benefit pension scheme liability	28	(5,234)	-	(5,234)	-
Total unrestricted funds	19	99,967	96,130	98,107	94,856
Restricted funds	20	163,840	167,985	134,501	136,771
Endowment funds	21	20,113	20,125	20,113	20,125
Total funds		283,920	284,240	252,721	251,752

Total unrestricted funds include revaluation reserve of £7.6m (2018: £6.5m) for both The Methodist Church in Great Britain and the Connexional Funds. Total restricted funds include revaluation reserve of £59.3m (2018: £58.5m) for The Methodist Church in Great Britain and £57.3m (2018: £56.5m) for the Connexional Funds (Note 24).

The notes on pages 32 to 76 form an integral part of these accounts.

Approved and authorised for issue by the Board of Trustees on 29 January 2020 and signed on their behalf by:



Mrs E Jill Baker
Chair of the Council



The Reverend Timothy Swindell
Connexional Treasurer

Cash flow statements for the year ended 31 August 2019

Statement of cash flows	The Methodist Church in Great Britain		The Connexional Funds		
	Notes	2019 £000	2018 £000	2019 £000	2018 £000
Cash flows from operating activities					
Net cash generated (used in)/from operating activities		(5,855)	(11,970)	(7,914)	(13,337)
Cash flows from investing activities					
Dividends, interest and rents from investments		5,042	4,511	6,051	5,472
Proceeds from the sale of property, plant and equipment		2,078	1,611	2,078	1,575
Purchase of property, plant and equipment	13a/b	(2,759)	(2,440)	(2,480)	(1,191)
Purchase of intangible assets	13c	(28)	(29)	(6)	(19)
Proceeds from the sale of investments	14a	6,190	2,794	5,683	2,326
Purchase of investments	14a	(4,066)	(3,523)	(211)	(2,850)
Net cash provided by investing activities		6,457	2,924	11,115	5,313
Cash flows from financing activities					
New borrowing		-	1,139	-	859
Repayment of loans		(1,689)	(850)	(1,652)	(794)
Net cash from/(used in) financing activities		(1,689)	289	(1,652)	65
Change in cash and cash equivalents in the reporting period		(1,087)	(8,757)	1,549	(7,959)
Cash and cash equivalents at the beginning of the reporting period		21,988	30,745	15,546	23,505
Cash and cash equivalents at the end of the reporting period		20,901	21,988	17,095	15,546
Reconciliation of net income to net cash flow from operating activities					
Net income for the reporting period		3,337	243	4,626	115
(as per the statement of financial activities)					
Adjustments for:					
Depreciation and amortisation charges		454	412	100	97
Loss on the sale of fixed assets		210	133	210	133
Donated property		(3,545)	-	(3,545)	-
Gains on investments		(3,828)	(6,532)	(3,513)	(6,647)
Investment income		(5,820)	(5,275)	(6,829)	(6,234)
(Increase)/decrease in stocks		13	36	18	35
Decrease/(increase) in debtors		540	1,776	178	1,101
(Decrease)/increase in creditors		3,033	(4,060)	1,090	(3,233)
Pension costs/difference between pension costs charged and paid		(249)	1,297	(249)	1,296
Net cash generated from/(used in) operating activities		(5,855)	(11,970)	(7,914)	(13,337)
Analysis of cash and cash equivalents					
Cash in hand and at bank		5,352	7,259	2,518	2,262
Short-term deposits (less than 3 months)		15,549	14,729	14,577	13,284
Total cash and cash equivalents		20,901	21,988	17,095	15,546

Notes to the consolidated financial statements for the year ended 31 August 2019

1. Accounting policies

a) Scope and basis of the preparation of the financial statements

The Methodist Church in Great Britain is a public benefit entity for the purposes of FRS 102, and therefore the financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the SORP').

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair" view. This departure has involved following "Accounting and Reporting by Charities preparing their financial statements in the UK and Republic of Ireland (FRS 102)" issued on 16 July 2014, rather than "Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005", which has since been withdrawn.

The preparation of the financial statements in accordance with FRS102 requires the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving higher degree of judgement, or areas where assumptions or estimates were significant to the financial statements are disclosed in Note 2 on page 39.

b) Preparation of the financial statements on a going concern basis

These financial statements have been prepared on the basis that The Methodist Church in Great Britain is a going concern. A comprehensive review of the Church's financial performance and general reserves position is covered in the financial statements and trustees' report. Evidently, the Church has adequate financial resources and is able to manage business risks. The planning processes, including financial projections, take into consideration the prevailing economic climate and its potential impact on the various sources of income and planned expenditure. The trustees have looked at least 12 months ahead and are satisfied that the Church has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the Church's ability to continue in operation.

c) Group financial statements

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Church and its subsidiary undertakings as set out in the diagram below.

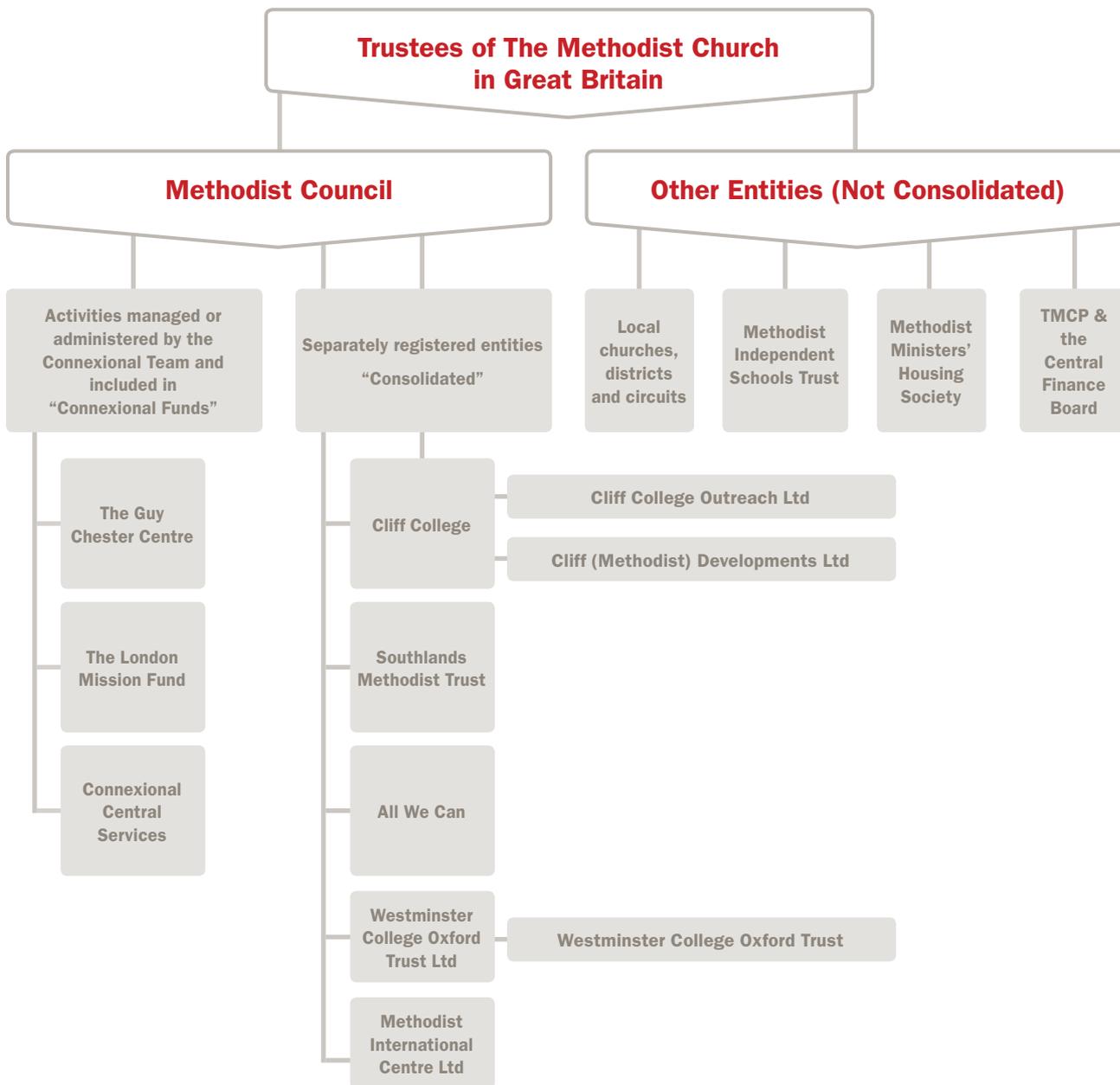
The consolidation principles applied are based on the SORP, whereby the parent charity consolidates the subsidiaries it controls. Control in this context is the power to govern the financial and operating policies of an entity in order to benefit from its activities. This control is the power to appoint and remove trustees. The Methodist Council, as managing trustee, has the ability to govern the financial and operating policies of the entities. For consolidated companies limited by shares, control is by virtue of shareholdings. For consolidated companies limited by guarantee, control is by virtue of sole or majority membership.

The beneficial element of the control of charitable subsidiaries is demonstrated by the concurrence of purpose. All the subsidiary entities included in the consolidation contribute to the purposes and aims of the Methodist Church in Great Britain and benefit its beneficiaries.

The results of the subsidiary entities are consolidated on a line-by-line basis in accordance with section 9 of FRS 102. Any inter-entity balances and transactions have been eliminated on consolidation. All the entities have the same reporting date and uniform group accounting policies have been adopted.

Notes to the consolidated financial statements for the year ended 31 August 2019

d) The group structure



e) Excluded entities

There are a number of entities that form part of the wider picture of the Methodist Church in Great Britain, some of which are mentioned below. These entities are excluded from consolidation because the Methodist Council has no control over their financial and operating policies.

- Methodist Churches, Circuits and Districts
- Methodist Independent Schools Trust
- Trustees for Methodist Church Purposes (TMCP)
- The Central Finance Board (CFB)
- The Methodist Ministers' Housing Society

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

f) Recognition of income and endowments

All income is accounted for when the Church has entitlement to the funds, the amount can be quantified and receipt of the funds is probable. Where income is received in advance of providing goods and/or services, it is deferred until the Church becomes entitled to that income.

All income is reported gross. Any fee charged for fundraising by third parties and deducted from the amount collected before it is remitted to the Church is not offset against the fundraised income recognised in the financial statements but is reported as a fundraising expense.

Rental income from operating leases (net of incentives given to the lessees) is recognised on a straight-line basis over the lease term.

No amounts are included in the financial statements for services donated by volunteers.

District assessment

The assessment is accounted for on a receivable basis. The amount can be measured reliably by the Church as it is published annually in advance in the Minutes of Conference. Standing Order 361 (2) states that the Methodist Church Fund shall be maintained “by an assessment levied by the Conference on each Circuit in the home church through the Districts [...]”. The assessment primarily funds the decisions of the Conference, part of which is the provision of certain services such as the administration of the connexionally-held funds and the processing of ministerial stipends.

Donations

Donations are recognised when there is evidence of entitlement, receipt is probable and the amounts can be measured reliably. Where a donor has specified certain terms and conditions, the Church evaluates whether these conditions can be met before claiming entitlement. In any event, donations or gifts with conditions or terms which are outside of the Church’s stated purposes, or which are illegal are rejected by the Church.

Goods donated for on-going use by the Church in carrying out its activities are recognised as tangible fixed assets with the corresponding gain recognised as income from donations within the SOFA, subject to the capitalisation threshold of £1,000.

Legacies

Entitlement to a legacy is assumed when there is sufficient evidence that a gift has been left to the Church, usually through the notification of a will. Receipt of a legacy is deemed probable when there has been a grant of probate and it has been established that there are sufficient assets in the estate to pay the legacy and there are no conditions attached to the legacy that are outside the control of the Church, or uncertainty around the receipt of this gift. Income from pecuniary legacies is recognised upon notification or receipt if earlier.

Where legacies have been notified to the Church or the Church is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Capital (property) levies

Capital levies are due on the disposition of property by Churches, Circuits and Districts under Standing Order 970 of *The Constitutional Practice and Discipline of the Methodist Church*. These are accounted for on a receipts basis when the disposal proceeds are deposited with the Church’s custodian, Trustees for Methodist Church Purposes. Capital levies are disclosed net of any refunds due back to the church, circuit or district.

Grants

Income from grants is recognised when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably. To this end, evidence of entitlement is assumed to exist when the formal offer of funding is communicated in writing to the Church. Where there is a performance condition attached to the grant, entitlement is only recognised when the conditions have been met.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

g) Accounting for leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent-free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

h) Recognition of expenditure

All expenditure is accounted for on an accruals basis when an obligation that can be measured or reliably estimated exists at the reporting date and it is more likely than not that payment will be made in settlement.

There are two main categories of expenditure shown in the statement of financial activities: expenditure on raising funds and charitable activities.

Expenditure on raising funds includes all expenditure incurred to raise income to spend on charitable purposes. Expenditure on charitable activities includes all costs incurred by the Church in undertaking activities that further its charitable aims for the benefit of its beneficiaries. This expenditure is further analysed into direct and support costs. Direct costs are those specifically related to producing the delivery of an activity or service, for example the costs incurred in training ministers, mission partners working overseas or the payment of grants to beneficiaries. Support costs are those which provide indirect support to front-line services – for example financial services, facilities management, development and personnel, governance costs and management information services. Support costs not attributable to a single activity have been allocated on a basis consistent with identified cost drivers for that cost category such as staff head count and floor space.

Grant commitments

Grants awarded are provided for in the SOFA in the year in which they are approved by the trustees and where:

- the commitment made is for specific grant funding;
- the commitment is communicated to the recipient; and
- there is an established pattern of practice that indicates to the recipients of funding that the Church will meet its commitment.

Grants awarded but not paid are recorded as a liability within the balance sheet. Grants awarded subject to explicit conditions being met by the recipient before payments are made are not accrued until such conditions have been met. Such commitments are disclosed in the financial statements as contingent liabilities.

i) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general charitable objectives. Designated funds are a portion of the unrestricted funds that have been set aside for a particular purpose by the trustees. Restricted funds are donated for a particular purpose, the use of which is restricted to that purpose. The purposes of the main restricted and designated funds are set out in the notes to the financial statements. Endowment funds are either permanent or expendable. Permanent funds are normally held indefinitely, while trustees have the power to convert expendable funds into income. The return on endowment investments is made up of income earned.

The costs of raising and administering the restricted funds are charged against the specific fund. Any investment income or gain is allocated to the appropriate fund in the case of restricted funds and in accordance with the terms of the endowment in the case of endowment funds.

j) Pension costs

Defined benefit pension schemes

The Methodist Council participates in three main pension schemes: the Methodist Ministers' Pension Scheme (MMPS); the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC); and the Superannuation Scheme for Lay Mission Partners of the Methodist Church (SSMP).

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The PASLEMC scheme is a group plan for accounting purposes, with the Methodist Council as the sponsoring employer with legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit cost and the relevant net defined benefit liability in its individual financial statements. Participation in a group pension plan is a related party transaction. The Council's policy is to recognise the contributions paid to the Scheme by other group employers as a credit in the statement of financial activities.

The pension assets and liabilities in respect of the PASLEMC and SSMP schemes are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest cost for the year, are allocated to relevant expenditure headings within the SOFA.

Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date, using the projected unit credit method, and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses in the SOFA. These amounts together with the return on plan assets less amounts included in net interest, and any unrecognised net surplus, are disclosed as re-measurements of the defined benefit liability. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The MMPS is a group scheme as all of the participating entities, mainly the circuits and the Council, are under the common control of the Conference. However, the Council has adopted a different accounting policy for this Scheme set out in detail in Note 12 for the reasons set out on pages 39-40. For the MMPS, costs equal to the contributions paid are recognised in the accounts as they fall due. Pension costs are allocated to activities and between funds according to an employee's normal job function.

Defined contribution pension schemes

Pension costs in respect of defined contribution schemes are charged to the SOFA for the period in which they are payable. Such costs are allocated to activities and between funds according to an employee's normal job function.

k) Stocks

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

l) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

m) Tangible fixed assets

All tangible fixed assets costing more than £1,000 are capitalised and included initially at cost, including any incidental expenses of acquisition and irrecoverable VAT. Subsequently, charitable (functional) land and buildings are held at valuation. The Church undertakes to perform the valuations every five years to ensure that the carrying amount does not differ materially from the fair value of the asset at the end of the reporting period. Work to existing properties which is capable of extending the useful life or otherwise adding to the

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

value of the property is capitalised. All other expenditure incurred in respect of general repairs to functional assets is charged to the SOFA in the year it is incurred. Assets under construction are stated at cost and transferred to completed properties when ready for use.

n) Depreciation

Tangible fixed assets are depreciated to their estimated residual values over their expected useful lives. The depreciation expense is charged or apportioned to the relevant SOFA heading reflecting the asset's use on a straight-line basis as follows:

Freehold land	nil
Freehold buildings	over 75 years
Computer equipment	over 3 years
Furniture and fittings	over 5 years
Motor vehicles	over 5 years
Assets under construction	once the asset is placed in service

o) Impairment

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Church estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in the statement of financial activities. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the statement of financial activities or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

p) Intangible fixed assets and amortisation

Intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment losses.

Computer software, including development costs, is capitalised as an intangible asset and amortised on a straight-line basis over the expected useful life of five years. Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

q) Heritage assets

There are four Methodist Heritage sites in Great Britain which fit into this definition. These are: The Old Rectory, Epworth, Lincolnshire – the childhood home of John and Charles Wesley; The New Room (John Wesley's Chapel), Bristol – the first ever Methodist building in the world; Wesley's Chapel & House, and The Museum of Methodism, London – John Wesley's London base (from which he travelled 250,000 miles to preach, and the place of his death and burial); and Englesea Brook Chapel and Museum of Primitive Methodism, near Crewe – exhibitions and activities focusing on one strand of 19th-century Methodism. These assets have not been consolidated in the financial statements because they belong to entities that are not under the control of the Methodist Council.

r) Investments

Investments are stated at fair value at the balance sheet date and the statement of financial activities shows net investment gains and losses arising from revaluation of the investment portfolio and disposals during the year. Investment properties are initially recognised at cost, which includes purchase cost and any directly attributable expenditure. Subsequently, investment properties are measured at fair value. The surplus or

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

deficit on revaluation is recognised in the statement of financial activities for the year. Investment properties are normally revalued triennially by independent professionals who hold recognised and relevant professional qualifications and have recent experience in the location and class of the investment property being valued. In the intervening periods, the trustees carry out the valuations. Investments held in units in the Central Finance Board are stated at the Board's published valuations. The value of the unlisted investments in William Leech (Investments) Ltd are stated at the underlying value of the net assets based on the company's audited balance sheet at 31 March 2019, updated by the value of any share acquisitions (at cost) up to 31 August 2019. The assets are held at fair value.

s) Irrecoverable VAT

Irrecoverable VAT has been charged to the expenditure to which it relates within the statement of financial activities.

t) Cash and cash equivalents

Cash and cash equivalents includes cash and cash held on deposit with the Central Finance Board of the Methodist Church and the Trustees' Investment Fund of the Trustees for Methodist Church Purposes and which has a maturity of less than three months from the date of acquisition and used for working capital purposes. Cash and cash on deposit are cash and cash equivalents for the purposes of the cash flow statements.

u) Financial instruments

The Church has basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Creditors are recognised where the Church has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Concessionary loans made

Methodist ministers or probationers appointed for the first time to a station within the control of the Church are eligible to receive financial assistance from the Methodist Church Fund. This assistance may be given by way of grant or interest-free loan or a combination of both according to criteria set by the Methodist Council. The maximum amount for a loan is £6,000 repayable over six years. Additionally, loans may be advanced to other Methodist bodies from trusts under the control of the Methodist Council in line with the trust's individual objectives. Initial recognition and measurement of the loans is based on the actual value of the loan advanced. In subsequent years, the carrying amount is adjusted to reflect repayments. If a loan that has been made is found to be irrecoverable an adjustment will be made for impairment.

w) Termination benefits and payments

The Council may be committed, by legislation, contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments to employees when it terminates their employment.

Termination benefits that arise as a result of either the Council's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy during an organisational restructure. These are recognised as an expense and charged to the statement of financial activities when the Council is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date, or to providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits that arise as part of a settlement agreement are recognised once the period of consultation between the employee and their representative is completed and terms are agreed upon.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

2. Accounting estimates and judgments

In preparing the financial statements, the trustees are required to make estimates and judgments. The areas considered below are deemed the most important in understanding the judgments that underlie the financial statements as well as the uncertainties inherent in accounting estimates that could affect the figures reported in the operating results, financial position and cash flows of the next or future accounting periods.

The accounting policies are set out in Note 1 to the financial statements.

Cost allocation

Costs that are not attributable to a single activity are reallocated, or apportioned to activities on a basis consistent with identified cost drivers for that activity. Cost drivers utilised include the headcount and floor space and judgment is exercised in applying cost drivers to cost categories.

Actuarial assumptions in respect of defined benefit pension schemes

The application of actuarial assumptions relating to defined benefit pension schemes incorporated in the financial statements is in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. Movements on the defined pension schemes are shown in Note 28.

Defined benefit pension scheme commitments

The Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC)

The Methodist Council is the principal employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church, with its employees both past and present accounting for more than 80 per cent of the scheme members. As mentioned in Note 12, there are other employing bodies, four of whom are not consolidated in these financial statements. These are The Central Finance Board of the Methodist Church; Trustees for Methodist Church Purposes (TMCP); the Methodist Ministers Housing Association (MMHA), and Methodist Central Hall Trustees. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit cost and relevant net defined benefit asset/liability of the Pension and Assurance Scheme for Lay Employees of the Methodist Church in its financial statements. This is because the Council is the sponsoring employer of this scheme as it has legal responsibility for the plan. The Council closed the scheme to new entrants from 31 May 2019 following consultations taking place with members.

The Methodist Ministers' Pension Scheme (MMPS)

The MMPS is a defined benefit pension scheme for Methodist Ministers. It should be accounted for as a group plan as all the participating employers, namely the Circuits and Council, are under the common control of the Conference. The scheme has not been included in these financial statements for the reasons set out below:

- a) There are approximately 1,301 ministers who are active members of MMPS, of whom the Council is responsible for the pension contributions of around 66, the majority of 'employer' contributions coming from the Circuits to which they are stationed annually by the Conference. The actual contributions made by the Methodist Council for the year were £0.4m compared to £8.1m paid by the Circuits.
- b) The diagram on page 33 shows a simple structure of the Church – the entities that have been consolidated and the reasons for that, as well as the entities that have been excluded. Hence, the Church as generally recognised, comprising the individual Local Churches and Circuits and other entities reporting to the Conference, does not prepare consolidated financial statements. Each local Church/Circuit/District is an individual charity (those with annual income over £100k being registered as such), which shares the same governing document as the Methodist Church in Great Britain.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

- c) According to the scheme rules, the MMPS is intended to be a single-employer scheme and the Methodist Church is the sole statutory employer for the purposes of pension law. The scheme rules further require member contributions to be paid by the person responsible for the Member's remuneration. This is effectively the Circuits where the individual ministers are stationed. As such the responsibility for current payments and for the deficit/surplus in the pension scheme is shared between the Council and the Circuits with the bulk of the contributions coming from the Circuits. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual Circuits and other participating employers; such decision would be made by the Conference.
- d) The Recovery Plan to reduce the MMPS deficit comprises 9.8 per cent per annum of stipends paid by the employing bodies plus a fixed lump sum contribution of £1m per annum from the Pension Reserve Fund. As stated in the Managed reserves section of the Trustees' Report on page 17, the Pension Reserve Fund was set up following a Conference decision to establish a fund outside of the pension schemes, which could be used to meet future funding deficits. The fund was designated by the Conference and is funded by a transfer of 45 per cent of property sales income levy from the Connexional Priority Fund. Hence, the liability is not funded solely from general funds of the Council. It is probable that, if the deficit were to be required to be settled in full, the cost would be allocated at the discretion of the Conference across the Connexion and not from funds of the Council, except to the extent of the Pension Reserve.

Useful economic lives

The annual depreciation charge for tangible fixed assets, particularly buildings, is sensitive to change in the estimated useful economic lives and residual value of the assets. As our policy is to revalue the buildings every five years and to undertake full quinquennial inspection in the intervening years, the useful economic lives will be assessed and amended where necessary, to reflect current circumstances. Note 13a shows the relevant tangible fixed assets.

Methodist Church House

The charity's Property Development Committee is considering options for the redevelopment of Methodist Church House. An outline plan was approved in 2018 for a new building to be developed on the existing site, subject to agreement of detailed plans, including planning permission, being approved. A review of this outline plan was undertaken during the year whilst alternate options were explored. Given the current state of the project and in the absence of any indication of a decline in the property's service potential or market value, it is the trustees' view that sufficient certainty does not yet exist for any accounting adjustments to the carrying value of this property, arising from the proposed redevelopment, to be reflected in the current year's financial statements. At a point when the relevant decision-making process is further advanced and greater certainty as to the potential impact on the useful economic life and residual value of the building is known, the valuation in the financial statements will be updated to reflect these conditions.

Revaluation of functional property assets and investment properties

The Church carries its functional property assets and investment properties at fair value, with changes in fair value being recognised in the statement of financial activities. The Church obtains valuations to determine fair value on a cyclical basis; normally being every five years for functional properties and three years for investment properties. The trustees consider that this is sufficiently regular to ensure that their carrying amount does not differ materially from their fair value at the reporting date. Some of the key assumptions used to determine the fair value of the assets are based on the valuer's knowledge and experience of the market, values of similar properties that could be deemed subjective.

Revaluation gains on functional properties and investment properties are shown in Notes 24 and 14 respectively, and the relevant assets are included in Notes 13 and 14.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the lessee, where the Group is the lessor. This is relevant to the lease between Westminster College Oxford Trust and Oxford Brookes University as shown in Note 16c on page 56.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain						
3a. Donations and legacies	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
Donations	4,127	4,638	8,765	604	4,439	5,043
Legacies	118	3,273	3,391	602	1,684	2,286
Total	4,245	7,911	12,156	1,206	6,123	7,329
The Connexional Funds						
3b. Donations and legacies	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
Donations	4,127	2,659	6,786	604	2,996	3,600
Legacies	118	2,141	2,259	602	699	1,301
Total	4,245	4,800	9,045	1,206	3,695	4,901
The Methodist Church in Great Britain						
3c. Miscellaneous income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
Student fees	-	238	238	-	418	418
Seminars and events	73	85	158	246	88	334
Conference income	32	-	32	18	-	18
Bureau and accountancy services	355	-	355	341	-	341
Others	200	76	276	181	159	340
Total	660	399	1,059	786	665	1,451
The Connexional Funds						
3d. Miscellaneous income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
Seminars and events	73	6	79	246	-	246
Conference income	32	-	32	18	-	18
Administration and IT services	82	-	82	74	-	74
Bureau and accountancy services	355	-	355	341	-	341
Others	125	56	181	112	160	272
Total	667	62	729	791	160	951
The Methodist Church in Great Britain and The Connexional Funds						
3e. Charitable activities	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
District assessment	13,400	76	13,476	13,466	64	13,530
Rental income	40	424	464	-	452	452
Total	13,440	500	13,940	13,466	516	13,982

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

4a. Investment income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
			Total			Total
	£000	£000	£000	£000	£000	£000
Central Finance Board	1,463	1,945	3,408	1,074	2,052	3,126
Interest and other investment income	80	208	288	61	24	85
Rental income	120	883	1,003	352	884	1,236
William Leech Charities Fund	-	1,121	1,121	-	828	828
Total	1,663	4,157	5,820	1,487	3,788	5,275

The Connexional Funds

4b. Investment income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
			Total			Total
	£000	£000	£000	£000	£000	£000
Central Finance Board	1,463	1,850	3,313	1,074	1,930	3,004
Interest and other investment income	7	121	128	61	25	86
Gift aid from Methodist International Centre Ltd	1,428	-	1,428	1,336	-	1,336
Rental income	719	120	839	934	46	980
William Leech Charities Fund	-	1,121	1,121	-	828	828
Total	3,617	3,212	6,829	3,405	2,829	6,234

The Methodist Church in Great Britain

5a Other trading activities	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
			Total			Total
	£000	£000	£000	£000	£000	£000
Publishing	455	-	455	345	-	345
Room and conference hire	7,634	1,474	9,108	7,281	1,636	8,917
Advertising and fees	16	-	16	24	-	24
Total	8,105	1,474	9,579	7,650	1,636	9,286

The Connexional Funds

5b Other trading activities	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
			Total			Total
	£000	£000	£000	£000	£000	£000
Publishing	455	-	455	345	-	345
Room and conference hire	-	1,072	1,072	-	1,187	1,187
Advertising and fees	16	-	16	24	-	24
Total	471	1,072	1,543	369	1,187	1,556

6a Capital levies

Standing Order 973 permits capital levies to be refunded for qualifying projects. Some of these levies may be refunded at any time. Therefore, a contingent liability exists in respect of income already recognised in the Connexional Priority Fund.

The Methodist Church in Great Britain

6b Grant income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
			Total			Total
	£000	£000	£000	£000	£000	£000
Chiesa Valdese - All We Can	-	476	476	-	401	401
The Aldershot Military Trust	-	150	150	-	75	75
Other	2	310	312	6	89	95
Total	2	936	938	6	565	571

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Connexional Funds						
6c Grant income	Unrestricted	Restricted	2019	Unrestricted	Restricted	2018
	£000	£000	Total	£000	£000	Total
			£000			£000
The Aldershot Military Trust	-	150	150	-	75	75
Other	2	6	8	6	6	12
Total	2	156	158	6	81	87

The Methodist Church in Great Britain								
7a. Expenditure	Grant	Direct	Support	2019	Grant	Direct	Support	2018
	Costs	Costs	Costs	Total	Costs	Costs	Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds *see note below	-	8,075	307	8,382	-	8,052	295	8,347
Total	-	8,075	307	8,382	-	8,052	295	8,347
Charitable activities								
Equipping the church to engage with society	9,434	5,958	1,240	16,632	9,480	8,468	1,092	19,040
Formation, training, development and resourcing	3,901	6,527	1,744	12,172	2,281	6,692	1,647	10,620
Empowering the ministry of overseas partners	4,911	3,426	446	8,783	4,656	3,478	441	8,575
Advocacy and education	308	1,973	1,179	3,460	101	1,939	1,045	3,085
Net loss on the disposal of tangible fixed assets	-	210	-	210	-	-	-	-
	18,554	18,094	4,609	41,257	16,518	20,577	4,225	41,320
Total	18,554	26,169	4,916	49,639	16,518	28,629	4,520	49,667

The basis of allocation of support costs is described in Note 8. Grant expenditure is further analysed in Note 10.

The Connexional Funds								
7b. Expenditure	Grant	Direct	Support	2019	Grant	Direct	Support	2018
	Costs	Costs	Costs	Total	Costs	Costs	Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds *see note below	-	2,544	307	2,851	-	2,903	295	3,198
Total	-	2,544	307	2,851	-	2,903	295	3,198
Charitable activities								
Equipping the church to engage with society	9,434	5,987	1,240	16,661	9,480	8,502	1,093	19,075
Formation, training, development and resourcing	2,256	3,639	1,744	7,639	2,349	4,467	1,647	8,463
Empowering the ministry of overseas partners	3,388	2,551	446	6,385	3,563	2,398	440	6,401
Advocacy and education	308	1,553	1,179	3,040	101	1,444	1,045	2,590
Net loss on the disposal of tangible fixed assets	-	211	-	211	-	-	-	-
	15,386	13,941	4,610	33,936	15,493	16,811	4,225	36,529
Total	15,386	16,485	4,916	36,787	15,493	19,714	4,520	39,727

The basis of allocation of support costs is described in Note 8. Grant expenditure is further analysed in Note 10.

Note* The expenditure incurred in raising funds for the Methodist Church in Great Britain - £8.4m (2018: £8.4m) and for the Connexion - £2.9m (2018: £3.2m) is broken down as follows:

	The Methodist Church in Great Britain		The Connexional Funds	
	2019	2018	2019	2018
Cost of raising voluntary income	£0.3m	£0.3m	£0.3m	£0.3m
Cost of investment management	£0.4m	£0.4m	£0.4m	£0.4m
Cost of other trading activities	£7.7m	£7.7m	£2.2m	£2.5m

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain and The Connexional Funds 8a. Support costs by activity		Equipping the church to engage society	Formation, training, development and resourcing	Empowering the ministry of overseas partners	Advocacy & education	Raising funds	2019 Total
		£000	£000	£000	£000	£000	£000
Facilities	Floor space	13	113	43	167	-	336
Development & Personnel	Per capita	237	587	138	129	123	1,214
Information Technology	Per capita	133	328	77	72	68	678
Financial Services	Per capita	226	559	131	123	116	1,155
Governance	Direct	631	157	57	688	-	1,533
Total		1,240	1,744	446	1,179	307	4,916
The Methodist Church in Great Britain and The Connexional Funds 8b. Support costs by activity		Equipping the church to engage society	Formation, training, development and resourcing	Empowering the ministry of overseas partners	Advocacy & education	Raising funds	2018 Total
		£000	£000	£000	£000	£000	£000
Facilities	Floor space	12	108	41	160	-	321
Development & Personnel	Per capita	206	509	120	112	106	1,053
Information Technology	Per capita	113	280	66	62	58	579
Financial Services	Per capita	254	627	147	138	131	1,297
Governance	Direct	507	123	67	573	-	1,270
Total		1,092	1,647	441	1,045	295	4,520

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

9. Subsidiaries

The results of the Council's subsidiaries (before consolidation adjustments) are included within the statement of financial activities as follows:

	Cliff College	Southlands Methodist Trust	All We Can	Westminster College Oxford Trust Ltd	Methodist International Centre Ltd
	2019	2019	2019	2019	2019
	£000	£000	£000	£000	£000
Income from:					
Donations and legacies	279	-	2,831	-	-
Investments	57	462	20	507	-
Other trading activities	1,004	-	-	-	7,639
Other:					
Grants	678	-	558	-	-
Miscellaneous income	95	4	-	-	34
Net gains on the disposal of tangible fixed assets	1	-	-	-	-
Total income	2,114	466	3,409	507	7,673
Expenditure on:					
Raising funds	156	-	423	-	6,213
Charitable activities					
Equipping the church to engage society	-	-	-	-	-
Formation, training, development and resourcing	2,495	648	-	1,924 *	-
Empowering the ministry of overseas partners	-	-	2,506	-	104
Advocacy and education	-	-	-	-	-
Total expenditure on charitable activities	2,495	648	2,506	1,924	2,144
Total expenditure	2,651	648	2,929	1,924	6,317
Net gains/(losses) on investments	28	179	10	100	-
Net income/(expenditure)	(509)	(3)	490	(1,317)	1,356
Distribution under Gift aid	-	-	-	-	(1,356)
Net movement in funds	(509)	(3)	490	(1,317)	-
Net Assets					
Fixed assets	7,682	27	20	-	485
Investments	619	10,297	627	14,880	54
Current assets	813	262	1,385	874	1,925
Creditors and loans	(468)	(110)	(318)	(5,443)	(2,464)
Total	8,646	10,476	1,714	10,311	-

*Note: Grant expenditure of £900k by Westminster College Oxford Trust Ltd was omitted from the 2017/18 accounts. This has been accounted for as expenditure in 2018/19 and not as a prior period adjustment as it is not material.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

9. Subsidiaries (continued)

The results of the Council's subsidiaries (before consolidation adjustments) are included within the statement of financial activities as follows:

	Cliff College	Southlands Methodist Trust	All We Can	Westminster College Oxford Trust Ltd	Methodist International Centre Ltd
	2018	2018	2018	2018	2018
	£000	£000	£000	£000	£000
Income from:					
Donations and legacies	364	-	2,063	-	-
Investments	63	438	21	536	-
Other trading activities	449	-	-	-	7,302
Other:					
Grants	559	-	401	-	-
Miscellaneous income	672	10	-	-	50
Net gains on the disposal of tangible fixed assets	-	-	-	-	-
Total income	2,107	448	2,485	536	7,352
Expenditure on:					
Raising funds	154	-	499	-	5,960
Charitable activities					
Equipping the church to engage society	-	-	-	-	-
Formation, training, development and resourcing	1,826	429	-	364	-
Empowering the ministry of overseas partners	-	-	2,232	-	56
Advocacy and education	-	-	-	-	-
Total expenditure on charitable activities	1,826	429	2,232	364	56
Total expenditure	1,980	429	2,731	364	6,016
Net gains/(losses) on investments	(4)	25	18	17	-
Net income/(expenditure)	123	44	(228)	189	1,336
Distribution under Gift Aid	-	-	-	-	(1,336)
Net movement in funds	123	44	(228)	189	-
Net Assets					
Fixed assets	7,789	-	-	-	476
Investments	592	9,851	531	11,761	84
Current assets	1,258	711	888	3,974	1,915
Creditors and loans	(484)	(83)	(194)	(4,107)	(2,475)
Total	9,155	10,479	1,225	11,628	-

Cliff College

Charity Number 529386

Cliff College Outreach Limited

Company Number 2331438

Cliff (Methodist) Developments Limited

Company Number 4934377

The College was founded in 1883 to provide training for mission and evangelism to people from diverse backgrounds. It offers degrees validated by the University of Manchester in the areas of theology and mission as well as providing a wide variety of short courses and training events.

All We Can Charity Number 291691

All We Can works through partnerships to end the cycle of suffering caused by poverty, inequality and injustice.

Southlands Methodist Trust Charity Number 1100660

Southlands Methodist Trust supports educational activities, including research, chaplaincy and charitable work undertaken in and through Southlands College that reflect its Methodist foundation and ethos.

Methodist International Centre Limited Company Number 3866984

A company set up for the Methodist Council to conduct trading in support of its charitable activities. It is an accredited ethical social enterprise hotel which also provides student accommodation.

Westminster College Oxford Trust Limited

Company Number 3714361

Westminster College Oxford Trust

Charity Number 309672

Westminster College Oxford Trust Ltd (WCOT) is the charitable company that acts as the managing trustee of the Westminster campus at Harcourt Hill, Oxford. WCOT oversees the continuing relationship between Oxford Brookes University and the Methodist Church, in relation to the physical developments on the campus. The lease of land and buildings was renewed for a term of 99 years on 24 July 2017.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

10a. Grant expenditure: The Methodist Church in Great Britain

Activity			2019	2018
	Individuals	Institutions	Total	Total
	£000	£000	£000	£000
Equipping the church to engage with society				
Property grants	-	1,783	1,783	1,912
Ministerial and personnel support grants	1,704	121	1,825	2,055
Mission and ministry grants	-	5,826	5,826	5,513
Total	1,704	7,730	9,434	9,480
Formation, training, development and resourcing	£000	£000	£000	£000
The Discipleship and Ministries Learning Network	667	3,234	3,901	2,281
Total	667	3,234	3,901	2,281
Empowering the ministry of overseas partners	£000	£000	£000	£000
Annual grants	-	2,889	2,889	3,145
Nationals in mission appointment	-	984	984	900
Scholarship programmes	-	778	778	387
Ministerial and personnel support grants	-	188	188	114
Other	-	72	72	110
Total	-	4,911	4,911	4,656
Advocacy and education	-	308	308	101
Grand Total	2,371	16,183	18,554	16,518

10b. Grant expenditure: The Connexional Funds

Activity			2019	2018
	Individuals	Institutions	Total	Total
	£000	£000	£000	£000
Equipping the church to engage with society				
Property grants	-	1,783	1,783	1,912
Ministerial and personnel support grants	1,704	121	1,825	2,055
Mission and ministry grants	-	5,826	5,826	5,513
Total	1,704	7,730	9,434	9,480
Formation, training, development and resourcing	£000	£000	£000	£000
The Discipleship and Ministries Learning Network	580	1,676	2,256	2,349
Total	580	1,676	2,256	2,349
Empowering the ministry of overseas partners	£000	£000	£000	£000
Annual grants	-	1,554	1,554	2,166
Nationals in mission appointment	-	984	984	900
Scholarship programmes	-	778	778	387
Ministerial and personnel support grants	-	72	72	110
Total	-	3,388	3,388	3,563
Advocacy and education	-	308	308	101
Grand Total	2,284	13,102	15,386	15,493

The figures in Note 10 are not intended to be the same as those listed for grants on page 14-15.

A detailed list of institutional grant recipients can be viewed using the following link:

www.methodist.org.uk/media/10147/list_of_grants_recipients_18_19.pdf

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

11. Included in the SOFA are the following:

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
This is stated after charging for the year ended 31 August as follows:				
Audit and consultancy fees				
Payable to RSM UK Audit LLP	82	75	71	62
Payable to RSM UK Tax & Accounting Ltd for financial advice	7	4	7	-
Payable to RSM UK Tax & Accounting Ltd for taxation advice	8	5	4	5
Payable to other auditors - for internal audit services	28	18	25	18
Payable to other auditors - for audit of self accounting entities	36	36	-	4
Depreciation	399	370	52	56
Amortisation	55	42	48	41
Foreign exchange differences	3	3	3	3
Loan interest payable	20	58	20	57

12. Stipends and salary costs

The Methodist Council appointed or employed on average 425 (2018: 440) people during the year, of which Connexional Funds had 279 (2018: 288) and the costs were:

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
Stipends and salaries	13,342	13,312	8,984	9,100
Redundancy costs	33	124	33	112
Temporary staff costs	421	498	322	414
Social security costs	1,243	1,202	839	847
Pension costs - (defined contribution schemes)	865	2,336	857	2,323
Defined benefit pension costs excluding interest (Note 28)	1,354	1,432	1,138	1,445
Total	17,258	18,904	12,173	14,241

The Methodist Church in Great Britain

14 employees were paid £60k or more during the year (2018: 13 employees). The total aggregate pension contributions for these employees for the year were £163k (2018:£142k).

The Connexional Funds

7 employees were paid £60k or more during the year (2018: 6 employees). The total aggregate pension contributions for these employees for the year were £99k (2018: £73k).

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 Number of employees	2018 Number of employees	2019 Number of employees	2018 Number of employees
£60,001 - £70,000	8	9	5	5
£70,001 - £80,000	3	2	1	1
£80,001 - £90,000	-	1	-	-
£90,001 - £100,000	2	-	1	-
£210,001 - £220,000	1	-	-	-
£240,001 - £250,000	-	1	-	-

The highest paid individual is employed by Methodist International Centre Limited. The figure in the range of £240k - £250k was included in the 2017/2018 accounts within the banding £90k - £100k. This was incorrect and the comparative banding has been re-stated.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

12. Stipends and salary costs (continued)

Actual average number of staff by activity	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
Governance	31.7	27.5	18.6	13.5
Raising funds	90.9	90.6	9.1	11.6
Administration and support	118.9	117.8	84.9	84.8
Equipping the church to engage with society	73.3	52.3	72.3	52.3
Formation, training development and resourcing	47.4	75.6	46.7	75.6
Empowering the ministry of overseas partners	44.6	62.6	37.8	43.3
Advocacy and education	17.7	14.1	9.7	6.6
Total	424.5	440.4	279.1	287.5

The average number of volunteers working for the Council during the year was 1,641 (2018: 1,704). The comparative figure for last year 2018 was a monthly calculation of 142 which has now been re-stated to the annual figure of 1,704.

Volunteers play an important role in the Council. Their contribution is significant in terms of the time they commit to attending meetings, raising funds and delivering services to beneficiaries.

Key management personnel

The key management personnel of the Church comprises the Secretary and Assistant Secretary of the Conference, the Connexional Secretary, the Conference Officer for Legal & Constitutional Practice, the Head of Mission, the Head of Ministries, the Director of Finance and Resources and the Director of Human Resources & Development, collectively the Senior Management Group of the Connexional Team. Their total remuneration inclusive of benefits and 13.8% employer's national insurance, but excluding pension contributions was £477k (2018: £465k). In addition, pension contributions of £88k were paid into defined benefit pension schemes on behalf of these personnel (2018: £75k).

Pension costs

The Methodist Council operates three main pension schemes:

- the Methodist Ministers' Pension Scheme (MMPS);
- the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC); and
- the Superannuation Scheme for Lay Mission Partners of the Methodist Church (SSMP).

The MMPS and PASLEMC schemes are final salary-defined benefit pension schemes and both schemes are funded by the payment of contributions to separately administered trust funds. The SSMP is an unfunded scheme.

The PASLEMC Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019.

The Methodist Council now contributes to a defined contribution scheme with Royal London for its Lay employees.

Defined Benefit Pension Scheme Actuary

The actuarial valuations for all the defined benefit schemes were performed by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWC Consulting Ltd.

The Methodist Ministers' Pension Scheme

The MMPS is treated as a group scheme for accounting purposes as all of the entities participating in the scheme, mainly the Circuits and the Council, are under the common control of the Conference. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual circuits and the Council. A detailed explanation of the accounting treatment is provided in Note 2 on pages 39-40 with further information as required by FRS102 included on pages 74-76.

The Methodist Church in Great Britain is the sole statutory employer for purposes of pension law, that is The Church as defined in the Methodist Church Act 1976 and the Deed of Union 1939 of which the Conference is the supreme governing body. There are approximately 1,301 ministers who are active members of MMPS of whom the Council (the 'reporting entity') is responsible for the pension contributions of around 66, the majority of 'employer' pension contributions coming from the Circuits to which they are stationed annually by the Conference, that also pay their stipends and employer national insurance contributions.

For the MMPS, costs equal to the contributions paid by the Council for ministers in posts under the control of the Council are recognised in these accounts as they fall due; likewise, pension contributions for ministers stationed at Circuit level are paid by the individual Circuit.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

FRS 102 requires that if the net defined benefit pension cost is not reflected in the individual financial statements of the participating entities, it should be reflected in the individual financial statements of the group entity which is legally responsible for the plan. However, the Council is not legally responsible for the plan and so the liability has not been included in these financial statements. The agreement with the Trustees of MMPS for the making good of the technical deficit rests with the Conference and not the Council.

The Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC)

The PASLEMC scheme is treated as a group scheme for accounting purposes, with the Methodist Council as the sponsoring employer with legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities and therefore the Council has recognised the entire net defined benefit liability in its financial statements.

The PASLEMC scheme is a funded defined benefit arrangement which provides retirement benefits based on final pensionable earnings. The most recent actuarial valuation of the scheme, carried out as at 1 September 2017, revealed that the scheme had a deficit on the funding basis. The Methodist Council, the other participating employers and the Trustee of the scheme put in place a Schedule of Contributions and a Recovery Plan, which detailed the contributions that would be made to fund both this deficit and the shortfall arising from the level of future service contributions being paid. It was agreed that contributions from the Methodist Church's Pension Reserve Fund would be made as follows:

- a lump sum of £650,000 per annum will be paid into the scheme each August, starting August 2018 up to and including August 2022; and
- between £0 and £447,000 will be paid to the scheme each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary each year having regard to scheme experience.

The Methodist Council closed the scheme to new entrants from 31 May 2019 following consultations taking place with members.

The Superannuation Scheme for Lay Mission Partners (SSMP)

The Superannuation Scheme for Lay Mission Partners of the Methodist Church operated by the Methodist Church is a defined benefit arrangement that provides retirement benefits calculated as fixed pension amounts for each year of service. The scheme closed to the future accrual of benefits in 2007, when all remaining active members became deferred pensioners. The most recent actuarial valuation of the scheme, carried out as at 1 January 2017, indicated that the scheme had a deficit.

There are 38 members in total, 6 of whom are deferred pensioners. The scheme has been accounted for as a defined benefit scheme in accordance with FRS 102. The Scheme is now closed to new entrants.

The scheme provides a pension of £169.23 per year of qualifying service to a single retired mission partner or widow/widower, £225.69 per year of qualifying service to a married mission partner. The rates are increased annually in line with the retail price index. There are also retirement grants of £112.46 (single)/£150.31 (married) per year of qualifying service for those mission partners who withdraw before completing 10 years qualifying service. Mission partners who retire after completing 10 but fewer than 15 years qualifying service are given the option of receiving a withdrawal grant or a retirement pension at the appropriate retirement age. Mission partners who withdraw or retire after completing 15 years qualifying service receive a retirement grant and a pension at the appropriate retirement age.

The calculations for the FRS 102 disclosures have been carried out by running actuarial calculations as at 31 August 2019 by the scheme's actuary and shown in Note 28.

Other pension schemes

The Methodist Council also participates in a number of smaller pension schemes. The members are mission partners currently working overseas. The schemes are: The Pensions Trust and The Retirement Benefit Scheme (Ireland).

The Pensions Trust

There are 17 members in the scheme participating in the Trust's two defined contribution schemes: the Ethical Fund and the Flexible Retirement Plan. The pension charge for the year was £160k (2018: £177k). Further disclosures are deemed unnecessary on the grounds of immateriality.

The Retirement Benefit Scheme (Ireland)

There are currently two members in this scheme. The pension charge for the year was £9.1k (2018: £8.5k). Further disclosures are deemed unnecessary on the grounds of immateriality.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

13a. Tangible fixed assets The Methodist Church in Great Britain

	Freehold land and buildings	Furniture and fittings	Computer equipment	Motor vehicles	Total
At cost or valuation	£000	£000	£000	£000	£000
At 1 September 2018	96,244	1,752	1,594	56	99,646
Additions during the year	2,494	130	124	11	2,759
Revaluations	1,900	-	-	-	1,900
Disposals	(2,235)	-	-	(15)	(2,250)
Total	98,403	1,882	1,718	52	102,055
Depreciation					
At 1 September 2018	268	1,275	1,528	39	3,110
Charge for the year	155	171	67	6	399
Disposals	-	-	-	(15)	(15)
Total	423	1,446	1,595	30	3,494
Net book value as at 31 August 2019	97,980	436	123	22	98,561
Net book value as at 31 August 2018	95,976	477	66	17	96,536

13b. Tangible fixed assets The Connexional Funds

	Freehold land and buildings	Furniture and fittings	Computer equipment	Motor vehicles	Total
At cost or valuation	£000	£000	£000	£000	£000
At 1 September 2018	88,183	912	1,232	19	90,346
Additions during the year	2,452	4	24	-	2,480
Revaluations	1,900	-	-	-	1,900
Disposals	(2,235)	-	-	-	(2,235)
Total	90,300	916	1,256	19	92,491
Depreciation					
At 1 September 2018	-	828	1,218	19	2,065
Charge for the year	-	42	10	-	52
Disposals	-	-	-	-	-
Total	-	870	1,228	19	2,117
Net book value as at 31 August 2019	90,300	46	28	-	90,374
Net book value as at 31 August 2018	88,183	84	14	-	88,281

13c. Intangible fixed assets

Software	The Methodist Church in Great Britain	The Connexional Funds
At cost	£000	£000
At 1 September 2018	338	324
Additions during the year	28	6
Total	366	330
Amortisation		
At 1 September 2018	173	170
Charge for the year	55	48
Total	228	218
Net book value as at 31 August 2019	138	112
Net book value as at 31 August 2018	165	154

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

13d. Revaluation of charitable land and buildings

The freehold land and buildings on hand were revalued on 31 August 2019.

The manses, which are residential and have a well-established market were re-valued internally by reference to current market prices.

Methodist Overseas Guest House, Birmingham - The Property Development Committee in conjunction with the Global Relationships Committee, is considering the future of the property. As a consequence, a full professional valuation (in line with our policy of five yearly valuations) has not been undertaken at this time. A full valuation will be undertaken as part of the current review. It is believed that the current valuation in the accounts is satisfactory given that minimal investment in the property over the last five years will have created sufficient depreciation to offset any appreciation in underlying asset values.

The commercial properties were valued by professional independent valuers as follows:

- 25 Marylebone Road, London – valuation by Andrew Low, Partner, Knight Frank (Commercial Business), BA, MSc, RICS;
- 93 Dollis Park N3 1BT – valuation by Tony Harris LLM FRICS FCI Arb of Cluttons, Portman Street, London W1H 6DU;
- Kings Cross Complex London WC1 – valuation by Tony Harris LLM FRICS FCI Arb of Cluttons, Portman Street, London W1H 6DU;
- 1-5 Lambeth Road SE1 – valuation by Tony Harris LLM FRICS FCI Arb of Cluttons, Portman Street, London W1H 6DU;
- The Shrubbery, 35 Frindsbury Road, Strood, Kent, ME2 4TD – valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;
- Elderfield Main Road, Otterbourne, Winchester, Hampshire SO21 2EQ – valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;
- Colinwood, 79 Weston Road, Rochester, Kent, ME2 3HB – valuation by Adrian Male FRICS, Adrian Male Associates, Chartered Surveyors, Midtrees, The Green, Hambridge, Langport, Somerset TA10 0AT;
- Cliff College, Calver, Hope Valley, Derbyshire S32 3XG – valuation by M J Hull BSc (Hons) MRICS from SMC Chartered Surveyors, 54 Campo Lane, Sheffield S1 2EG;
- North Bank Portfolio, Pages Lane/Meadow Drive, Muswell Hill N10 1PR – valuation by James Gilmartin MRICS and Joe Salmon MRICS of Gilmartin Ley.

All the properties were valued at fair value in accordance with FRS 102.

The carrying value that would have been recognised had the assets been carried under the historical cost model is £24.9m (2018: £24.6m) for the Methodist Church in Great Britain and £19.3m (2018: £19m) for Connexional Funds.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

14a. Investments The Methodist Church in Great Britain

	Investment properties	Central Finance Board units	William Leech charity fund	Other investments	2019	2018
	£000	£000	£000	£000	£000	£000
Fair value at 1 September	47,979	127,951	11,707	1,048	188,685	181,424
Additions	3,545	3,855	211	-	7,611	3,523
Disposals	(400)	(5,790)	-	-	(6,190)	(2,794)
Investment gains	2,317	1,849	(338)	-	3,828	6,532
Fair value as at 31 August	53,441	127,865	11,580	1,048	193,934	188,685

14b. Investments The Connexional Funds

	Investment properties	Central Finance Board units	William Leech charity fund	Other investments	2019	2018
	£000	£000	£000	£000	£000	£000
Fair value at 1 September	28,830	124,429	11,706	900	165,865	158,694
Additions	3,545	-	211	-	3,756	2,850
Disposals	(400)	(5,283)	-	-	(5,683)	(2,326)
Investment gains	2,139	1,712	(338)	-	3,513	6,647
Fair value as at 31 August	34,114	120,858	11,579	900	167,451	165,865

Investment additions and disposals

During the year, the Investment Committee reviewed the investment portfolio in line with the current investment policy.

William Leech Charities Fund

The Methodist Church holds investments valued at £11.6m (2018: £11.7m) in William Leech (Investments) Ltd, which represents 20% of the company's net assets as at 31 August 2019. The holding is based on the company's audited accounts to 31 March 2019, updated with management accounts to 31 August 2019. The Methodist Church has a representative on the board of the company but cannot exert significant influence over it.

14c. Analysis of movement of investment properties

	The Methodist Church in Great Britain		The Connexional Funds	
	£000	£000	£000	£000
Fair value at 1 September	47,979	48,380	28,830	28,977
Additions to investment properties at cost	3,545	-	3,545	-
Transfer	-	(254)	-	-
Disposals	(400)	(196)	(400)	(196)
Investment gains	2,317	49	2,139	49
Fair value at 31 August	53,441	47,979	34,114	28,830

Included within investment properties are the following revalued properties:

i) Westminster College Oxford Trust

A property at Harcourt Hill Campus, Harcourt Hill, Oxford OX2 9AT. The current fair value of this property is £11m (2018: £11m). The property was revalued on 31 July 2017 by Andrew Lockhart BSc FRICS MCI Arb from Venables Sherrott Lockhart and Partners Ltd.

ii) London Mission Fund

The London Mission property portfolio was valued by Richard Moss MRICS and John Barrett FRICS from Cluttons LLP on 31 July, 2017.

- Hove Residential at 20 Bigwood Avenue with a fair value of £170k (2018: £170k)
- 213 Streatham High Road, London, SW16 6EG: £345k (2018: £345k)
- Hostel at 229 King Street, Hammersmith, London W6 9JT: £500k (2018: £500k)
- Maida Vale Library, Sutherland Avenue, London W9 2QT: £300k (2018: £300k)
- Central Hall Buildings, Archway, London N19 3UB: £1,750k (2018: £1,750k)

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

iii) Guy Chester Center

A property known as the Hazlehurst, 7 Colney Hatch Lane, London N10 1PN was valued on 31 August 2017 by James Gilmartin MRICS from Gilmartin Ley Ltd. The fair value is £3,690k (2018: £3,690k).

The following properties were revalued during the year ended 31 August 2019:

i) Southland Methodist Trust

A property at Mount Clare Estate, Minstead Gardens, Roehampton SW15 4EB. The current fair value of this property is £8,345k (2018: £8,150k). The property was revalued on 31 August 2019 by Giles Sutcliffe MRICS and Richard Moss MRICS from Cluttons LLP. The basis of valuation is fair value of the freehold, subject to existing tenancies, based on an investment valuation approach and market evidence from comparable student investment properties and considering alternative use on expiry of the current lease in July 2026.

ii) 4 John Wesley Road

This property is located in Werrington, Peterborough PE4 6ZP. The current market value is £1.6m (2018: £1.25m). The property was revalued by M A Hughes BSc (Hons) MRICS from Barker Storey Matthews, Chartered Surveyors, Town planners and Property Consultants on 31 August 2019. The basis of valuation is fair value of the freehold, subject to existing lease, based on the market approach with reference to comparable properties.

iii) The Wesley, MIC

This property is located in Euston Street, London NW1 2EZ. The current market value is £22.45m (2018: £20.7m). The property was revalued by Ben Packard MRICS and Tim Stoyle FRICS from Saville (UK) Ltd on 5 November 2019. The basis of valuation is market value of the freehold as a fully equipped operational hotel business for existing use, using the traditional "all risks" yield method of valuation, having regard to comparable evidence and current investment market sentiment. The valuation is based on a hypothetical efficient operator's likely trading performance at the property, balancing actual operating costs with benchmark performance ratios derived from comparable trading assets.

iv) Oxford Place, Leeds

Managing trusteeship transferred from the Yorkshire West District to the Methodist Council during the year. This property is located in Oxford Place, Leeds LS1 3AU. The current market value is £3.5m. The property will be developed into a 70 bedroom hotel in line with the Methodist Council's property strategy.

The Church's policy is normally to revalue the investment properties every three years. For the period under review the trustees do not consider there to have been a material change in the fair value of the remaining properties.

15. Debtors	The Methodist Church in Great Britain		The Connexional Funds	
	2019	2018	2019	2018
	£000	£000	£000	£000
Prepayments and accrued interest	2,041	1,860	1,349	1,025
Loans to other entities	30	40	30	40
Concessionary loans	426	568	423	560
Other debtors	2,787	2,632	3,620	3,251
Total	5,284	5,100	5,422	4,876

16a. Creditors: amounts due within one year	The Methodist Church in Great Britain		The Connexional Funds	
	2019	2018	2019	2018
	£000	£000	£000	£000
Accruals	1,839	1,867	900	1,048
Loans	530	1,681	502	1,652
Tax and social security	705	728	270	308
Grant commitments	9,987	9,370	9,699	9,305
Other creditors	4,428	3,143	3,890	3,119
Total	17,489	16,789	15,261	15,432

16b. Creditors: amounts due after more than one year	The Methodist Church in Great Britain		The Connexional Funds	
	2019	2018	2019	2018
	£000	£000	£000	£000
Loans	216	754	-	502
Deferred income	3,633	3,672	-	-
Grant commitments	6,462	5,241	5,353	5,243
Total	10,311	9,667	5,353	5,745

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

16c. Deferred Income

Deferred Income relates to a lease premium received by Westminster College Trust from Oxford Brookes University. The 99-year lease commenced on 1 August 2017. A premium of £3.75m was paid and this is being spread over the life of the lease as per FRS 102 requirements.

The total future minimum lease income receivable under non-cancellable operating leases was:

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
Operating lease income receivable no later than 1 year	420	420	-	-
Operating lease income receivable later than 1 year but no later than 5 years	1,680	1,680	-	-
Operating lease income receivable later than 5 years	38,605	39,025	-	-
	40,705	41,125	-	-

Loans**The London Mission Fund – The Methodist Church in Great Britain and The Connexional Funds**

At 31 August 2019, the The London Mission Fund loan was repaid (2018 balance: £859k) to Tower Hamlets Circuit. The loan was solely for the purpose of purchasing a new manse known as 10 Hayes Lane. The loan was repaid when the previous manse – 93 Dollis Park, London N3 1BT was sold during the year.

The £859k loan granted to The London Mission Fund was obtained from Trust 19555.

Cliff College – The Methodist Church in Great Britain

At 31 August 2019 the balance on the loan is £0.2m (2018: £0.3m) which was secured by a legal charge over the property known as 26 Ashenhurst Way, Leek, Staffordshire ST13 5SB. The loan is repayable in 20 equal capital instalments on 30 June and 31 December each year plus interest accrued in the 6-month period at the rate of 2.94% (APR) variable.

Methodist International Centre – The Methodist Church in Great Britain and The Connexional Funds

At the balance sheet date the balance on the bank loan is £0.5m (2018: £1.3m) which is secured by a mortgage over the property known as Euston House, 81-103 Euston Street, London NW1 2EZ.

The carrying value of this property as at the balance sheet date is £22.45m.

The repayment terms are 11 quarterly payments over 3 years, with a quarterly £200k principal loan repayment. The final quarterly payment is due on 31 May 2020. Interest is charged on a quarterly basis on the last calendar day of August, November, February and May at a fixed annual rate of 1.84%.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

17. Stocks

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
Raw materials and consumables	-	-	-	-
Finished goods and goods for resale	70	83	50	68
Total	70	83	50	68

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the year were £22k (2018: £57k).

18. Financial instruments

	The Methodist Church in Great Britain		The Connexional Funds	
	2019 £000	2018 £000	2019 £000	2018 £000
Financial assets at fair value through profit or loss				
Listed investments	127,865	127,951	120,858	124,429
William Leech Charities Fund and other investments	12,628	12,755	12,479	12,606
Total	140,493	140,706	133,337	137,035
Financial assets that are debt instruments measured at amortised cost				
Debtors	2,787	2,632	3,620	3,251
Total	2,787	2,632	3,620	3,251
Financial liabilities measured at amortised cost				
Loans	746	2,435	502	2,154
Accruals	1,839	1,867	900	1,048
Other creditors	4,428	3,143	3,890	3,119
Total	7,013	7,445	5,293	6,321
Concessionary loans (at cost plus accrued interest less impairment)				
Loans to ministers	426	564	423	556
Loan to Interhealth	-	4	-	4
Loan to Lesnes Abbey Circuit	30	40	30	40
Total	456	608	453	600

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

19a. Unrestricted funds	Balance at 1 September 2018	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
General	46,893	26,435	(23,014)	-	3,309	1,190	54,813
Designated 19c	49,237	7,336	(7,306)	-	856	265	50,388
Defined Benefit Pension Scheme	-	-	184	(5,418)	-	-	(5,234)
Total	96,130	33,771	(30,136)	(5,418)	4,165	1,455	99,967

The Connexional Funds

19b. Unrestricted funds	Balance at 1 September 2018	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
General	45,903	20,762	(17,538)	-	3,309	1,190	53,626
Designated 19d	48,953	7,336	(7,695)	-	856	265	49,715
Defined Benefit Pension Scheme	-	-	184	(5,418)	-	-	(5,234)
Total	94,857	24,553	(24,950)	(5,418)	4,165	1,455	98,107

Transfers in of £1.45m to the general fund comprise a management levy received (£1.75m) offset by payments (£0.3m) note 22 page 66.

The Methodist Church in Great Britain

19c. Designated funds	Balance at 1 September 2018	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	10,610	5,978	(5,167)	-	251	(2,960)	8,712
2) The Epworth Fund	7,187	185	(318)	-	108	(26)	7,137
3) The Connexional Travel Fund	253	6	(8)	-	6	(1)	256
4) The Designated Training Fund	565	350	(1,041)	-	-	785	659
5) The Computers in Ministry Fund	34	-	(33)	-	-	-	1
6) The Pension Reserve Fund	30,588	818	(740)	-	491	2,467	33,623
Total	49,237	7,336	(7,306)	-	856	265	50,388

The Connexional Funds

19d. Designated funds	Balance at 1 September 2018	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	10,606	5,978	(5,170)	-	251	(2,960)	8,705
2) The Epworth Fund	7,187	185	(325)	-	108	(26)	7,129
3) The Connexional Travel Fund	253	6	(8)	-	6	(1)	256
4) The Designated Training Fund	285	350	(1,419)	-	-	785	1
5) The Computers in Ministry Fund	34	-	(33)	-	-	-	1
6) The Pension Reserve Fund	30,588	817	(740)	-	491	2,467	33,623
Total	48,953	7,336	(7,695)	-	856	265	49,715

Transfers out of the Connexional Priority Fund relate to £414k management levy paid to the general fund and £2.5m to the Pension Reserve Fund (PRF), See Note 22 page 66.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

19e. Unrestricted funds	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
General	45,440	23,186	(22,462)	-	(45)	774	46,893
Designated 19f	46,543	6,899	(7,415)	-	2,652	558	49,237
Defined Benefit Pension Scheme	(9,610)	-	(1,414)	11,024	-	-	-
Total	82,373	30,085	(31,291)	11,024	2,607	1,332	96,130

The Connexional Funds

19f. Unrestricted funds	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
General	44,710	17,828	(17,535)	-	126	774	45,903
Designated 19e	46,543	6,899	(7,699)	-	2,652	558	48,953
Defined Benefit Pension Scheme	(9,610)	-	(1,414)	11,024	-	-	-
Total	81,643	24,727	(26,648)	11,024	2,778	1,332	94,856

Transfers in of £1.38m to the general fund comprise a management levy received (£1.45m) and a payment to the Long-term Renewal Fund (£80k) Note 22 page 66.

The Methodist Church in Great Britain

19g. Designated funds	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	11,195	5,800	(4,118)	-	549	(2,816)	10,610
2) The Epworth Fund	7,078	179	(445)	-	395	(20)	7,187
3) The Connexional Travel Fund	256	5	(15)	-	7	-	253
4) The Designated Training Fund	249	-	(688)	-	-	1,004	565
5) The Computers in Ministry Fund	302	197	(445)	-	-	(20)	34
6) The Pension Reserve Fund	27,463	718	(1,704)	-	1,701	2,410	30,588
Total	46,543	6,899	(7,415)	-	2,652	558	49,237

The Connexional Funds

19h. Designated funds	Balance at 1 September 2017	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve	Transfers	Balance as at 31 August 2018
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	11,195	5,800	(4,122)	-	549	(2,816)	10,606
2) The Epworth Fund	7,078	179	(445)	-	395	(20)	7,187
3) The Connexional Travel Fund	256	5	(15)	-	7	-	253
4) The Designated Training Fund	249	-	(968)	-	-	1,004	285
5) The Computers in Ministry Fund	302	197	(445)	-	-	(20)	34
6) The Pension Reserve Fund	27,463	718	(1,704)	-	1,701	2,410	30,588
Total	46,543	6,899	(7,699)	-	2,652	558	48,953

Transfers out of the Connexional Priority Fund relate to £349k management levy paid to the general fund and £2.5m to the Pension Reserve Fund (PRF), See Note 22 page 66.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

1) The Connexional Priority Fund (CPF)

The main source of income into this fund is primarily the levies charged on all capital proceeds from the disposal of Methodist land and buildings held for local, circuit or district purposes and any income arising therefrom is available for the purpose of (a) making grants to circuits and distribution to districts; (b) making an allocation by way of transfer between funds, to the Pension Reserve Fund in respect of the liabilities of the Methodist Ministers' Pension Scheme and the Pension and Assurance Scheme for Lay Employees of the Methodist Church and (c) funding the work of the Learning Network.

2) The Epworth Fund

This fund was set up following the sale of Epworth House, City Road, London in 1987 as a designated fund. The income from the fund is used to support innovative initiatives within The Methodist Church.

3) The Connexional Travel Fund

This fund has two purposes: (a) to award grants to ministers on long-term sick leave to compensate them for the absence of business reimbursements and (b) to make grants for island and long mainland journeys.

4) The Designated Training Fund

The main source of funding for the Designated Training Fund comes from the Methodist International and Guy Chester Centres respectively for the purpose of furthering the work of the Learning Network.

5) The Computers in Ministry Fund

This fund was set up following a decision by the Conference to create a fund from which ministers and deacons would be able to purchase a computer for their work. Ministers and deacons are eligible to claim every four years.

6) The Pension Reserve Fund

This fund was set up following a 2009 Conference decision to establish a Pension Reserve Fund outside of the Pension and Assurance Scheme for Lay Employees of the Methodist Church and Methodist Ministers' Pension Schemes, which would be available if required to be used to meet future funding deficits.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

20a. Restricted funds	Balance at 1 September 2018	Income	Expenditure	Actuarial losses on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	10,017	445	(533)	-	77	(56)	9,950
2) Mission in Britain Fund	5,151	850	(1,631)	-	577	(54)	4,893
3) Centenary Hall Trust	25,382	74	(62)	-	-	(25)	25,369
4) The Fund for Property	2,025	562	(1,064)	-	(20)	(68)	1,435
5) The Fund for Training	7,157	458	(786)	-	11	(42)	6,798
6) The World Mission Fund	27,794	4,975	(4,775)	-	559	(1,147)	27,406
7) The London Mission Fund	19,464	501	(476)	-	(16)	-	19,473
8) The Guy Chester Centre	29,316	1,366	(1,156)	-	(30)	(350)	29,146
9) Cliff College	8,503	-	-	-	-	-	8,503
10) Southlands Methodist Trust	10,481	466	(648)	-	179	-	10,478
11) Westminster College Oxford Trust	11,628	507	(1,924)	-	100	-	10,311
12) Medical Benevolent Fund	2,231	59	(48)	-	31	(2)	2,271
Total funds with balances > £2m	159,149	10,263	(13,103)	-	1,468	(1,744)	156,033
Other - 28 funds with balances < £2m	8,836	5,114	(6,383)	(139)	314	65	7,807
Total	167,985	15,377	(19,486)	(139)	1,782	(1,679)	163,840

The Connexional Funds

20b. Restricted funds	Balance at 1 September 2018	Income	Expenditure	Actuarial losses on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	10,003	445	(533)	-	77	(56)	9,936
2) Mission in Britain Fund	5,151	850	(1,631)	-	577	(54)	4,893
3) Centenary Hall Trust	25,382	174	(62)	-	-	(25)	25,469
4) The Fund for Property	2,025	562	(1,064)	-	(20)	(68)	1,435
5) The Fund for Training	7,143	458	(812)	-	11	(42)	6,758
6) The World Mission Fund	27,758	4,975	(4,944)	-	559	(1,147)	27,201
7) The London Mission Fund	19,466	501	(476)	-	(16)	-	19,475
8) The Guy Chester Centre	29,316	1,366	(1,506)	-	(30)	-	29,146
Total funds with balances > £2m	126,244	9,331	(11,028)	-	1,158	(1,392)	124,313
Other - 27 funds with balances < £2m	10,527	471	(693)	(139)	309	(287)	10,188
Total	136,771	9,802	(11,721)	(139)	1,467	(1,679)	134,501

Transfers out of the World Mission Fund principally relate to £0.9m management levy paid to the general fund and £0.2m to William Leech for investment purposes. See note 22 page 66.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

20c. Restricted funds	Balance at 1 September	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains	Transfers	Balance at 31 August 2018
	2017						
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	9,680	427	(565)	-	516	(41)	10,017
2) Mission in Britain Fund	6,508	955	(2,481)	-	226	(57)	5,151
3) Centenary Hall Trust	25,227	251	(71)	-	-	(25)	25,382
4) The Fund for Property	3,094	632	(1,815)	-	168	(54)	2,025
5) The Fund for Training	7,387	378	(523)	-	44	(129)	7,157
6) The World Mission Fund	29,097	3,389	(4,824)	-	1,034	(902)	27,794
7) The London Mission Fund	19,267	379	(488)	-	306	-	19,464
8) The Guy Chester Centre	29,406	1,436	(1,296)	-	90	(320)	29,316
9) Cliff College	9,031	1,455	(1,987)	-	4	-	8,503
10) Southlands Methodist Trust	10,436	449	(429)	-	25	-	10,481
11) Westminster College Oxford Trust	11,439	536	(364)	-	17	-	11,628
12) Medical Benevolent Fund	2,100	55	(40)	-	118	(2)	2,231
Total funds with balances > £2m	162,672	10,342	(14,883)	-	2,548	(1,530)	159,149
Other - 28 funds with balances < £2m	8,829	2,951	(3,477)	139	377	17	8,836
Total	171,501	13,293	(18,360)	139	2925	(1,513)	167,985

The Connexional Funds

20d. Restricted funds	Balance at 1 September	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains	Transfers	Balance at 31 August 2018
	2017						
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	9,680	427	(578)	-	516	(42)	10,003
2) Mission in Britain Fund	6,508	955	(2,481)	-	226	(57)	5,151
3) Centenary Hall Trust	25,227	251	(71)	-	-	(25)	25,382
4) The Fund for Property	3,094	632	(1,815)	-	168	(54)	2,025
5) The Fund for Training	7,387	378	(537)	-	44	(129)	7,143
6) The World Mission Fund	29,097	3,389	(4,860)	-	1,034	(902)	27,758
7) The London Mission Fund	19,267	379	(486)	-	306	-	19,466
8) The Guy Chester Centre	29,406	1,436	(1,296)	-	90	(320)	29,316
Total funds with balances > £2m	129,666	7,847	(12,124)	-	2,384	(1,529)	126,244
Other - 27 funds with balances < £2m	10,205	621	(939)	139	485	16	10,527
Total	139,871	8,468	(13,063)	139	2,869	(1,513)	136,771

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

Notes on the purposes of the main funds

1) Fund for the Support of Presbyters and Deacons

This fund exists to provide additional assistance to supernumeraries; individuals who have been permitted or directed to become supernumerary; ministers, deacons, probationers, widows or widowers and their dependent children who are in need; ministers and deacons who are in need as a result of illness or impairment, for the purpose of enabling them to continue in or resume active work. The Fund for the Support of Presbyters and Deacons also makes grants to the Methodist Ministers' Housing Society.

2) Mission in Britain Fund

This fund exists to further the Church's mission by making grants to Local Churches and Circuits and to bear witness to the global character of Christian Mission by supporting work with and among ethnically-diverse communities in Britain and Ireland that have their origin in other countries.

3) Centenary Hall Trust

This trust exists to manage Church House at 25 Marylebone Road.

4) The Fund for Property

This fund exists to support various mission property development projects around the Connexion by making grants and loans for property purposes to trustees of Methodist Properties in the Districts.

5) The Fund for Training

The fund has three main purposes: (a) to provide initial and further training for presbyters, deacons, lay employees and other lay persons; (b) the provision of maintenance grants for persons undergoing such training and their dependants; (c) the maintenance, management and staffing of the Learning Network, and the Methodist contribution to the cost of joint theological colleges.

6) The World Mission Fund

This fund has five main purposes: (a) to initiate, maintain and encourage Christian mission in other countries; (b) to encourage the establishment of churches overseas that will themselves undertake that mission within and beyond their own borders; (c) to engage in a continuing relationship of mutual help and enrichment with churches (including united churches) in the life of which Methodist missions have played a part; (d) to foster and take part in ecumenical relationships in the field of world mission, including the work of the World Council of Churches and the Churches' Commission on Mission; (e) in furtherance of these purposes, to engage in education, advocacy recruitment and fundraising.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

7) The London Mission Fund

The London Mission Fund derives from historic funds used to support ministry and property schemes in London. Since the reconfiguration of the London Districts in 2006, the Fund no longer makes individual grants, but rather allocates block grants to the qualifying districts, which in turn dispense the fund for the support of ministry, mission and property projects as part of their own grant-making functions.

8) The Guy Chester Centre

The Guy Chester Centre manages the buildings and grounds of the North Bank Estate. The Centre works within the ethos and values of the Methodist Church as set out in *Our Calling*. The Centre provides funding for the Learning Network.

9) Cliff College

The College was founded in 1883 to provide training for mission and evangelism to people from diverse backgrounds. The college now offers degrees validated by the University of Manchester in the areas of theology and mission as well as providing a wide variety of short courses and training events. The College is used as training centre in the Discipleship and Ministries Learning Network.

10) Southlands Methodist Trust

As part of the work carried out through the Learning Network, the Trust exists: (a) to support in association with the College and University the development of Christian, and specifically Methodist, scholarship, research and innovation of local, national and global significance and to facilitate the public dissemination of such developments; (b) to enable the members of the Methodist Community and wider public in Britain and internationally to benefit from the academic and other expertise and experience within the College and University and the facilities available within them.

11) Westminster College Oxford Trust

This Trust exists to ensure that the property and assets used by the former Westminster College Oxford, and belonging to the Methodist Church, are committed to the objectives and activities authorised by the Church. The principal objects of the Trust are the advancement of education, in particular teacher training and the advancement of further and higher education.

12) The Methodist Medical Benevolent Fund (MMBF)

The purpose of this fund is to provide financial assistance to ministers suffering from stress and exhaustion to enable them to pay for appropriate recuperative treatment to facilitate recovery. This fund also helps ministers to pay for initial medical consultation, if it is not immediately available through the NHS, to facilitate speedy diagnosis and periodic health screening.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain

21a. Endowment funds	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Investment gains and losses £000	Transfers £000	Balance at 31 August 2019 £000
Rank Endowment Fund	6,319	-	(13)	87	6	6,399
William Leech Charities Fund	11,707	-	-	(338)	211	11,580
Other - 7 funds with balances <£2m	2,099	-	(4)	32	7	2,134
Total	20,125	-	(17)	(219)	224	20,113

The Connexional Funds

21b. Endowment funds	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Investment gains and losses £000	Transfers £000	Balance at 31 August 2019 £000
Rank Endowment Fund	6,319	-	(13)	87	6	6,399
William Leech Charities Fund	11,707	-	-	(338)	211	11,580
Other - 7 funds with balances <£2m	2,099	-	(4)	32	7	2,134
Total	20,125	-	(17)	(219)	224	20,113

The Methodist Church in Great Britain

21c. Endowment funds	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Investment gains £000	Transfers £000	Balance at 31 August 2018 £000
Rank Endowment Fund	5,988	-	(12)	349	(6)	6,319
William Leech Charities Fund	10,984	-	-	523	200	11,707
Other - 7 funds with balances <£2m	1,988	-	(4)	128	(13)	2,099
Total	18,960	-	(16)	1,000	181	20,125

The Connexional Funds

21d. Endowment funds	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Investment gains £000	Transfers £000	Balance at 31 August 2018 £000
Rank Endowment Fund	5,988	-	(12)	349	(6)	6,319
William Leech Charities Fund	10,984	-	-	523	200	11,707
Other - 7 funds with balances <£2m	1,988	-	(4)	128	(13)	2,099
Total	18,960	-	(16)	1,000	181	20,125

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain and The Connexional Funds**22. Fund Transfers**

	2019			2018		
	Transfers in £000	Transfers out £000	Net transfer £000	Transfers in £000	Transfers out £000	Net transfer £000
Unrestricted						
Connexional Priority Fund	-	(2,960)	(2,960)	-	(2,816)	(2,816)
Pension Reserve Fund Note 19	2,545	(78)	2,467	2,468	(58)	2,410
General Fund Note 19	1,745	(100)	1,645	1,455	(80)	1,375
Designated Training Fund	785	-	785	1,004	-	1,004
Methodist International Centre	-	(455)	(455)	-	(600)	(600)
Others	-	(27)	(27)	-	(41)	(41)
Total	5,075	(3,620)	1,456	4,927	(3,595)	1,332
Restricted						
Long-term Renewal Fund	100	-	100	80	-	80
World Mission Fund Note 20	-	(1,147)	(1,147)	-	(902)	(902)
Guy Chester Centre	-	(350)	(350)	-	(320)	(320)
Fund for Training	-	(42)	(42)	-	(129)	(129)
Mission in Britain	-	(54)	(54)	5	(62)	(57)
Fund for Support of Presbyters & Deacons	-	(56)	(56)	19	(60)	(42)
Fund for Property	-	(68)	(68)	-	(54)	(54)
Centenary Hall Trust	-	(25)	(25)	-	(25)	(25)
Others	-	(37)	(37)	95	(161)	(65)
Total	100	(1,779)	(1,679)	199	(1,712)	(1,513)
Endowments						
William Leech Charities Fund	223	(12)	211	211	(11)	200
Rank Endowment	13	(7)	6	-	(6)	(6)
Others	9	(3)	7	-	(13)	(13)
Total	246	(22)	224	211	(30)	181
Grand Total	5,421	(5,421)	-	5,337	(5,337)	-

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Methodist Church in Great Britain**23a. Analysis of net assets between funds**

Funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2019 Total £000
Intangible fixed assets	112	26	-	138
Tangible fixed assets	17,830	80,731	-	98,561
Investments	82,737	91,253	19,943	193,933
Current assets	12,888	13,247	120	26,255
Creditors due within one year	(7,436)	(10,102)	52	(17,488)
Creditors due after more than one year	(930)	(9,381)	-	(10,311)
Defined benefit pension scheme liability	(5,234)	(1,934)	-	(7,168)
Total	99,967	163,840	20,113	283,918

The Connexional Funds**23b. Analysis of net assets between funds**

Funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2019 Total £000
Intangible fixed assets	112	-	-	112
Tangible fixed assets	17,345	73,029	-	90,374
Investments	82,676	64,831	19,943	167,450
Current assets	12,528	9,919	120	22,567
Creditors due within one year	(8,389)	(6,922)	50	(15,261)
Creditors due after more than one year	(931)	(4,422)	-	(5,353)
Defined benefit pension scheme liability	(5,234)	(1,934)	-	(7,168)
Total	98,107	134,501	20,113	252,721

The Methodist Church in Great Britain**23c. Analysis of net assets between funds**

Funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2018 Total £000
Intangible fixed assets	154	11	-	165
Tangible fixed assets	15,805	80,731	-	96,536
Investments	74,540	94,196	19,949	188,685
Current assets	14,526	12,552	93	27,171
Creditors due within one year	(7,289)	(9,583)	83	(16,789)
Creditors due after more than one year	(1,606)	(8,061)	-	(9,667)
Defined benefit pension scheme liability	-	(1,861)	-	(1,861)
Total	96,130	167,985	20,125	284,240

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

The Connexional Funds**23d. Analysis of net assets between funds**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2018 Total £000
Intangible fixed assets	154	-	-	154
Tangible fixed assets	15,328	72,953	-	88,281
Investments	74,455	71,460	19,950	165,865
Current assets	13,948	6,449	93	20,490
Creditors due within one year	(7,423)	(8,091)	82	(15,432)
Creditors due after more than one year	(1,606)	(4,139)	-	(5,745)
Defined benefit pension scheme liability	-	(1,861)	-	(1,861)
Total	94,856	136,771	20,125	251,752

24. Revaluation reserves

The revaluation reserves balances included in the restricted and unrestricted reserves are analysed as follows:

The Methodist Church in Great Britain**24a. Revaluation reserves**

	1 September 2018 £000	Movement £000	31 August 2019 £000
Unrestricted	6,476	1,118	7,594
Restricted	58,500	782	59,282
Total	64,976	1,900	66,876

The Connexional Funds**24b. Revaluation reserves**

	1 September 2018 £000	Movement £000	31 August 2019 £000
Unrestricted	6,473	1,118	7,591
Restricted	56,564	782	57,346
Total	63,037	1,900	64,937

The Methodist Church in Great Britain**24c. Revaluation reserves**

	1 September 2017 £000	Movement £000	31 August 2018 £000
Unrestricted	6,539	(63)	6,476
Restricted	58,500	-	58,500
Total	65,039	(63)	64,976

The Connexional Funds**24d. Revaluation reserves**

	1 September 2017 £000	Movement £000	31 August 2018 £000
Unrestricted	6,536	(63)	6,473
Restricted	56,564	-	56,564
Total	63,100	(63)	63,037

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

25. Expenses reimbursed to the trustees

	2019	2019	2018	2018
	Number of	£000	Number of	£000
	trustees		trustees	
Travel and other expenses reimbursed	47	31	34	28

26. Trustees' remuneration

	Pension Contributions		Remuneration	
	Total	Total	Total	Total
	2019	2018	2019	2018
	£000	£000	£000	£000
The Revd Ruth Gee	7	6	39	39
The Revd Barbara Glasson	7	-	36	-
Deacon Karen McBride	7	6	40	45
The Revd Loraine Mellor	7	6	40	39
The Revd Cannon Gareth Powell	7	6	41	40
Mr Doug Swanney	19	17	125	103
The Revd Dr Roger L Walton	-	6	-	39
The Revd Rachel Parkinson	7	6	40	39
The Revd Peter E Barber	-	6	-	39
The Revd Dr Jonathan R Hustler	7	6	41	40
Mrs Louise C Wilkins	15	15	98	90
The Revd Andrew Wood	7	6	40	38
The Revd Michaela A Youngson	-	6	-	39
The Revd Dr Jennifer A Hurd	7	-	42	-
Total	97	92	582	590

Of the trustees listed above, 11 were in the Connexional team or District Chairs (2018: 12). Their aggregate total emoluments including pension contributions and national insurance for this work and not in their role as trustees amounted to £0.6m (2018: £0.7m). Their appointment as trustees is in accordance with Standing Order No. 210 of the Methodist Church.

27. Trustees, related parties and connected organisations

Outlined below is a list of those bodies considered to be the main connected organisations and related parties, which together with The Methodist Church in Great Britain report separately each year to the Methodist Conference, the ultimate controlling body. Details of the transactions occurring during the year and amounts owing by or to the entities as at 31 August are stated for each one as appropriate.

	2019			
	Income	Payments	Loans from	Amount
	from	to/(from)	entity	owed by/(to)
	entity	entity		entity
	£000	£000	£000	£000
Connected organisations				
Trustees for Methodist Church Purposes (a)	1	185	-	-
Methodist Ministers' Housing Society (MMHS) (b)	27	8	-	-
Methodist Ministers Pension Scheme (MMPS) (c)	92	-	-	-
Lesnes Abbey Circuit (d)	-	-	-	30
The Tower Hamlets Circuit (e)	-	862	-	-
The Queen's Foundation for Ecumenical & Theological Education (f)	120	1,573	-	-
Related parties				
Methodist International Centre Ltd (g)	599	-	-	(214)
Cliff College (h)	6	739	-	6
All We Can (i)	142	82	-	5

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

- (a) The payment to Trustees for Methodist Church Purposes (TMCP) is for various administration charges, including legal services rendered during the year. The income is for payroll administration charges.
- (b) The income received from MMHS was for rent and service charges which are chargeable each year. The payments relate to the contributions made towards rents of the ministers staying in MMHS properties.
- (c) The income received from the MMPS was for rent and accountancy services.
- (d) A loan advanced to the Lesnes Abbey Circuit in order to purchase the London Mission Fund's interest in a manse at 11 Eaglesfield Road, London. The loan is repayable in equal instalments over nine years.
- (e) In September 2017, Tower Hamlets Circuit loaned £859k to the London Mission Fund solely for the purpose of purchasing a manse. The loan was fully repaid when the manse was sold. See Note 16c for further details.
- (f) A payment of £1.57m (2018: £0.7m) was made to The Queen's Foundation for Ecumenical Theological Education, being tuition fees for the 2017-18 academic year. Rent of £120k was received from The Queen's Foundation for the period September 2018 to August 2019.
- (g) Income receivable from Methodist International Centre Ltd was for rent chargeable for the use of building owned by Connexional Funds (£599k; 2018: £582k last year there was also a one off receipt of £177k). Gift Aid in respect of this subsidiary is shown in Note 4b.
- (h) Payments of £0.74m (2018: £0.7m) were made to Cliff Colleg which were grants towards the Learning network. The income of £6k (2017/2018: £1K) related to a supply during the 3Generate event.
- (i) Income receivable from all We can was for rent chargeable for the use of the building owned by Connexional Funds. payments (£82k) in 2018/2019 were for grants in respect of capacity development support for churches overseas.

	2018			
	Income from entity	Payments to/(from) entity	Loans from related entity	Amount owed by/(to) entity
	£000	£000	£000	£000
Connected organisations				
Trustees for Methodist Church Purposes (a)	6	199	-	-
Methodist Ministers' Housing Society (MMHS) (b)	87	46	-	-
Methodist Ministers Pension Scheme (MMPS) (c)	110	-	-	-
Lesnes Abbey Circuit (d)	-	(10)	-	40
The Tower Hamlets Circuit (e)	-	-	(859)	-
The Queen's Foundation for Ecumenical & Theological Education (f)	100	706	-	100
Related Parties				
Methodist International Centre Ltd (g)	759	-	-	(664)
Cliff College (h)	1	651	-	1
All We Can (i)	153	-	-	65

In addition to this, as set out in Note 28, the PASLEMC has been treated as a group plan with the Methodist Council as the sponsoring employer with legal responsibility for the plan. Participation in a group pension plan is a related party transaction. In the absence of a contractual agreement or policy for charging the net defined benefit cost of the plan as a whole to individual group entities, the Council treats the contributions paid to the scheme by other group employers as a credit in its statement of financial activities.

There are also transactions included in the management of the Church's investment portfolio by the Central Finance Board (CFB). Further, numerous transactions and balances occur between the Methodist Council, the Districts, Circuits and Churches. In theory the Methodist Council could have dealings with any part of the wider Methodist Church. The main activities being:

- The annual assessment on local Circuits (which are collected via the districts) to pay for the work of the Connexional Team and other Conference activities (e.g. District chairs and committee expenses); amounts to £13.5m in 2018/19; (2017/2018: £13.5m)
- The awarding and distribution of grants to other Methodist entities; amounts to £7m in 2018/19; (2017/2018: £6m)
- Investment charges (TMCP & CFB); amount to £270k in 2018/19.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments

The PASLEMC Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019. Members who were active when the scheme closed (closure members) are entitled to a retirement pension based on the better of:

- Pensionable Service as at the closure date and Final Pensionable Earnings at date of retirement or earlier date of leaving service (with subsequent deferred revaluation until retirement); and
- Pensionable Service and Pensionable Earnings as at the closure date with statutory deferred revaluation until retirement.

The calculations underlying these disclosures allow for the cessation of future accrual on 31 May 2019 and the benefits payable to closure members. As closure members are retaining a link to their salary, there is no immediate gain or loss to the scheme as a result of closure.

The FRS 102 calculations have been carried out by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWCI Consulting Ltd. The scheme assets are stated at the fair values at the respective balance sheet dates.

The assets and liabilities of the schemes for both The Methodist Church in Great Britain and The Connexional Funds at 31 August are:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2019 Total £000	2018 Total £000
Fair value of scheme assets	85,069	-	85,069	76,933
Present value of scheme liabilities	(90,303)	(1,934)	(92,237)	(78,197)
Sub Total	(5,234)	(1,934)	(7,168)	(1,264)
Unrecognised assets	-	-	-	(597)
Net defined benefit liability	(5,234)	(1,934)	(7,168)	(1,861)

Asset resulting from the scheme's valuation is limited to the present value of available refunds or reductions in future contributions to the plan.

The amounts charged to the statement of financial activities for both The Methodist Church in Great Britain and The Connexional Funds in respect of the two schemes are:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2019 Total £000	2018 Total £000
Service cost (before contributions from other group employers)	1,686	-	1,686	3,313
Interest cost on scheme liabilities	2,040	47	2,087	2,085
Interest income on plan assets	(2,077)	(57)	(2,134)	(1,891)
Net finance costs	(37)	(10)	(47)	194
Total	1,649	(10)	1,639	3,507

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments (continued)

The amounts recognised as other gains/(losses) in the group and Connexional Funds statement of financial activities:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2019 Total £000	2018 Total £000
Actual return on scheme assets	7,320	-	7,320	3,074
Amounts included in net interest on the net defined liability	(2,093)	-	(2,093)	(1,873)
Other actuarial gains/losses	(11,258)	(139)	(11,397)	10,559
Movement in unrecognised assets	613	-	613	(597)
Re-measurement gains and losses recognised in SOFA	(5,418)	(139)	(5,557)	11,163

The changes in present value of defined benefit pension obligations for both The Methodist Church in Great Britain and The Connexional Funds are analysed as follows:

	Unrestricted PASLEMC 2019 £000	Unrestricted PASLEMC 2018 £000	Restricted SSMP 2019 £000	Restricted SSMP 2018 £000	Total 2019 £000	Total 2018 £000
At 1 September	76,336	82,388	1,861	2,117	78,197	84,505
Service cost	1,686	3,313	-	-	1,686	3,313
Interest on obligation	2,040	2,038	47	47	2,087	2,085
Contributions by members	549	727	-	-	549	727
Benefits paid	(1,566)	(1,710)	(113)	(146)	(1,679)	(1,856)
Actuarial gains/losses	11,258	(10,420)	139	(157)	11,397	(10,577)
At 31 August	90,303	76,336	1,934	1,861	92,237	78,197

The changes in the fair value of the plan assets during the year for both The Methodist Church in Great Britain and the Connexional Funds are analysed as follows:

	Unrestricted PASLEMC 2019 £000	Unrestricted PASLEMC 2018 £000	Restricted SSMP 2019 £000	Restricted SSMP 2018 £000	Total 2019 £000	Total 2018 £000
At 1 September	76,933	72,778	-	-	76,933	72,778
Interest on assets	2,093	1,839	-	-	2,093	1,839
Contributions by employer	2,173	2,552	-	-	2,173	2,552
Contributions by members	549	723	-	-	549	723
Administration expenses	(340)	(450)	-	-	(340)	(450)
Benefits paid	(1,566)	(1,710)	-	-	(1,566)	(1,710)
Actuarial return less interest income on plan assets	5,227	1,201	-	-	5,227	1,201
At 31 August	85,069	76,933	-	-	85,069	76,933
Unrecognised assets	-	(597)	-	-	-	(597)
Net Defined Benefit Liability	5,234	-	1,934	1,861	7,168	1,861

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments (continued)

Principal actuarial assumptions at the balance sheet date in respect of the two schemes were:

	PASLEMC		SSMP	
	2019 %pa	2018 %pa	2019 %pa	2018 %pa
Discount rate at end of year	1.8	2.7	1.7	2.6
Discount rate at start of year	2.7	2.5	2.6	2.3
RPI Inflation	3.2	3.3	3.4	3.3
CPI Inflation	2.2	2.3	-	-
Rate of increase in Pensionable earnings	2.2	2.3	-	-
Rate of increase in deferred pensions pre 2009 LPI 5%	2.2	2.3	3.3	3.2
Rate of increase in deferred pensions pre 2009 LPI 2.5%	2.2	2.3	3.3	3.2
Rate of increase in pension in payments fixed 5% to 1 September 2017	5.0	5.0	3.3	3.2
Rate of increase in pension in payments LPI 2.5% to 1 September 2017	2.2	2.2	-	-
Rate of increase in pension in payments LPI 5% to 1 September 2018	3.1	3.2	-	-
Rate of increase in pension in payments LPI 2.5% to 1 September 2018	2.2	2.2	-	-

Mortality assumptions for the two schemes:

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and until age 89 if female. For a member currently aged 50 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

Analysis of scheme assets

	PASLEMC		SSMP	
	2019 %pa	2018 %pa	2019 %pa	2018 %pa
Equities	54.4	54.0	20.6	20.8
Gilts	-	-	58.5	54.1
Corporate Bonds	4.9	5.3	12.8	11.8
Property	7.0	7.8	5.1	6.1
Cash	9.2	9.9	3.0	7.2
Liability Driven Investment	19.6	17.3	-	-
Annuities	4.9	5.7	-	-

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments (continued)

The Methodist Ministers' Pensions Scheme (MMPS)

The accounting treatment and judgements made in respect of the MMPS are set out in Note 2. The defined benefit pensions scheme position in respect of the MMPS is set out below. The FRS102 Calculations were carried out by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWC Consulting Ltd.

a. The amounts that would have been charged to the statement of financial activities are as follows:

	2019	2018
	£000	£000
Service cost	6,219	7,398
Interest cost on scheme liabilities	11,584	11,159
Interest Income on plan assets	(13,069)	(11,197)
Interest on unrecognised assets	1,326	-
Net Finance Costs	(159)	(38)

b. The amounts that would have been charged to the statement of financial activities as recognised gains and losses are as follows:

	2019	2018
	£000	£000
Actual return on Scheme assets	36,895	25,271
Amounts included in net interest on the net defined liability	(13,069)	(11,197)
Other actuarial gains/losses	(55,751)	38,402
Movement in unrecognised assets	30,276	49,130
Re-measurement gains and losses recognised in SOFA	(1,649)	3,346

c. The changes in the present value of the defined benefit obligation were:

	2019	2018
	£000	£000
Opening defined benefit obligation	439,167	474,534
Service cost	6,219	7,398
Interest cost	11,584	11,159
Cost of benefit changes	-	-
Contributions by members	3,259	3,620
Benefits paid	(20,297)	(19,142)
Actuarial (gains)/losses	55,751	(38,402)
Closing defined benefit obligation	495,683	439,167

The weighted average duration of the liabilities of the Scheme was 14 years as at 31 August 2019.

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments (continued)

d. The changes in the fair value of the plan assets during the year were:

	2019	2018
	£000	£000
Opening fair value of scheme assets	488,298	469,098
Interest income on plan assets	13,069	11,197
Contributions by employer	8,546	10,435
Contributions by members	3,259	3,620
Benefits paid	(20,297)	(19,142)
Administration expenses	(837)	(985)
Actual return less interest income on plan assets	23,826	14,074
Closing fair value of scheme assets	515,864	488,298

The total assets and liabilities of the MMPS at 31 August were:

	2019	2018
	£000	£000
Closing defined benefit obligation	(495,683)	(439,167)
Closing fair value of scheme assets	515,864	488,298
Net defined benefit scheme asset/obligation	20,181	49,131
Assets that would not have been recognised had the scheme been included	(20,181)	(49,131)
Net defined benefit asset/(liability)	-	-

The principal actuarial assumptions at the balance sheet date in respect of the Scheme were:

	2019	2018
	%pa	%pa
Discount rate at end of year	1.7	2.7
Discount rate at start of year	2.7	2.4
Inflation	3.4	3.3
Rate of increase in pensionable earnings	2.9	2.8
Rate of increase in deferred pensions pre 2009	2.4	2.3
Rate of increase in deferred pension post 2009	2.4	2.3
Rate of increase in pension in payment main benefits CPI LPI 5%	2.4	2.3
Rate of increase in pension in payment main benefits CPI LPI 2.5%	1.9	1.8
Rate of increase in pension in payment AVCs RPI LPI 5%	3.3	3.2
Rate of increase in pension in payment AVCs RPI LPI 2.5%	2.2	2.2

Notes to the consolidated financial statements for the year ended 31 August 2019 (continued)

28. Defined benefit pension scheme commitments (continued)

The mortality assumptions for the Methodist Ministers' Pension Scheme were:

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and until age 90 if female. For a member currently aged 55 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

The major categories of plan assets as percentage of total plan assets for the scheme were:

	2019	2018
	%	%
Equities	57.1	56.9
Gilts	-	0.1
Corporate bonds	16.4	16.4
Index-linked bonds	3.9	4.0
Property	8.9	9.4
Cash	4.8	5.7
Liability driven investment	8.9	7.5

Trustees and committee memberships

The membership for 2018/19 and for 2019/20 are listed below.

Methodist council, 2018/2019 members

Mrs E Jill Baker (Chair)	The Revd Dr Jonathan R Hustler	Mr Pete Prescott
Ms Janet Baker	The Revd Philip J Jackson	Mrs Anne Pryke
Mr Timothy J Baker	The Revd Dr Vincent M Jambawo	The Revd Sally A Ratcliffe
Ms Roxanne Bromley*	Mrs Carolyn Lawrence	The Revd Jarel A Robinson-Brown**
Mrs Carole Burgess	(resigned October 2018)	(resigned November 2018)
The Revd Linda J Catlow	Mrs Heather Lovelady	Mr Graham Russell*
Ms Gemma Curtis	Professor David Matthews*	The Revd Peter D Sheasby
The Revd Rory J Dalgliesh	Deacon Karen McBride	The Revd David Shirliff
Ms Gillian M Dascombe	Professor Clive Marsh**	The Revd Billy Slatter*
Ms Sue Draper	The Revd Loraine Mellor	Mrs Sue Snowden*
The Revd Mark Dunn-Wilson	Deacon Jonathan Miller	Mr Douglas Swanney
Mrs Aileen Fox	Professor Ken Mortimer	The Revd Timothy A Swindell
The Revd Dr Andrew M Fox	The Revd Michael D Parker*	Mrs Margaret Webber*
The Revd Dr Barbara C Glasson*	The Revd Rachel E Parkinson	Mrs Louise C Wilkins
Mr Bala Gnanapragasam	The Revd Mary M Patterson	Mr Richard Wills
The Revd Novette Headley	The Revd Malcolm Peacock*	The Revd Dr Andrew D Wood
The Revd Beverly Hollings	The Revd Gareth P Phillips	The Revd Michaela A Youngson
Professor Peter D Howdle	The Revd Canon Gareth J Powell	The Revd Dr Jongikaya Zihle*
The Revd Dr Jennifer A Hurd	The Revd Stephen J Poxon	

Methodist council, 2019/2020 members

Mrs E Jill Baker (Chair)	The Revd Dr Jonathan R Hustler	The Revd Michael D Parker
Mr Timothy J Baker	The Revd Philip J Jackson	The Revd Rachel E Parkinson
The Revd Paul H Booth**	The Revd Dr Vincent M Jambawo	The Revd Mary M Patterson
Ms Roxanne Bromley	The Revd Ermal B Kirby**	The Revd Malcolm Peacock
The Revd Dr Adrian Burdon**	Mrs Carolyn J Lawrence**	The Revd Stephen J Poxon
Mr David Burton**	Mrs Heather Lovelady	Mr Pete Prescott
The Revd Linda J Catlow	Mr Andrew Lowe**	Mrs Anne Pryke
Ms Sue Draper	Professor David Matthews	Mr Michael Pryke**
The Revd Mark Dunn-Wilson	Deacon Karen McBride	Mr Graham Russell
Mrs Aileen Fox	Mr Alister McClure**	The Revd Billy Slatter
The Revd Dr Andrew M Fox	Professor Clive Marsh	Mr Douglas Swanney
The Revd Ruth M Gee**	Deacon Jonathan Miller	The Revd Timothy A Swindell
The Revd Dr Barbara C Glasson	Professor Ken Mortimer	The Revd Richard J Teal**
Mr Bala Gnanapragasam	Dr Daleep S Mukarji	Mrs Margaret Webber
The Revd Jeremy H A Hackett**	The Revd Gillian M Newton**	Mrs Louise C Wilkins
The Revd Novette Headley	The Revd Leslie M Newton**	Mr Richard Wills
The Revd Beverly Hollings	Mrs Helen Norton**	The Revd Michaela A Youngson
The Revd David W Hookins**	The Revd Richard Ormrod**	The Revd Dr Jongikaya Zihle
The Revd Dr Jennifer A Hurd		

New Members from 1 September 2018 are marked with one asterisk (*)

New Members from 1 September 2019 are marked with two asterisks (**)

A full list of the trustees, being the members of the Methodist Conference, is available on request from the registered office and on the Charity Commission website.

Trustees and committee memberships

The Strategy and Resources Committee

The membership for 2018/19 and current year are listed below:

Voting Members

Ms Janet Arthur	Mrs Shelagh Morgan (from 1 September 2019)
Mr Edward Awty	Dr Daleep S Mukarji (Chair) (from 1 September 2019)
Mrs Anne Bolton	The Revd Gillian M Newton (from 1 September 2019)
Mr Robert J Harrison (to 31 August 2019)	The Revd Michael D Parker
Professor Peter D Howdle (Chair) (to 31 August 2019)	The Revd Timothy A Swindell
The Revd Susan Keegan Von Allmen (to 31 August 2019)	The Revd Marcus Torchon (from 1 September 2019)
Professor David Matthews	The Revd Dr Andrew D Wood (to 31 August 2019)
The Revd Loraine N Mellor	Ms Helen Woodall
The Revd Ruth Midcalf	

Non-voting members

The Revd Ruth M Gee (from 1 September 2019)
The Revd Dr Jonathan R Hustler
The Revd Canon Gareth J Powell (to 6 June 2019)
Mr Douglas Swanney
Mrs Louise C Wilkins

Other members of the senior management group may attend by invitation as the business shall require.

Induction of new SRC members normally includes: conversations with the chair of SRC and the senior staff of the Connexional Team; a mentoring relationship with an experienced member of SRC; and invitations to share in the induction sessions for Council members.

The Finance Sub-Committee (FSC) of the Strategy and Resources Committee (SRC)

The membership of the committee is:

Voting Members

Mr Edward Awty	The Revd Stephen J Radford
Mrs Sue Haworth	The Revd Timothy A Swindell (Chair)
Mr Malcolm Pearson	

Members of the senior management group may attend by invitation as the business shall require.

The Audit Committee

The membership of the committee is:

Voting Members

Mrs Sarah Atwell-King	Mr Alan Kershaw (Chair)
Mr Adrian Burton	Mrs Susan M Mortimer

Non-voting members

Mr Edward Awty
The Revd Timothy A Swindell

Members of the senior management group may attend by invitation as the business shall require.

Reference and administrative details

Names and addresses

The address of the Office of the Conference for the purposes of the Methodist Church Act 1976 and any other legislation is:

The Methodist Church

Methodist Church House
25 Marylebone Road
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Executive Officers

The Revd Dr Jonathan R Hustler
The Revd Ruth M Gee
Mr Douglas Swanney
Mrs Louise C Wilkins

Custodian Trustee:

Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester M1 1JQ

Methodist Missionary Trust Association

Methodist Church House
25 Marylebone Road
London NW1 5JR

Investment Managers:

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

Bankers:

HSBC plc
Westminster Branch
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Independent Auditor:

RSM UK Audit LLP
St Philips Point
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Solicitors:

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