



# Consolidated Report and Financial Statements

for the year ended  
31 August 2020

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## Welcome from the Revd Dr Jonathan R Hustler



Brothers and Sisters

This past year will not be forgotten in a hurry. Undoubtedly it will be known as a year of doing things differently and more creatively. Even with the events of the past months of a rapidly changing world, the varied work we have carried out as a Church, represented in this report, reflects the heart of *Our Calling* to respond to the gospel of God's love in Christ and to live out our discipleship. This report gives us an overview of the past year and shows how we have faced challenges and taken opportunities in order to use the resources of the Church in response to *Our Calling*.

This annual report gives us an insight into our financial resources and the figures included represent an important area of our work in more detail. It highlights the importance of the processes that we follow, paying attention to detail and believing that all of this is best undertaken as a community with one another. We draw together with enquiring minds and the wisdom of others to determine what at present we believe to be God's will.

Therefore, even though today's context is one that looks rather different from anything that could have been predicted, we turn to our resources and gifts to use them as tools better to understand and express the privilege of being called to be part of God's mission to God's world. This draws us together as a community and shapes our Church for the future.

**The Revd Dr Jonathan R Hustler**  
Secretary of the Methodist Conference

January 2021

# The Methodist Church in Great Britain Trustees' Report

## Strategic objectives, aims and purposes of The Methodist Church

The activities covered in these financial statements fall within the work of The Methodist Church in Great Britain ('The Methodist Church' or 'The 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.

## Public benefit requirement

The trustees of The Methodist Church have 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 Church exists, inter alia, to:

1. increase awareness of God's presence and to celebrate God's love;
2. help people 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 39 and include:

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

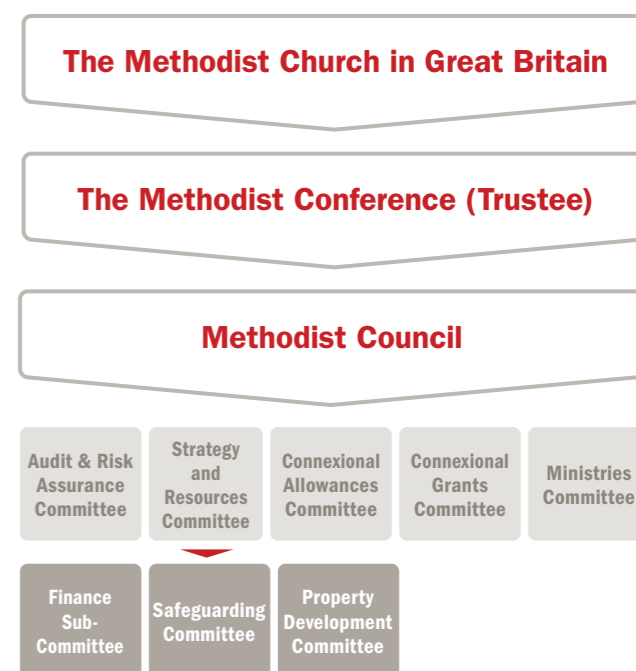
The members of the Methodist Conference are the trustees and their names are publicly available on the Charity Commission website. The Methodist Council is appointed annually by the Conference to undertake ongoing work on behalf of the Conference (which only meets once a year). Among other functions, 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* (2020 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, 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 following diagram.



During the year, the Investment Committee ceased to meet and the terms of reference of the Finance Sub-committee were expanded to take on the residual functions of the Investment Committee.

## 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.

It has agreed the following objectives for the coming year in order to support the delivery of the Church's strategic objective "to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission":

1. Proclaiming the Gospel through worship / The ministry of the whole people of God in the Life of the World
2. A Church for all people / The Inclusive Church
3. God's Church in God's world Striving for Justice and Peace
4. Evangelism / God For All
5. Resources for the Church: the use of God's gifts (including Oversight and Leadership)
6. Responding to the Gospel in partnership.

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
  - The Pension Reserve 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 which 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 2019/2020, 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;
- overseeing 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 and Risk Assurance 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.

During the period, the scope of this committee was extended such that it now meets at least three times in the year and reports annually to the Methodist Council. The Audit and Risk Assurance Committee has responsibility for:

- advising the Council on the appointment of external auditors;
- reviewing, with the auditors, the consolidated financial statements and their annual report;
- reviewing the effectiveness of procedures relating to risk management including risk assurance;
- 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 and regular progress reports and risk updates; and
- submitting an annual report to the Council.

### The Investment Committee

The Methodist Council appointed the Investment Committee. It met twice during the year and agreed that much of the work of the Committee had become successfully embedded in the routines of the Finance Department. As a result, it agreed it would cease to meet and transferred its residual functions to the Finance Sub-Committee.

### Oversight Committees

To assist the Methodist 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;
  - review the Council's cash and investment holding; and
  - represent the Methodist 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;
  - The Aspinall Robinson Trust;
  - The Benevolent Fund for Deaconesses; 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. Its responsibilities include:
  - developing and proposing to the Council policies in respect of the use of Methodist property;
  - exercising such managing trustee responsibilities and duties as may be delegated to it by the Council;
  - being 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;
  - reviewing and monitoring 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
  - offering advice to any Methodist trustee 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

## Governance and oversight (continued)

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. It advises the Methodist Council on all related issues.

### Other oversight bodies

These include:

- 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 that report to the Council but are not administered by the Connexional Team (they are self-accounting entities).

A comprehensive list of the subsidiaries whose financial statements are included in The Methodist Church Consolidated Financial Statements is provided on page 39. 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. It 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. Church activity encompasses:

- 4,110 places of worship, with around 170,000 members;
- the work of around 1,290 active Methodist ministers;
- approximately 133,000 visits to a Methodist service each week;
- around 25,000 pupils enrolled in 84 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 local churches.

Without the support of volunteers across the Connexion, the Church would simply be unable to live out its calling to respond to the Gospel of God's love in Christ. Specifically in relation to the activities covered in this report, we are immensely grateful for the 1,367 volunteers (note 12 in the accounts) who serve on a whole range of connexional committees, working groups, and other bodies that support the life of the Church.

This report cannot capture in detail the breadth and depth of the Church's work. In the section below is a list of a range of activities from around the Connexion as examples of that work.

## Key activities

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 receives reports covering all aspects of the Church's life and witness. At its virtual meeting hosted at Cliff College in June-July 2020:

- Four deacons and 21 presbyters were received into Full Connexion, along with six presbyters by transfer, and one by reinstatement;
- The Conference celebrated the ways in which the reaffirmation of *Our Calling* had shaped the life and work of the Church and received the report on *Reaffirming Our Calling: Oversight and Trusteeship* to develop this work further;
- The Evangelism and Growth Team presented the *God for All* report. Within the report, it outlined their aims to present a contextual, coherent and coordinated strategy for evangelism and growth; and
- The 3Generate manifesto (available at [www.methodist.org.uk/3genmanifestos](http://www.methodist.org.uk/3genmanifestos)) focused on mental health and the 'Eco Church Challenge'. The Conference urged local churches to engage and respond with intentional action.

### Organisation of the Work

In 2019/2020 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, now organises its work in the following eight key areas:

1. Building communities
2. Children, youth and families
3. Evangelism and growth
4. Global relations
5. Learning network
6. The Methodist Council and governance
7. Ministries
8. Property

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

### 1. Building communities

To build communities, the Methodist Church is committed to working with ecumenical partners

from a wide variety of Christian traditions. Unity and mission are inseparable and we continue to encourage flexible ways of working together wherever possible. The Conference has reason to be grateful to all those who represent the Methodist Church on a wide variety of committees, commissions and working groups thus enabling connexional, district, circuit and local initiatives. In the last months of this connexional year, in the context of a global pandemic, the existing good relationship with ecumenical partners has enabled us to share experience and expertise as we support one another. National ecumenical officers have participated in regular virtual meetings hosted by Churches Together in England (CTE) where information has been shared and we have prayed with and for one another. Churches Together in Britain and Ireland has enabled the sharing of resources across the four nations.

In the context of challenging and changing international relationships, our ecumenical relationships in Europe and through the World Council of Churches are opportunities for wider engagement and enrichment. The Methodist Church in Britain continues to work with our concordat partners, the United Methodist Church (UMC), identifying areas of work where we are stronger together, such as our response to climate change.

Our ecumenical officer is working with the Joint Covenant Advocacy and Monitoring Group to discern the ways in which we continue to develop the covenant relationship with the Church of England following the decisions of the Methodist Council and the General Synod.

Our assistant ecumenical officer has been continuing work with the Fellowship Groups to develop ways of working that ensure proper support and accountability; working with those who have been impacted by the changing policy around grants; and developing links with other faiths and working with the districts to provide appropriate support for this work around the Connexion.

The Joint Public Issues Team (JPIT) has an important role in building communities. It helps church members campaign on a range of issues driven by the *Six Hopes for Society* supported by the Methodist Church and others. Its campaigns included ending domestic violence, lifting the ban on asylum seekers working, and the rights of child refugees.



## Key activities (continued)

JPIT has produced resources to help people reflect on their lives and the world in the light of their faith, from the 'Living Lent' climate challenges to the resources encouraging people to 'Think, Pray, Vote' at the general election. It also encouraged members to engage with their banks and pension providers over the funding of nuclear weapons.

A particular focus this year was the impact of the economy on people and the planet. Over 300 people attended a day conference to talk about 'Renewal and Rebellion'. From the summer onwards, JPIT focused on what 'From Recovery to Flourishing' might look like in the light of Covid-19. They also produced resources to encourage church members to 'Stay Alert to Justice' highlighting aspects of injustice such as racism, food poverty, climate change and domestic violence.

JPIT has continued to support churches over environmental action, particularly in preparation for UN COP26, helping to establish the ecumenical 'Climate Sunday' initiative. They are also working with global church partners to set up a new youth campaign.

During lockdown JPIT conducted research with churches and charities working alongside people most likely to be harmed economically by Covid-19. These 'Gleanings' were shared with churches as they reshaped their mission in the light of the pandemic.

Publishing information is an important element of building communities. Connexional publications are delivered in a variety of ways, including print and digital. 'Methodist Church mandated' resources include the annual Conference agendas and membership tickets, as well as resources required by the Conference for wider consultation (such as tens of thousands of booklets printed or downloaded in 2019 to support district synods in discussing *God in Love Unites Us*), or to support the strategic decisions of the Conference (for example to resource the delivery of the *God for All* evangelism and growth strategy).

Other Methodist Church resources are created to promote and support the work of the Connexional Team or otherwise equip churches, circuits and districts to respond to *Our Calling*. They first require a proposal to be approved by the team's quarterly Publishing Board. In 2019/2020 publications included resources for safeguarding training; exploring vocations; Fresh Expressions research;

promoting and reflecting on works in the Methodist Modern Art Collection; the commitment cards for A Methodist Way of Life, and the second book in the series, *Talking of God... with Others*, as well as perennial favourites such as the *2020/2021 Methodist Prayer Handbook: The Earth is the Lord's*; and *The Methodist Diary*.

Inevitably, equipping churches to respond to the Covid-19 pandemic brought unexpected publishing challenges at short notice in 2020. Posters were needed to advertise that help was still available when churches closed; to encourage our communities to find hope in Easter; and to support congregations in re-opening churches safely. The pandemic has made it inappropriate to encourage members to handle printed publications or give them out. Therefore, more resources have had to be made available online for downloading and printing at home. This is particularly true of *the connexion* magazine. We cut the June print run by two-thirds to around 25,000 copies and heavily promoted the idea of downloading the online PDF instead. However, the magazine continues to promote the Church's engagement in mission, with features on how churches have coped with the impact of the pandemic and responded to the 'Black Lives Matter' movement.

## 2. Children, youth and families

3Generate is the Children and Youth Assembly of the Methodist Church, where children and young people aged 8–23 gather from across the Connexion. It aims to create an inclusive and diverse space for the prophetic voice of children and young people to emerge and be heard, enabling them to speak courageously, and listen to God and each other. Through the process of 3Generate, children and young people are equipped to become participants in advocacy, change and growth and have an impact in their local Methodist communities. 3Generate calls the Church to listen to and have a meaningful dialogue with children and young people, so that change can happen. At an event in November 2019, our last at Pontins, there were 1,079 delegates aged 8-23, 272 volunteers, 339 group leaders, 11 One Programme Participants (OPPs) and 11 3Generate representatives, a total of 1,947 people, making it our largest event yet.

The Children, Youth and Family team continues to develop its digital presence, resourcing and creating learning spaces via social media and virtual conferences. These seek to inform, equip and inspire,

sharing details of events and resources as well as the work of the team more broadly. Our monthly live broadcasts where we explore current topics, meet those in lay ministry and present new resources have been well received with good engagement.

Our third live-streamed or virtual conference was called 'Homegrown' and took the theme of 'Growing Faith at Home'. We have also produced 'Parenting for Faith', The 'Kitchen Table Project', and 'Who Let the Dads Out?' All sessions are available on the Methodist Church website and in total have been viewed over 7,000 times. Our next live-streamed learning and equipping event will explore creating spaces for children's spirituality.

In August 2020 we launched 'Green Agents of Change' catalyst events for children and young people interested in climate justice with the first online events for 8–11 year olds and 12–17 year olds.

Finally, 'Get Creative' was an arts competition for children and young people aged 4–23 launched in spring 2020 in response to the Covid-19 lockdown. We received a huge response with entries that included art, poetry, spoken word and photography. The winners will be displayed in an online gallery on the Methodist Church website.

## 3. Evangelism and growth

The connexional *Evangelism and Growth Strategy* was received and adopted by the Conference with a revised budget for 2020/2021. An accompanying video 'Good News to Share' was launched after the Conference to help congregations celebrate evangelism in their own contexts. Following the Conference, in summer 2020, the Evangelism and Growth webpages were updated to help individuals, churches, circuits and districts find guidance on taking reflective, strategic next steps. New opportunities, such as a transformational leadership learning community, and new resources, including a practical eight-step process for mission planning, were highlighted.

To celebrate the 2020/2021 connexional 'Year of Prayer', the Mission team launched a weekly prayer meeting. Close partnerships began with districts to build compelling project plans for 'New Places for New People' and 'Church at the Margins' projects. Additional elements planned for the first year of the strategy were developed and/or delivered,

including the core materials of *A Methodist Way of Life*, a discipleship pattern to enable individuals and communities to respond to the gospel with their whole lives; online courses for digital pioneering, evangelism for leaders, and mission beyond lockdown; an expanded second year of *The Story Project*, an interactive testimony project; and an experimental digital evangelism campaign called #GodIsWithUs.

## 4. Global relations

The Methodist Church in Great Britain (MCB) has over 100 partner churches and organisations in over 65 countries across the globe, and the Global Relationships Committee (GRC) oversees the continuing development of our relationships. Its strategy is a part of the response to *Our Calling* and sits within the Mission Team of the Connexional Team, operating within the recommendations of the *Hope in God's Future* and *Inclusive Church* reports. It can be summarised as enabling churches, circuits and districts to be distinctive and highly effective participants in mission, by means of:

- true partnership with sister churches around the world;
- focus on the places and programmes where our participation can make a real difference locally and globally; and
- evolution that encourages new initiatives while maintaining the best of what has gone on before.

This is expressed by maintaining and strengthening traditional and more recent 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 and alert to new opportunities for mission and co-operation; and
- equipping members of The Methodist Church in Great Britain to celebrate and take confidence in God's presence and action in the world and respond to God's call.

As well as supporting Mission Partners who commit to serve for a minimum of six years, the Global Relationships (GR) team also run a number of other programmes for people to serve the World Church.

## Key activities (continued)

These include opportunities for persons from Britain and Ireland to experience the World Church through volunteering to serve a Partner for 3–12 months under the ‘Encounter Worldwide’ programme; volunteering for a shorter period during sabbaticals and through the Specialist Skills Programme; or participating in a group visit through ‘Encounter Together’. The GR team also enables MCB to receive young adults from other countries to serve in faith-based community and advocacy placements for two years through the Global Mission Fellows (GMF) programme of the United Methodist Church, of which MCB is an affiliate. GR is also working with the Council of Evangelical Methodist Churches of Latin America (CIEMAL) on a pilot programme bringing evangelists to support the work of circuits and districts in Britain and in the Methodist Church Ireland.

Due to the effects of the Covid-19 pandemic, all programmes that involve the international movement of personnel have been suspended except for the Mission Partner and CIEMAL evangelist programmes, where people were already in place before lockdown.

Through the Church CAN programme, Global Relationships and All We Can work together with Partner Churches, enabling the strengthening of their capacity and effectiveness as agents of change in their local context. Work is ongoing, and a new Church CAN project is being explored online.

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 supporting 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 those affected by 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 can be funded by General (expressions of solidarity) grants, as well as Annual (capacity building and mission initiative) grants, Scholarship and Leadership Training, and Nationals in Mission grants. In 2019/2020, the original budget of £200,000 was raised to enable £727,557 to be given in General grants. This was due to the huge impact upon some Partners of the pandemic, and, of that sum, £573,779 was given as a direct result of the impact of Covid-19.

Here are a few examples of grants made in 2019/2020:

- **Eglise Methodiste Du Togo (£10,000)**  
When in Togo many found themselves suddenly without income or employment, and churches lost income due to closure, this grant helped with the distribution of food kits, sanitation provision and ministerial support.
- **Iglesia Evangelica Metodista de El Salvador (£10,130)**  
In El Salvador the economic effect on the nation has been devastating. With this grant the Church was able to support 400 families with food rations; buy medicine that will benefit up to 2,500 patients through their clinic; and provide some PPE equipment for the community.
- **National Christian Council Sri Lanka (£15,000)**  
This grant was used to support the Church as it responded to the Covid-19 emergency with prayer, social action, advocacy and community awareness, and disinfection.
- **United Methodist Church in Bulgaria (£5,200)**  
A National in Mission Appointment grant was made available to ministries working with Turkish-speaking Roma in Gorno Ezerovo.
- **The Methodist Church in Cuba (£9,000)**  
A grant was made to support evangelism and leadership training, and to strengthen internet provision in response to Covid-19.
- **United Church of Zambia (£27,171)**  
A SALT grant was awarded to Charles Lungu towards a PhD programme (2017–2020); it was co-funded with Wesley House Cambridge.
- **The Church of Bangladesh (£5,700)**  
A grant was made to Bollobhpur Hospital. This church hospital conducts four clinics a week for pregnant women, one in the hospital and three in nearby villages. The grant was used to replace a very old ultrasound scanner that was no longer reliable.

### Supporting the advocacy of All We Can

Between 1 September 2019 and 31 August 2020, All We Can’s work has helped transform the lives of more than 989,000 people. As a key part of the Methodist family, and the Church’s official relief and development agency, All We Can works in partnership with our global neighbours most impacted by disasters, poverty and injustice to enable flourishing and resilient communities. During the 2019/2020 financial year, All We Can recommitted to its ‘partnership approach’ – moving away from conventional project-focused funding in favour of long-term partnerships with local organisations rooted in the communities they serve. The charity’s vision – for every person’s potential to be fulfilled – is enabled by this approach, and powered by the generosity and faithful support of those committed to the All We Can movement.

In the past year, All We Can partnered with 22 local organisations in six countries to facilitate a variety of long-term development programmes. All We Can’s partnership approach means that the specifics of each project are driven and owned by the local community. This means in each country in which All We Can works, a number of different activities can be taking place – including work as varied as climate-smart agriculture projects and rights-based self-help groups.

Through this approach, All We Can not only supports local activists in their development activities, but also enables them to grow their own organisational capacity. By focussing on building up grassroots local organisations, long-term sustainable change is ensured for generations to come – as the abilities of these local organisations grow.

As part of the Methodist family, All We Can also coordinates the Methodist Church’s response to humanitarian emergencies. Due to the overwhelming impact of Covid-19 on All We Can’s local partners, a significant portion of the charity’s workload during the 2019/2020 year involved responding to this emergency situation. All We Can’s long-term development partners and other local organisations were supported to pivot their programmes to assist communities in coping with the impact of coronavirus, as well as lockdowns and other restrictions.

In addition to this coronavirus response work, All We Can responded to two other emergency situations during the year. In September 2019, Hurricane Dorian caused mass devastation in the Bahamas. All We Can worked with the Methodist Church of the Caribbean and Americas and with other humanitarian aid partners in

the region to respond. In August 2020, it fundraised for a humanitarian response to the explosion in the port of Beirut. Furthermore, it continued to respond to protracted refugee crises in Jordan and Bangladesh. In total, All We Can directly reached an estimated 64,000 through its emergency responses.

This year, All We Can has continued its collaboration with Global Relationships through the Church CAN initiative. It works with global Church partners identified by Global Relationships, to build those Churches’ capacity. This work recognises that Churches have unique strengths that enable them to make an important contribution to seeing ‘everyone’s potential fulfilled’. In the past year, work with existing Church CAN partners has been consolidated, with new programmes launched in Guatemala and Southern Africa, and the Caribbean and Americas.

## 5. Learning network

The newly configured Forums are working well in many of the regions. Work has been undertaken to enable them to be effective in their role of supporting learning and development in all its many forms so that circuits may be places of lifelong learning and sharing. The purpose is to encourage and inspire Methodist people in all aspects of their calling, so that they may live out their discipleship and make known the love of God. The learning and development gathering was held in December 2019 to reflect together on the role and work of the Regional Forums and the ways in which we can effectively resource learning and development to support the work of mission and ministry within the Church.

The learning network has adapted to the ongoing Covid-19 situation with a wide range of areas of engagement switched to online delivery. Engagement with these online sessions has been positive, often with higher numbers attending than if the sessions were face to face. Through this online engagement we are learning and continue to learn what is most effective in online engagement. We recognised that church members’ willingness to engage in online learning and development has undergone a step change – due to the forced change that Covid-19 has triggered with families and friends of all generations having to use digital means to stay in touch during lockdown. We anticipate a ‘blended learning’ approach continuing beyond the current Covid-19 situation and are in the early stages of developing some initial online learning materials utilising the Theology X online learning platform.



## Key activities (continued)

Staff within the Learning and Development team have continued to support the delivery and facilitation of supervision training, working closely with the Ministries team. Plans for engaging in ongoing supervision training in an online format are well underway and some of the professional development for supervisors has already been delivered in an online format.

Work has been undertaken on launching a three-year pilot project for establishing a Reconciliation and Mediation Team across the three regions that participated in the initial training in East of England, London and North West & Mann Learning Network regions. It builds on the work previously undertaken in developing *Positive Working Together*, and recognises the need, highlighted by a number of district chairs, to more effectively resource districts by offering professional reconciliation/mediation at an early stage in a dispute. It also links with work being undertaken to review the complaints and discipline process and aims to link up with the work of the District Reconciliation Groups within the three Learning Network regions. Training on supporting people's mental health is also being planned, in collaboration with the Wellbeing Officer.

### 6. The Methodist Council and governance

The Methodist Council is charged with responsibility to keep in constant review the life of the Methodist Church, to study its work and witness throughout the Connexion, to indicate what changes are necessary or what steps could be taken to make the work of the Church more effective, to give spiritual leadership to the Church and to report annually to the Conference, bringing to the notice of the Conference matters to which it believes the Conference ought to give urgent attention.

The following are just a few of the actions that the Council carried out during 2019/2020 in accordance with its governance responsibilities.

- It adopted a risk management policy and adopted the corporate risk register.
- It appointed Epworth as its regulated adviser in relation to the Royal London proposed Group Personal Pension Plan for employees of the Methodist Council and other Methodist employers.
- It made decisions and recommendations in relation to the Pension and Assurance Scheme for Lay Employees of the Methodist Church, and

its ongoing costs in the light of its closure to future accrual.

- As the managing trustees of the Centenary Hall Trust, it considered the responses to the consultation on the proposed amendments to the Charity Commission Scheme (1988) and concluded that an amended scheme should be sought from the Charity Commission.
- It approved a partnership agreement with The Queen's Foundation for an Ecumenical Theological Foundation.
- It endorsed the production of good practice guidelines for churches in the area of sexual harassment, for publication and launch at the Conference.
- It adopted a modern slavery transparency statement and underlined its strong commitment to pursuing the objectives of the Modern Slavery Act (2015).
- The Conference affirmed an 'Inclusive Church Strategy' and the EDI Adviser has overseen the development of task groups to implement the different elements of the strategy.
- The Council has received reports from many committees and revised their terms and conditions, and has made appointments and nominations to various bodies and committees.

Work relating to Covid-19 is ongoing. Guidance was produced to aid district chairs, circuit superintendents and others in hosting online meetings during the pandemic. Despite the current restrictions, the work of DBS blemish checks and safeguarding risk assessments has continued. Extensive work has been undertaken to work on the Foundation and Advanced safeguarding training modules in order to be able to offer an online version of the required training.

The Church contributed to the Independent Inquiry into Child Sexual Abuse (IICSA) investigation into Child Protection in Religious Organisations and Settings. The current phase of the inquiry's work is a thematic inquiry into current child protection policies, practices and procedures in religious institutions. The findings from the inquiry are expected during 2021 and further details can be found on the Church's website.

Taking the theme of 'What's the Story?', the President and Vice President of the Methodist Conference 2019/2020, the Revd Dr Barbara Glasson and Professor Clive Marsh, travelled extensively across the Connexion before lockdown,

starting conversations about the individual stories of the people called Methodists, and they have continued this dialogue online.

### 7. Ministries

The appointment of a vocations' adviser has allowed us to continue to develop the Vocations Strategy. Partnerships have been established with many members of the Connexional Team to enable vocational questions to be asked in relation to the various projects members of the Team are engaged with. We have commissioned new resources under the title *Called to be...* enabling people to consider the various ways of serving in the Church and recorded short videos of preachers, of all ages and backgrounds, sharing their call. We continue to address the under-representation of BAME people in church offices. We are also working to promote Vocations Sunday.

During the year, 93 people attended an 'Exploring Ordained Ministry' day. Although this has not led to an increase in the number of people candidating this year, we are pleased to report that even during the pandemic 31 people have expressed an interest to explore the call to ordained ministry.

The assessment of local preachers in training has been reviewed to make it easier to navigate for both student and tutor. We continue to wind down the old course 'Faith and Worship' which we will discontinue from spring 2021. We have received just under 200 'Worship: Leading and Preaching' portfolios and 50 'Faith and Worship' submissions in the last year; these have been moderated or marked depending on the pathway.

During the year we ran the induction processes for 32 new superintendents and 23 superintendents in their first year in the role. We also ran bespoke inductions for two district chairs. The annual superintendents' conference had to be cancelled due to lockdown; however we hope to run this conference in 2021.

The roll-out of supervision for all those in active ordained ministry continues. At the beginning of June 2020, 465 people had received initial training, of whom 316 were approved to supervise under the policy. About 110 people are in the process of training; the remainder (39) have withdrawn or were recommended not to proceed. Training this year has focused on those who are new in their role as superintendents and in increasing capacity where

more is needed. As all supervision has had to move online, so too has our training, with the training course and assessment being adjusted appropriately. A detailed piece of research will be shared with the Reference group and wider Church in coming months, which will shape the new supervision policy presented to the 2021 Conference.

Twenty-two people attended the 'First Moves in Ministry' retreat and 16 attended an online version of the new mid-ministry retreat for those in years eight to 12 of ministry (known as ReCharge); originally 35 people were due to attend the physical event. There were 55 ministers attending the pre-retirement courses in the past year.

The team has been responsible for the creation and signposting of provisions for worshipping at home during the Covid-19 lockdown. These materials have been well received across the Connexion and we are grateful to all those who have partnered with us in this large piece of unplanned work.

Gaps in our provision for supporting the ministry of chaplains and those engaged with lay ministries have been identified and a new officer was appointed to oversee this work from September 2020.

### The Queen's Foundation

- This institution leads the Church's responsibility for initial ministerial training (IMT), with three basic pathways available: full-time, part-time (The Queen's Connexional Course), and circuit-based learning (CBLP). In the year 2019/2020, the Foundation worked with 60 student presbyters and deacons and 45 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. Queen's offers a probation studies pathway for those entering circuit ministry, which is aligned with connexional guidelines and allows for continued reflection and study, on either an accredited or not-for-credit basis, with continuity from IMT.
- Queen's 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



## Key activities (continued)

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 Clive Marsh was appointed Principal from September 2020, succeeding the Revd Canon Dr David Hewlett, under whose leadership Queen's grew and flourished. During a period of staff change, and in which the Covid-19 pandemic has posed huge challenges necessitating flexibility in teaching and timetabling, Queen's strengths have come to the fore. Its experience of online teaching with dispersed cohorts, its pastoral tutorial structure, and the considerable skills of the staff team have all been invaluable in this testing period.

### Cliff College

- This institution continues to act as a focus for strategic development in mission and ministry, with a renewed focus on 'equipping the Church in evangelism and mission'. Cliff College works in partnership with several teams and clusters across the Connexion to deliver a range of projects and programmes which contribute to current priorities. These include innovative short courses, such as 'Worship Leading & Preaching', 'Family Ministry', 'Pioneering Ministry' and 'Administrative Ministry'. They also deliver projects in evangelism and digital engagement; global theological education; and online learning and new pedagogies for the worldwide Church's emerging needs.
- Cliff is currently at work to renew its undergraduate and postgraduate programmes, all of which support and encourage the development of individuals, both lay and ordained, in their ministry roles. The particular difficulties of the Covid-19 pandemic have found Cliff well placed to respond with creativity and flexibility, especially when courses had to move quickly online. The annual Cliff Festival had to be held online, and was a great success nevertheless, offering the customary weekend of worship, study and fellowship with a particular emphasis on the College's expanding engagement overseas.

- The relaunched Cliff Year, an intentional year-long programme of study and vocational discernment that builds on and honours Cliff's historical ministry programmes, has made a sound beginning in 2019/2020, despite the constraints of the pandemic. Dr Ed McKenzie has joined the teaching staff as a lecturer in Biblical Theology and Mission, and the restructured executive team and College committee is striving to build on the progress of recent years. The consultation process for the College's new 'Vision 21' strategic plan is well underway and the document will be released during 2020/2021.

### 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.uk](http://www.susannawesleyfoundation.org.uk)). 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.
- The SMT sponsors a young person to spend two years working as assistant chaplain at the College as part of a discernment process. The 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. Information about its projects can be found at [www.southlandsmethodisttrust.org.uk](http://www.southlandsmethodisttrust.org.uk)
- 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 SMT acts 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. As part of this contribution,

it provides funding for the staffing of MAST. The Trust nurtures and cherishes its 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, a trustee of MAST, and a member of the Methodist Schools Committee.

## 8. Property

The Property Support Team continues to provide a wide range of assistance to managing trustees and connexional colleagues. This year new online materials were produced to support districts, circuits and managing trustees, including brand-new guidance for quinquennial inspections, the bedrock for good management of all church property. Regular strategic updates, illustrated through live property projects, were brought to the Property Development Committee for discussion, looking to plan or facilitate future wider connexional strategies, manage trustees' needs or give access to wider support opportunities. The team continues to explore and establish potential partnerships, which are crucial to future missional and development opportunities to help trustees in using their property to its fullest capacity. All the links created so far are with established Methodist and Christian-based organisations, which have a shared ethos and commitment to mission within their communities. We continue to look at how we develop a strategy for our listed buildings, and work with circuits and districts to assist them as they develop their property plans. The first 'new look' *Property Matters* was developed and published this year, moving to a monthly e-newsletter format (from a quarterly paper format) to make it more accessible and give up-to-the-minute property information during the year.

We are working to promote the property strategy across the Connexion. We work in areas across the whole nation, from Kent to Cornwall, and Wales to Northumberland. Already, there are interesting projects starting to emerge, from significant building alterations for mission to wholesale developments for new church buildings and affordable housing. To continue to build support for the property strategy at the local level, the team has compiled new promotional and presentation materials that can be used by district property secretaries (DPSs) to promote the strategy locally, and encourage joined-up thinking across districts and circuits.

A successful interactive training/workshop day was held with DPSs focusing on quinquennial inspections, the Connexional property strategy, and business planning. The team is working on a DPS mapping exercise and report to better understand the needs of the role and allow for some planning within the new strategy – this is due for publication in January 2021.

The Property Support Team is developing an approach to circuit property to ensure that connexional resources required for the emerging *Strategic Guidance for the Use of Property in Mission* are more effectively aimed at circuits and districts to develop wider and more holistic strategies. The team has had a number of conversations with circuits, which see the benefit of a wider review of their property portfolio. We are working with Joint Public Issues Team colleagues on a key piece of work focusing on energy efficiency and environmental issues, to help inform the Church's future net-zero carbon policies. It has been noted that grant funding is especially of interest to many churches as they fundraise for projects. We have therefore explored along with the Grants Team how information can be communicated and we offer guidance to support those involved in this aspect of a project. We have also collaborated with the Grants Team to develop simplified grant requirements and technical and business plan assessments for all connexional property grants.

Since March 2020, the Property Support Team has been assisting managing trustees in their property responsibilities during the Covid-19 pandemic, through the expansion of a series of 'themed' guides. We have also provided additional support via phone and email and ensured that guidance reflects the differing policies for all four devolved administrations. The Government's advice is reviewed daily and we benefit from links made by JPIT with the Ministry of Housing Communities and local government round tables. The Property Team has worked with schools and colleges to create opportunities for managing trustees to engage with their local communities during the pandemic. A number of online discussions have been held with the Free Churches Group and Methodist schools to explore principles for how Methodist property might provide over-spill accommodation for local schools.

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

The CGC sought to concentrate its resources on projects that:

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

### Mission and Ministry in Britain grants £3.1m (2019: £5.8m)

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 2019/2020 was for a significant downward trend in the number and value of applications. Seventy-eight applications were received (down from 121) for a total value of £7.53m (£10.6m in the previous year).

The total grants awarded included £265,000 for MAPJ projects (six awards). Only 14 awards in total were made for the whole year due to the suspension of grant-giving in response to the coronavirus

pandemic. No grants were made from the Fund for Property (£1m in the previous year) or from the Connexional Priority Fund.

### World Mission Fund grants £3.9m (2018: £3.4m)

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:

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

### All We Can – Methodist Relief and Development grants £1.4m (2019: £1.3m)

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

### Westminster College Oxford Trust £700,000 (2019: £1.9m)

Almost all of this grant expenditure was awarded to Wesley Memorial Church, Oxford.

### Ministry grants, including personnel support £2.6m (2019: £1.7m)

Grants are given to equip the Church's ministries through its work with chaplaincies, children and young people, and by enabling evangelism, spirituality and discipleship. Most of the grants made covered student fees and bursaries. Small grants are also 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 list the grant-giving entity and type of grant however, Note 10 discloses grants by related activity.

## Plans for the future

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

- 1. Proclaiming the gospel through worship / The ministry of the whole people of God in the life of the world.** Reflecting on the impact and effectiveness of online worship and learning over the last year to develop future strategies for supporting these areas.
- 2. A Church for all people / The Inclusive Church.** Development of action plans around how the Church as a whole becomes a more welcoming, diverse, and tolerant organisation.
- 3. God's Church in God's world / Striving for justice and peace.** Consideration of the Church's net-zero carbon emission targets, ongoing engagement in reflection on our ethics in relation to investments.
- 4. Evangelism / God for all.** Working with districts in the year ahead to fund the first tranche of projects to increase our engagement in sharing the gospel in new ways, striving to work with those in the most marginalised communities in our world.

### 5. Resources for the Church / The use of God's gifts (including oversight and leadership).

Working with others throughout the Church to respond to the financial impact of the pandemic. Detailed work to enable the Church to make decisions about its future decision-making structure that offer the best patterns of oversight and management for the organisation.

### 6. Responding to the gospel in partnership.

Continued reform of the processes of grant-giving both at home and abroad to ensure participation and positive engagement from our partners.

## Remuneration of key management personnel

The Methodist Council oversees the operation of the Church on a day-to-day basis. It acts as the 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 management 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 that 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 donations. It receives a proportion of funds raised locally on the sale of property owned by circuits.

It does not employ external fundraisers or undertake direct fundraising campaigns, such as direct mail or telephone canvassing of donations. Whilst essentially a passive fundraiser, 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 goes to support the central work of the Church; and
- donations for the mission funds (Mission in Britain Fund, Fund for Property, World Mission Fund) are 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 safeguarding procedures that protect vulnerable people and this extends to the indirect fundraising carried out on its behalf by local churches. The 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 deficit of £5.76m (2019: £3.34m surplus), including net investment losses of £5.8m (2019: £3.8m gain). This investment loss largely reflected the reduction in value of investments held by the Church in units invested by the Central Board of Finance of the Methodist Church. These reductions were due to the impact on the markets of the Covid-19 pandemic.

Other recognised losses for the year were £14.1m (2019: £3.7m). A £9.1m loss (2019: £5.6m) arose from the actuarial revaluation of the Pension and Assurance Scheme for Lay Employees of The

Methodist Church. A £5m loss resulted from the revaluation of the Church's property. A detailed disclosure on the Scheme's financial position is provided in Note 28 (page 77).

### Income

The total income for the year was £44.4m (2019: £49.1m) a decrease of 10% compared to the previous year. This reduction was mainly due to the Covid-19 pandemic as follows:

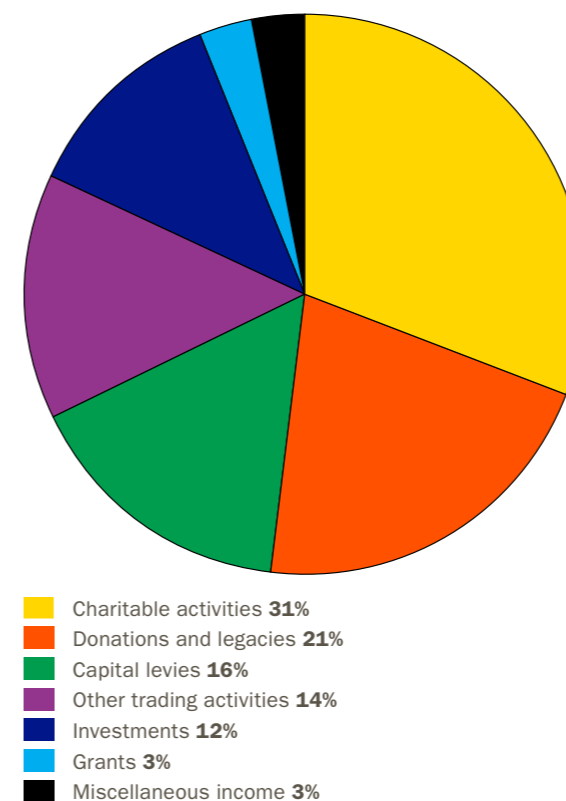
1. Reductions in trading income across both Methodist International Centre Ltd (reduced hotel occupancy) and Cliff College (course and event cancellations)
2. The Methodist Council agreed a rent holiday with Methodist International Centre Ltd (the company that runs the hotel) and there were no profits generated in the year to be gifted to the Church.
3. A reduction in investment income was experienced due to the significant impact that the pandemic had on the financial markets with consequent reductions in dividends being paid in year.

Donated income also fell during the year. The donation figure included an amount of £0.5m, which reflects the transfer of Camden Methodist Church to connexional funds at no consideration or value. This contrasts with the inclusion of the transfer of Oxford Place Leeds to connexional funds in the previous year for £3.5m therefore contributing a £3m reduction in donations in year. A detailed analysis of income is provided in Notes 3-6 (pages 48-50).

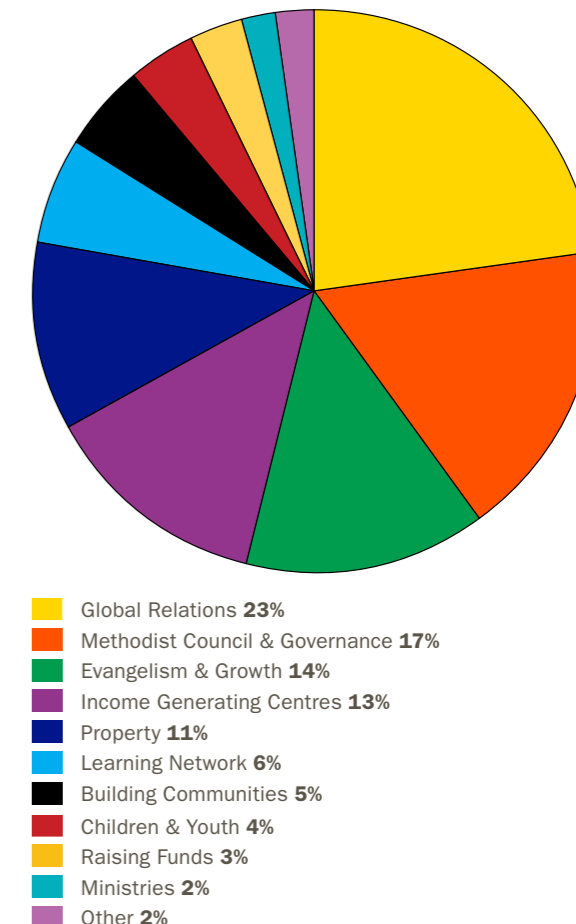
### Expenditure

Total expenditure decreased to £44.4m (2019: £49.6m). Of this, £44.3m was spent on direct charitable activities (2019: £49.6m). The reduction in expenditure was particularly linked to the decision of the Methodist Council to suspend grant-giving from the Mission in Britain and Property Funds in the summer. This decision was taken in the light of the Covid-19 pandemic and the uncertainty that existed about its impact on the Church's financial position. Spending from restricted funds (after transfers) was greater than income by £6.7m. This largely 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 50-51).

The Methodist Church in Great Britain  
Total income £44.4m



The Methodist Church in Great Britain  
Total expenditure £44.4m



## Managed Reserves

The total value of funds held at 31 August 2020 was £264m (2019: £284m). There are restricted reserves of £152m (2019: £164m), unrestricted reserves of £92m (2019: £100m), and endowment reserves of £19m (2019: £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. As a consequence of the Covid-19 pandemic the reserves policies are under review with the intention to make any necessary changes during 2020/2021. There are five main unrestricted funds:

- The Methodist Church Fund (also known as the general funds);

- The Methodist International Centre (included within general funds);
- The Connexional Priority Fund;
- The Pension Reserve Fund; and
- The Epworth Fund.

### General funds

At 31 August 2020, the balance of the unrestricted general funds was £54m (2019: £55m). Of this, £46m (2019: £44m) 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 £7.5 million. 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 2020 the free reserves balance was £8m (2019: £11m).

## Managed Reserves (continued)

### Designated funds

Designated funds are part of the unrestricted funds. The trustees have earmarked them for a particular 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 they decide not to continue with the project for which the funds were designated.

At 31 August 2020, the designated funds totalled £52 million (2019: £50 million) of which the main fund balances were as follows:

● The Connexional Priority Fund	<b>£9 million</b>
● Epworth Fund	<b>£7 million</b>
● The Pension Reserve Fund	<b>£35 million</b>
● Others	<b>£1 million</b>
● <b>Total:</b>	<b>£52 million</b>

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 as 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 £5 million. Around £3 million 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 £2 million 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 they designated an amount of £5 million for this purpose. It receives approximately £200,000 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.

The Pension Reserve Fund exists to help mitigate the financial risks associated with the Methodist Ministers' Pension Scheme (MMPS) and the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC). More information can be found in the Financial Risks section below.

At 31 August 2020 the reserves position on the designated funds was above the policy by £6 million. The CPF's reserves were above the policy by £4 million and the Epworth Fund was above policy by £2 million. The balance held in the smaller designated funds is detailed in Note 19c (page 64) 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 reserve 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 strategic objectives of The Methodist Church (see page 4).

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; 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 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 the Covid-19 pandemic has left a number of circuits expressing doubts about their ability to meet the assessment. These concerns build upon the recent trends of decline in membership of

local churches. If these trends continue, there is a risk that the annual increases in the assessment would not be sustainable in the longer term. However, 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 tend to be very variable, with one single donation accounting for over 50% of this year's income.

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 would realise. The Fund has made annual contributions of £1 million up to 2018 (with no payment required in 2019 or 2020) to the Methodist Ministers' Pension Scheme (MMPS) in order to help eliminate the deficit. An additional contribution of £1.1m was made to the Pensions and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) scheme in 2019/2020 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 paid upon retirement (note 28 to the accounts provides more detail).

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 the Conference.

## Investments

As at 31 August 2020, the Church held fixed asset investments with a fair value of £189 million (2019: £194 million). The Finance Sub-Committee now (and the Investment Committee prior to June 2020) 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 Finance Sub-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 that 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 Finance Sub-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.



## Investments (continued)

In addition to marketable securities, some funds hold freehold property as investments. These tend either to have been given to the fund, or are redundant properties that are either rented out or are awaiting disposal. The value of these properties is small in relation to the overall amounts held in marketable securities £53m vs £189m (2019: £53m vs £194m).

### Performance and holdings

Losses on investments during the year were £5.8m (2019: £3.8m gain on investments). This performance was directly linked to the global market pressures experienced as a result of the Covid-19 pandemic. The total returns as at 31 August 2020 for CFB managed funds are summarised as follows:

	1 year to 31.08.20	3 years to 31.08.20 (p.a.)	11.07.16 to 31.08.20 (p.a.)
Managed LT Methodist Council Fund	-1.4%	4.0%	6.7%
Managed MT Methodist Council Fund	0.1%	3.3%	4.9%
	1 year	3 years (pa)	10 years (pa)
CFB UK Equity Fund	-9.7%	-0.7%	6.5%
FTSE All Share	-12.7%	-2.8%	5.9%
Ethical benchmark	-11.0%	-1.4%	6.3%
CFB Overseas Fund	6.6%	8.7%	12.2%
FTSE All World ex UK	7.6%	8.7%	12.4%
CFB Short Fixed Interest Fund	1.5%	1.6%	2.6%
Benchmark	1.4%	1.7%	2.6%
CFB Corporate Bond Fund	2.4%	3.2%	4.9%
Benchmark	2.9%	3.5%	5.2%
CFB Deposit Fund	0.7%	0.6%	0.6%
1 week Libid	0.3%	0.4%	0.3%

#### Property benchmarks

	1 year to 30.06.20	3 years to 30.06.20 (p.a.)	11.07.16 to 31.06.20 (p.a.)
Managed LT Methodist Council Fund	-0.9%	4.7%	6.8%
Benchmark	-0.3%	4.5%	6.6%
Ethical Benchmark	0.2%	4.9%	6.9%
Managed MT Methodist Council Fund	1.2%	4.0%	5.0%
Benchmark	2.6%	4.2%	5.0%
Ethical benchmark	2.9%	4.4%	5.1%
	1 year	3 years (pa)	10 years (pa)
CFB Property Fund	-1.2%	4.7%	7.8%
FTSE All Share	-2.6%	3.4%	6.5%

### 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 they are 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 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 the 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:

- lack of coherent strategy and an inability to identify priorities contributing to decline, ultimately resulting in The Methodist Church ceasing to exist;
- ineffective recruitment and training of those who fulfil ministerial/lay roles resulting in shortage/surplus of ministers or decline in membership due to poor standard/allocation of ministers/lay workers;
- safeguarding failures leading to harm to individuals or the organisation;
- ineffective stewardship of resources resulting in reduced liquidity/cash flow or deficit; or failure to use funds towards changing priorities;
- local churches and circuits deciding to leave the connexional framework resulting in reduction or break-up of the Methodist Connexion; and
- Ineffective governance and organisational structure meaning the Conference fails to function properly as the Church's governing body and the Conference trustees cannot fulfil their legal responsibilities.

### Risk management

The principal risks identified are managed on an on-going basis by the relevant member of the Senior Management Group (SMG) of the Connexional Team. Mitigating actions and risk scores are reviewed monthly at a meeting of the SMG. The risks are reviewed at the Audit & Risk Assurance Committee and at the Methodist Council. 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 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 out 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. This includes:

- determining the risk appetite for key drivers of the Church and which types of risk are acceptable and which are not;
- setting 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 and Risk Assurance Committee and the Strategy and Resources Committee on behalf of the Council; and
- satisfying itself that the less significant risks are being managed actively, with the appropriate controls in place and working effectively.

The Council annually reviews 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. The following safeguards are in place:

## Investments (continued)

- **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.
- **Reports** The Senior Management Group of the Connexional Team, the Council and its committees (Audit and Risk Assurance 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 Management Group and the Council, if appropriate.
- **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 registers** 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 they 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 and Risk Assurance Committee** In its report to the Council on internal controls, the Audit and Risk Assurance Committee alerts the Council to any emerging issues. A summary of the terms of reference of the committee can be found on page 6.
- **Internal audit programme** This is an important element of the internal control process and includes reviewing aspects of the effectiveness of the internal control system within the organisation.
- **External audit** The external audit provides a report to the Audit and Risk Assurance

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 Management Group of the Connexional Team, meeting annually as the Risk Management Group, which makes reports to the Audit and Risk Assurance Committee and makes recommendations to the Strategy and Resources Committee and/or to 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 is satisfied 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.

### Going concern

The trustees continue to prepare the financial statements on the basis that The Methodist Church in Great Britain is a going concern. 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. This review has taken into account the particular impact of the Covid-19 pandemic. In-year financial performance was significantly supported by an

unrestricted legacy (£1.9m) and a £0.5m increase in a donation from Methodist Insurance. Along with expenditure reductions consequent of the pandemic, this prevented the funds from dropping below reserve levels. Looking forward, the budget for 2020/2021 maintains funds above reserve levels despite drops in income. The risk of reductions in District Assessment income over the next two to three years is mitigated by the reserves held by churches, circuits and districts in the Central Finance Board Deposit Account. On-going monitoring of this position is undertaken through the work of the Finance Sub-committee (FSC) of the Strategy and Resources Committee. The assumptions made by the FSC in relation to Going Concern are scrutinised annually by the Audit and Risk Assurance Committee with any concerns being reported through to the Methodist Council.

## 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 80% 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

The Church's goals are:

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

### Related parties

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

- 1) The Trustees for Methodist Church Purposes (TMCP). These 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.
- 2) The Central Finance Board of The Methodist Church (CFB). This was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The CFB has its own fund management department enabling it to provide professional investment management for the Connexional Team as well as other organisations within Methodism.
- 3) The Methodist Ministers' Housing Society. This was set up under the Community and Co-operative Benefit Societies Act 2014, and operates from Methodist Church House in London. It 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.
- 4) The Queen's Foundation for Ecumenical and Theological Education. This institution offers training pathways for student ministers to prepare for ordained ministry in The Methodist Church.
- 5) 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.

Details of transactions with these related parties and any outstanding balances at the year-end are provided under Note 27 (page 75) of the financial statements.



## 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 and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

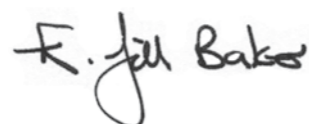
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and 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 2021**

## 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 2020 which comprise the Consolidated Statement of Financial Activities, 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 2020 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 28, 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 <http://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.

*Ben J Holt*

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

February 2021

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 2020

	Notes	Unrestricted £000	Restricted £000	Endowment £000	2020 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2019 Total £000
<b>Income and endowments from:</b>									
<b>Donations and legacies</b>	<b>3a</b>	3,564	5,994	-	<b>9,558</b>	4,245	7,911	-	<b>12,156</b>
<b>Charitable activities</b>	<b>3e</b>	13,555	342	-	<b>13,897</b>	13,440	500	-	<b>13,940</b>
<b>Investments</b>	<b>4a</b>	1,350	4,060	-	<b>5,410</b>	1,663	4,157	-	<b>5,820</b>
<b>Other trading activities</b>	<b>5a</b>	4,835	1,217	-	<b>6,052</b>	8,105	1,474	-	<b>9,579</b>
<b>Other</b>									
Capital levies	<b>6a</b>	6,917	-	-	<b>6,917</b>	5,656	-	-	<b>5,656</b>
Grants	<b>6b</b>	469	729	-	<b>1,198</b>	2	936	-	<b>938</b>
Miscellaneous income	<b>3c</b>	647	685	-	<b>1,332</b>	660	399	-	<b>1,059</b>
<b>Total income</b>		<b>31,337</b>	<b>13,027</b>	-	<b>44,364</b>	<b>33,771</b>	<b>15,377</b>	-	<b>49,148</b>
<b>Expenditure on:</b>									
<b>Raising funds</b>		6,159	1,001	17	<b>7,177</b>	7,195	1,328	17	<b>8,540</b>
<b>Charitable activities</b>									
Building communities	<b>7a</b>	1,251	818	-	<b>2,069</b>	994	857	-	<b>1,851</b>
Children & Youth	<b>7a</b>	1,690	7	-	<b>1,697</b>	1,713	147	-	<b>1,860</b>
Evangelism & Growth	<b>7a</b>	4,662	1,444	-	<b>6,106</b>	7,016	2,792	-	<b>9,808</b>
Global relations	<b>7a</b>	1,341	8,719	-	<b>10,060</b>	1,327	7,641	-	<b>8,968</b>
Learning Network	<b>7a</b>	2,803	19	-	<b>2,822</b>	3,148	30	-	<b>3,178</b>
Methodist Council & Governance	<b>7a</b>	3,378	4,335	-	<b>7,713</b>	2,444	6,263	-	<b>8,707</b>
Ministry	<b>7a</b>	875	149	-	<b>1,024</b>	596	235	-	<b>831</b>
Property	<b>7a</b>	4,698	29	-	<b>4,727</b>	5,042	148	-	<b>5,190</b>
Others - Pensions	<b>7a</b>	691	-	-	<b>691</b>	496	-	-	<b>496</b>
Net loss on the disposal of tangible fixed assets	<b>7a</b>	106	161	-	<b>267</b>	165	45	-	<b>210</b>
<b>Total expenditure</b>	<b>20a, 21a</b>	<b>27,654</b>	<b>16,682</b>	<b>17</b>	<b>44,353</b>	<b>30,136</b>	<b>19,486</b>	<b>17</b>	<b>49,639</b>
Net gains/(losses) on investments	<b>14a</b>	(3,070)	(1,850)	(849)	<b>(5,769)</b>	3,047	1,000	(219)	<b>3,828</b>
<b>Net income</b>		<b>613</b>	<b>(5,505)</b>	<b>(866)</b>	<b>(5,758)</b>	<b>6,682</b>	<b>(3,109)</b>	<b>(236)</b>	<b>3,337</b>
Transfers between funds	<b>22</b>	954	(1,187)	233	-	1,455	(1,679)	224	-
<b>Net income after transfers</b>		<b>1,567</b>	<b>(6,692)</b>	<b>(633)</b>	<b>(5,758)</b>	<b>8,137</b>	<b>(4,788)</b>	<b>(12)</b>	<b>3,337</b>
<b>Other recognised gains and losses:</b>									
Remeasurement of net defined benefit pension scheme liability	<b>28</b>	(9,092)	(29)	-	<b>(9,121)</b>	(5,418)	(139)	-	<b>(5,557)</b>
Gains (losses) on revaluation of charitable properties		-	(5,000)	-	<b>(5,000)</b>	1,118	782	-	<b>1,900</b>
<b>Net movement in funds</b>		<b>(7,525)</b>	<b>(11,721)</b>	<b>(633)</b>	<b>(19,879)</b>	<b>3,837</b>	<b>(4,145)</b>	<b>(12)</b>	<b>(320)</b>
<b>Total funds at 1 September</b>		99,967	163,840	20,113	<b>283,920</b>	96,130	167,985	20,125	<b>284,240</b>
<b>Total funds at 31 August</b>		<b>92,442</b>	<b>152,119</b>	<b>19,480</b>	<b>264,041</b>	<b>99,967</b>	<b>163,840</b>	<b>20,113</b>	<b>283,920</b>

## Statement of financial activities – The Connexional Funds

For the year ended 31 August 2020

	Notes	Unrestricted £000	Restricted £000	Endowment £000	2020 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2019 Total £000
<b>Income and endowments from:</b>									
Donations and legacies	3b	3,564	2,893	-	6,457	4,245	4,800	-	9,045
Charitable activities	3f	13,555	402	-	13,957	13,440	500	-	13,940
Investments	4b	1,499	2,950	-	4,449	3,617	3,212	-	6,829
Other trading activities	5b	319	913	-	1,232	471	1,072	-	1,543
<b>Other</b>									
Capital levies	6a	6,917	-	-	6,917	5,656	-	-	5,656
Grants	6c	-	183	-	183	2	156	-	158
Miscellaneous income	3d	713	42	-	755	667	62	-	729
<b>Total income</b>		<b>26,567</b>	<b>7,383</b>	<b>-</b>	<b>33,950</b>	<b>28,098</b>	<b>9,802</b>	<b>-</b>	<b>37,900</b>
<b>Expenditure on:</b>									
Raising funds		1,360	1,001	17	2,378	1,476	1,328	17	2,821
<b>Charitable activities</b>									
Building communities	7b	1,251	818	-	2,069	994	857	-	1,851
Children & Youth	7b	1,690	7	-	1,697	1,714	146	-	1,860
Evangelism & Growth	7b	4,661	1,443	-	6,104	7,016	2,793	-	9,809
Global relations	7b	1,341	5,784	-	7,125	1,327	4,909	-	6,236
Learning Network	7b	2,803	20	-	2,823	3,148	30	-	3,178
Methodist Council & Governance	7b	3,941	738	-	4,679	3,075	1,230	-	4,305
Ministry	7b	875	149	-	1,024	596	235	-	831
Property	7b	4,697	28	-	4,725	5,041	148	-	5,189
Others - Pensions	7b	691	-	-	691	496	-	-	496
Net loss on the disposal of tangible fixed assets	7b	106	161	-	267	166	45	-	211
<b>Total expenditure</b>	<b>20b, 21b</b>	<b>23,416</b>	<b>10,149</b>	<b>17</b>	<b>33,582</b>	<b>25,049</b>	<b>11,721</b>	<b>17</b>	<b>36,787</b>
Net gains/(losses) on investments	14b	(3,010)	(2,258)	(849)	(6,117)	3,047	685	(219)	3,513
<b>Net income</b>		<b>141</b>	<b>(5,024)</b>	<b>(866)</b>	<b>(5,749)</b>	<b>6,096</b>	<b>(1,234)</b>	<b>(236)</b>	<b>4,626</b>
Transfers between funds	22	954	(1,187)	233	-	1,455	(1,679)	224	-
<b>Net income after transfers</b>		<b>1,095</b>	<b>(6,211)</b>	<b>(633)</b>	<b>(5,749)</b>	<b>7,551</b>	<b>(2,913)</b>	<b>(12)</b>	<b>4,626</b>
<b>Other recognised gains and losses:</b>									
Remeasurement of net defined benefit pension scheme liability	28	(9,092)	(29)	-	(9,121)	(5,418)	(139)	-	(5,557)
Gains on revaluation of charitable properties		-	(5,000)	-	(5,000)	1,118	782	-	1,900
<b>Net movement in funds</b>		<b>(7,997)</b>	<b>(11,240)</b>	<b>(633)</b>	<b>(19,870)</b>	<b>3,251</b>	<b>(2,270)</b>	<b>(12)</b>	<b>969</b>
<b>Total funds at 1 September</b>		<b>98,107</b>	<b>134,501</b>	<b>20,113</b>	<b>252,721</b>	<b>94,856</b>	<b>136,771</b>	<b>20,125</b>	<b>251,752</b>
<b>Total funds at 31 August</b>		<b>90,110</b>	<b>123,261</b>	<b>19,480</b>	<b>232,851</b>	<b>98,107</b>	<b>134,501</b>	<b>20,113</b>	<b>252,721</b>



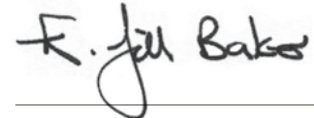
## Balance Sheets as at 31 August 2020

	The Methodist Church in Great Britain		The Connexional Funds		
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	13c	99	138	83	112
Tangible fixed assets	13a&b	94,231	98,561	86,315	90,374
Investments	14a&b	189,112	193,934	162,308	167,451
		<b>283,442</b>	<b>292,633</b>	<b>248,706</b>	<b>257,937</b>
<b>Current assets</b>					
Stocks	17	60	70	41	50
Debtors	15	3,845	5,284	3,482	5,422
Short-term deposits		14,038	15,549	12,745	14,577
Cash at bank and in hand		4,559	5,352	2,808	2,518
Total current assets		<b>22,502</b>	<b>26,255</b>	<b>19,076</b>	<b>22,567</b>
<b>Creditors</b>					
Amounts falling due within one year	16a	(17,158)	(17,489)	(14,908)	(15,262)
<b>Net current assets</b>		<b>5,344</b>	<b>8,766</b>	<b>4,168</b>	<b>7,305</b>
<b>Total assets less current liabilities</b>		<b>288,786</b>	<b>301,399</b>	<b>252,874</b>	<b>265,242</b>
<b>Creditors</b>					
Amounts falling due after more than one year	16b	(8,960)	(10,311)	(4,238)	(5,353)
<b>Net assets excluding pension liability</b>		<b>279,826</b>	<b>291,088</b>	<b>248,636</b>	<b>259,889</b>
Defined benefit pension scheme liability	28	(15,785)	(7,168)	(15,785)	(7,168)
<b>Net assets including pension liability</b>	<b>23</b>	<b>264,041</b>	<b>283,920</b>	<b>232,851</b>	<b>252,721</b>
<b>The funds of the charity</b>					
Unrestricted funds					
General funds		54,139	54,813	52,904	53,626
Designated funds		52,193	50,388	51,096	49,715
Defined benefit pension scheme liability	28	(13,890)	(5,234)	(13,890)	(5,234)
Total unrestricted funds	19	<b>92,442</b>	<b>99,967</b>	<b>90,110</b>	<b>98,107</b>
Restricted funds	20	152,119	163,840	123,261	134,501
Endowment funds	21	19,480	20,113	19,480	20,113
<b>Total funds</b>		<b>264,041</b>	<b>283,920</b>	<b>232,851</b>	<b>252,721</b>

Total unrestricted funds include revaluation reserve of £7.6m (2019: £7.6m) for both The Methodist Church in Great Britain and the Connexional Funds. Total restricted funds include revaluation reserve of £54.3m (2019: £59.3m) for The Methodist Church in Great Britain and £52.3m (2019: £57.3m) for The Connexional Funds. (Note 24 Page 74).

The notes on pages 38-82 form an integral part of these accounts.

Approved and authorised for issue by the Board of Trustees on 26th January 2021 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 2020

Statement of cash flows	The Methodist Church in Great Britain		The Connexional Funds		
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Cash flows from operating activities</b>					
Net cash generated used in operating activities		(4,477)	(5,856)	(2,893)	(7,914)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		5,410	5,043	4,449	6,050
Proceeds from the sale of property, plant and equipment		710	2,078	710	2,078
Purchase of property, plant and equipment	13a	(2,915)	(2,759)	(2,769)	(2,480)
Purchase of intangible assets	13c	(17)	(28)	(17)	(6)
Proceeds from the sale of investments	14a	1,100	6,190	100	5,684
Purchase of investments	14a	(1,593)	(4,066)	(620)	(211)
<b>Net cash provided by investing activities</b>		<b>2,695</b>	<b>6,458</b>	<b>1,853</b>	<b>11,115</b>
<b>Cash flows from financing activities</b>					
Repayment of loans		(522)	(1,689)	(502)	(1,652)
<b>Net cash from/(used in) financing activities</b>		<b>(522)</b>	<b>(1,689)</b>	<b>(502)</b>	<b>(1,652)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(2,304)</b>	<b>(1,087)</b>	<b>(1,542)</b>	<b>1,549</b>
Cash and cash equivalents at the beginning of the reporting period		20,901	21,988	17,095	15,546
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>18,597</b>	<b>20,901</b>	<b>15,553</b>	<b>17,095</b>
<b>Reconciliation of net income to net cash flow from operating activities</b>		<b>2020 £000</b>	<b>2019 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Net Income</b>		(5,762)	3,337	(5,749)	4,626
<b>Adjustments for:</b>					
Depreciation and amortisation charges		514	454	86	100
Loss on the sale of fixed assets		267	210	267	210
Donated property		(454)	(3,545)	(454)	(3,545)
Net (gains)/ losses on investments		5,769	(3,828)	6,117	(3,513)
Investment income		(5,410)	(5,820)	(4,449)	(6,829)
Decrease in stocks		10	13	9	18
Decrease/(increase) in debtors		1,439	540	1,940	178
(Decrease)/increase in creditors		(1,160)	3,033	(966)	1,090
Pension costs/difference between pension costs charged and paid		310	(250)	305	(250)
<b>Net cash generated used in operating activities</b>		<b>(4,477)</b>	<b>(5,856)</b>	<b>(2,893)</b>	<b>(7,914)</b>
<b>Analysis of cash and cash equivalents</b>		<b>2020 £000</b>	<b>2019 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>
Cash in hand and at bank		4,559	5,352	2,808	2,518
Short-term deposits (less than 3 months)		14,038	15,549	12,745	14,577
<b>Total cash and cash equivalents</b>		<b>18,597</b>	<b>20,901</b>	<b>15,553</b>	<b>17,095</b>

Notes to the consolidated financial statements for the year ended 31 August 2020

**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)" second edition effective from 1 January 2019, 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 45.

**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. This review has taken into account the particular impact of the Covid-19 pandemic. In-year financial performance was significantly supported by a significant unrestricted legacy (£1.9m) and a £0.5m increase in a donation from Methodist Insurance. Along with expenditure reductions as a result of the pandemic, this prevented the funds from dropping below reserve levels. Looking forward, the budget for 2020/2021 maintains funds above reserve levels despite drops in income. The risk of reductions in District Assessment income over the next two to three years is mitigated by the reserves held by churches, circuits and districts in the Central Finance Board Deposit Account.

**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.

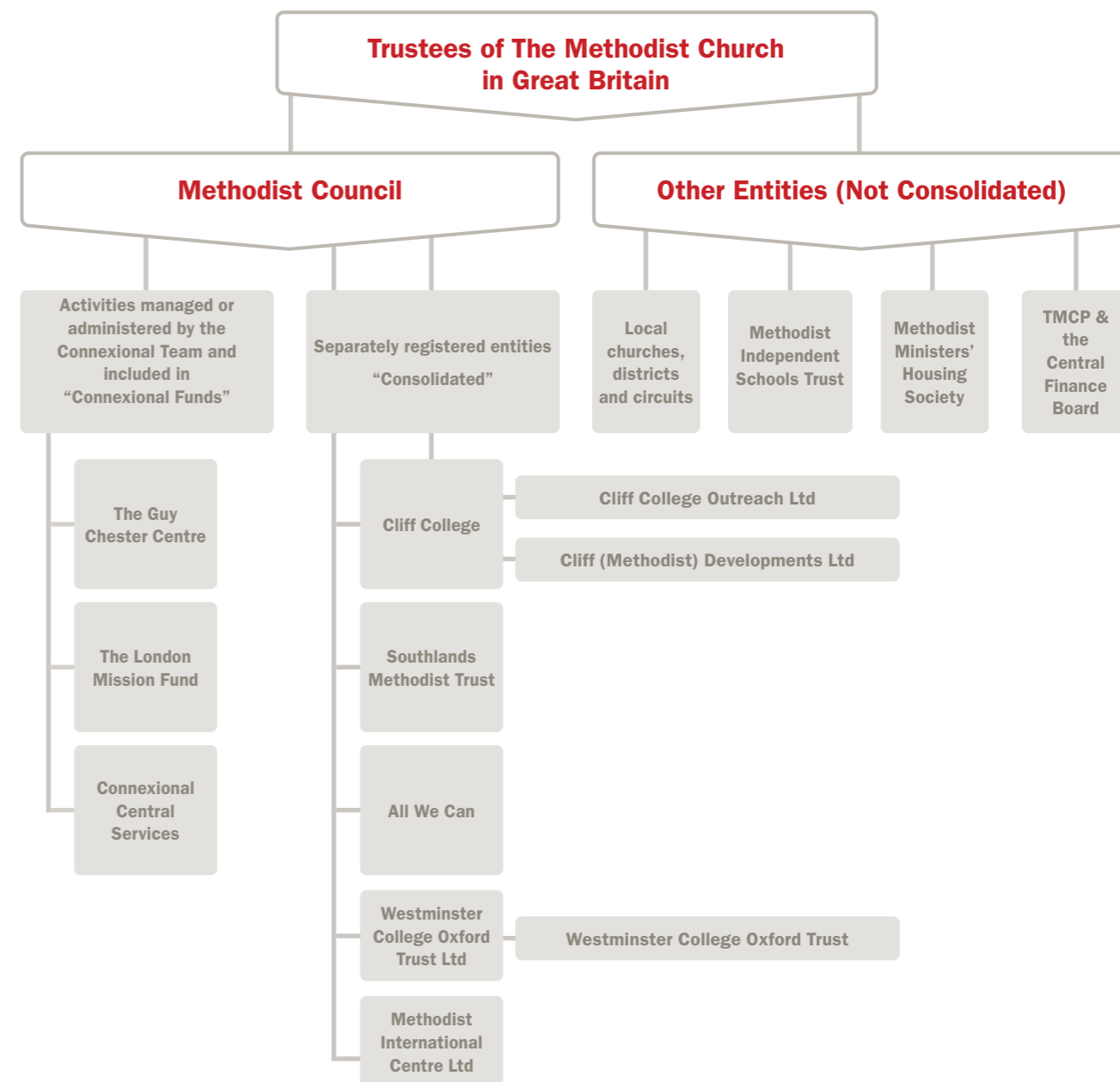
The consolidation principles applied are based on the SORP, whereby the parent charity consolidates the subsidiaries it controls. Control in this context is the power to govern the financial and operating policies of an entity in order to benefit from its activities. This control is the power to appoint 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 this control 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 2020

**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 2020 (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.

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 they are 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 or as investments 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 2020 (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 that 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 the offer is communicated to the recipient. 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 2020 (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. The MMPS scheme assets and liabilities are excluded for reasons set out on pages 45-46.

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 45-46. 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 that is capable of extending the useful life or otherwise adding to the value of the property is capitalised. All other expenditure incurred in respect of general repairs to functional assets

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

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	nil
Computer equipment	over 3 years
Furniture and fittings	over 5 years
Motor vehicles	over 5 years

**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 that 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 & 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 deficit on revaluation is recognised in the statement of financial activities for the year. Investment properties



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

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 2020, updated by the value of any share acquisitions (at cost) up to 31 August 2020. 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 and financial assets. 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.

Financial assets comprise investments held by the Church in units invested by the Central Board of Finance of the Methodist Church. The fair value of the investments is based on the closing quoted bid price at the accounting dates. Unrealised gains and losses arising from changes in market value are recognised in the income and expenditure account.

**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 five 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 are 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

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

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.

**2. Accounting estimates and judgments**

In preparing the financial statements, the trustees are required to make estimates and judgments. The areas considered below are considered 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.

**Grant commitments**

The Church empowers and supports the mission of overseas partners by way of annual support grants over a number of years. In addition to the expenditure recognised in the financial statements, the Church has commitments in respect of these programmes at the year end. The Partner Churches are obliged to report back to the Connexional Grants Committee on the use of the grants before the next instalment is released. Judgment is exercised as to satisfactory progress being made against the agreed project outcomes.

**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% of the scheme members. As mentioned in Note 12, there are other employing bodies, four of which 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 is a group plan as all the participating employers, namely the circuits and Council, are under the common control of the Conference. At the end of the year, the Scheme is in deficit by £20.5m. Its funding position worsened by £40.7m in the past year. The scheme has not been included in these financial statements for the reasons set out below:

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

- a) There are approximately 1,289 ministers who are active members of MMPS of whom the Council is responsible for the pension contributions of around 35, 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 £0.2 million compared to £8.1 million paid by the circuits.
- b) The diagram on page 39 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.
- 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 annum of stipends paid by the employing bodies plus a fixed lump sum contribution of £1 million per annum from the Pension Reserve Fund. As stated in the reserves policy section of the Trustees' Report on page 21, 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% 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 was 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 plan has been undertaken in the light of the Covid-19 pandemic and its impact on the office accommodation market in London. Consequently, the Methodist Council has agreed to stop the project and the costs previously charged to assets in course of construction have been written off to the Statement of Financial Activities.

**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 2020 (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 62.



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Methodist Church in Great Britain						
3a. Donations and legacies	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Donations	1,566	3,880	5,446	4,127	4,638	8,765
Legacies	1,998	2,114	4,112	118	3,273	3,391
<b>Total</b>	<b>3,564</b>	<b>5,994</b>	<b>9,558</b>	<b>4,245</b>	<b>7,911</b>	<b>12,156</b>

The Connexional Funds						
3b. Donations and legacies	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Donations	1,566	1,955	3,521	4,127	2,659	6,786
Legacies	1,998	938	2,936	118	2,141	2,259
<b>Total</b>	<b>3,564</b>	<b>2,893</b>	<b>6,457</b>	<b>4,245</b>	<b>4,800</b>	<b>9,045</b>

The Methodist Church in Great Britain						
3c. Miscellaneous income	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Student fees	-	620	620	-	238	238
Seminars and events	168	1	169	73	85	158
Conference income	-	-	-	32	-	32
Administration & IT services	41	-	41	82	-	82
Bureau & Accountancy services	300	-	300	355	-	355
Others	138	64	202	118	76	194
<b>Total</b>	<b>647</b>	<b>685</b>	<b>1,332</b>	<b>660</b>	<b>399</b>	<b>1,059</b>

The Connexional Funds						
3d. Miscellaneous income	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Seminars and events	168	1	169	73	6	79
Conference income	-	-	-	32	-	32
Administration & IT services	41	-	41	82	-	82
Bureau & Accountancy services	300	-	300	355	-	355
Others	204	41	245	125	56	181
<b>Total</b>	<b>713</b>	<b>42</b>	<b>755</b>	<b>667</b>	<b>62</b>	<b>729</b>

The Methodist Church in Great Britain						
3e. Charitable activities	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
District assessment	13,534	125	13,659	13,400	76	13,476
Rental Income	21	217	238	40	424	464
<b>Total</b>	<b>13,555</b>	<b>342</b>	<b>13,897</b>	<b>13,440</b>	<b>500</b>	<b>13,940</b>

The Connexional Funds						
3f. Charitable activities	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
District assessment	13,534	125	13,659	13,400	76	13,476
Rental Income	21	277	298	40	424	464
<b>Total</b>	<b>13,555</b>	<b>402</b>	<b>13,957</b>	<b>13,440</b>	<b>500</b>	<b>13,940</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Methodist Church in Great Britain						
4a. Investment income	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Central Finance Board	1,219	1,534	2,753	1,463	1,945	3,408
Interest and other investment income	5	102	107	80	208	288
Rental Income	126	1,268	1,394	120	883	1,003
William Leech Charities Fund	-	1,156	1,156	-	1,121	1,121
<b>Total</b>	<b>1,350</b>	<b>4,060</b>	<b>5,410</b>	<b>1,663</b>	<b>4,157</b>	<b>5,820</b>

The Connexional Funds						
4b. Investment income	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Central Finance Board	1,219	1,453	2,672	1,463	1,850	3,313
Interest and other investment income	5	1	6	7	121	128
Gift aid from Methodist International Centre Ltd	-	-	-	1,428	-	1,428
Rental Income	275	340	615	719	120	839
William Leech Charities Fund	-	1,156	1,156	-	1,121	1,121
<b>Total</b>	<b>1,499</b>	<b>2,950</b>	<b>4,449</b>	<b>3,617</b>	<b>3,212</b>	<b>6,829</b>

The Methodist Church in Great Britain						
5a Other trading activities	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Publishing	319	-	319	455	-	455
Room and conference hire	4,516	1,217	5,733	7,634	1,474	9,108
Advertising and fees	-	-	-	16	-	16
<b>Total</b>	<b>4,835</b>	<b>1,217</b>	<b>6,052</b>	<b>8,105</b>	<b>1,474</b>	<b>9,579</b>

The Connexional Funds						
5b Other trading activities	Unrestricted	Restricted	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Publishing	319	-	319	455	-	455
Room and conference hire	-	913	913	-	1,072	1,072
Advertising and fees	-	-	-	16	-	16
<b>Total</b>	<b>319</b>	<b>913</b>	<b>1,232</b>	<b>471</b>	<b>1,072</b>	<b>1,543</b>

**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	2020	Unrestricted	Restricted	2019
	£000	£000	Total £000	£000	£000	Total £000
Chiesa Valdese - All We Can	-	438	438	-	476	476
The Aldershot Military Trust	-	160	160	-	150	150
Other*	469	131	600	2	310	312
<b>Total</b>	<b>469</b>	<b>729</b>	<b>1,198</b>	<b>2</b>	<b>936</b>	<b>938</b>

\* MIC Ltd (£469k) and Cliff College (£58k) have undertaken the government furloughed scheme of which £527k has been included in other incoming grants. There are no unfulfilled conditions or contingencies attached to the grants. Both entities have also received other forms of government assistance of which they have benefitted in 2019/20. Cliff College received £25k from Derbyshire County Council and MIC Ltd received the business rate tax waiver assistance of amount £129k.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Connexional Funds 6c Grant income	Unrestricted £000	Restricted £000	2020 Total £000	Unrestricted £000	Restricted £000	2019 Total £000
The Aldershot Military Trust	-	160	160	-	150	150
Other	-	23	23	2	6	8
<b>Total</b>	<b>-</b>	<b>183</b>	<b>183</b>	<b>2</b>	<b>156</b>	<b>158</b>

The Methodist Church in Great Britain 7a. Expenditure	Grant Costs £000	Direct Costs £000	Support Costs £000	2020 Total £000	Grant Costs £000	Direct Costs £000	Support Costs £000	2019 Total £000
<b>Raising funds</b>	109	6,729	339	<b>7,177</b>	188	8,020	332	<b>8,540</b>
<b>Charitable activities</b>								
Building communities	531	1,178	360	<b>2,069</b>	841	798	212	<b>1,851</b>
Children & Youth	94	1,218	385	<b>1,697</b>	88	1,199	573	<b>1,860</b>
Evangelism & Growth	3,083	2,316	707	<b>6,106</b>	7,881	1,241	686	<b>9,808</b>
Global relations	5,326	3,820	914	<b>10,060</b>	4,723	3,364	881	<b>8,968</b>
Learning Network	5	2,150	667	<b>2,822</b>	39	2,227	912	<b>3,178</b>
Methodist Council & Governance	3,160	3,927	626	<b>7,713</b>	4,481	3,790	436	<b>8,707</b>
Ministry	120	749	155	<b>1,024</b>	220	541	70	<b>831</b>
Property	31	3,667	1,028	<b>4,726</b>	93	3,904	1,193	<b>5,190</b>
Others - Pensions	-	691	-	<b>691</b>	-	496	-	<b>496</b>
Net loss on the disposal of tangible fixed assets	-	268	-	<b>268</b>	-	210	-	<b>210</b>
<b>Total</b>	<b>12,350</b>	<b>19,984</b>	<b>4,842</b>	<b>37,176</b>	<b>18,366</b>	<b>17,770</b>	<b>4,963</b>	<b>41,099</b>
<b>Total</b>	<b>12,459</b>	<b>26,713</b>	<b>5,181</b>	<b>44,353</b>	<b>18,554</b>	<b>25,790</b>	<b>5,295</b>	<b>49,639</b>

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

The Charitable activities breakdown was updated to align with Church's current activities. 2019 figures are stated in the new format including Raising funds.

The Connexional Funds 7b. Expenditure	Grant Costs £000	Direct Costs £000	Support Costs £000	2020 Total £000	Grant Costs £000	Direct Costs £000	Support Costs £000	2019 Total £000
<b>Raising funds</b>	-	2,039	339	<b>2,378</b>	-	2,489	332	<b>2,821</b>
<b>Charitable activities</b>								
Building communities	531	1,178	360	<b>2,069</b>	841	798	212	<b>1,851</b>
Children & Youth	94	1,218	385	<b>1,697</b>	88	1,199	573	<b>1,860</b>
Evangelism & Growth	3,083	2,314	707	<b>6,104</b>	7,881	1,242	686	<b>9,809</b>
Global relations	3,917	2,294	914	<b>7,125</b>	3,388	1,967	881	<b>6,236</b>
Learning Network	5	2,151	667	<b>2,823</b>	39	2,227	912	<b>3,178</b>
Methodist Council & Governance	2,666	1,387	626	<b>4,679</b>	2,836	1,033	436	<b>4,305</b>
Ministry	120	749	155	<b>1,024</b>	220	541	70	<b>831</b>
Property	31	3,666	1,028	<b>4,725</b>	93	3,903	1,193	<b>5,189</b>
Others - Pensions	-	691	-	<b>691</b>	-	496	-	<b>496</b>
Net loss on the disposal of tangible fixed assets	-	267	-	<b>267</b>	-	211	-	<b>211</b>
<b>Total</b>	<b>10,447</b>	<b>15,915</b>	<b>4,842</b>	<b>31,204</b>	<b>15,386</b>	<b>13,617</b>	<b>4,963</b>	<b>33,966</b>
<b>Total</b>	<b>10,447</b>	<b>17,954</b>	<b>5,181</b>	<b>33,582</b>	<b>15,386</b>	<b>16,106</b>	<b>5,295</b>	<b>36,787</b>

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 - £7.1m (2019: £8.4m) and for the Connexion - £2.4m (2019: £2.9m) is broken down as follows:

	The Methodist Church in Great Britain		The Connexional Funds	
	2020	2019	2020	2019
Cost of raising voluntary income	£0.3m	£0.3m	£0.3m	£0.3m
Cost of investment management	£0.4m	£0.4m	£0.3m	£0.4m
Cost of other trading activities	£6.5m	£7.7m	£1.8m	£2.2m

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Methodist Church in Great Britain and The Connexional Funds 8a. Support costs by activity		Building communities £000	Children & Youth £000	Evangelism & Growth £000	Global relations £000	Learning Network £000	Ministry £000	Property £000	Methodist Council & Governance £000	Raising funds £000	2020 Total £000
Facilities	Per capita	67	74	59	89	133	67	22	193	37	<b>741</b>
Development & Personnel	Per capita	94	104	83	125	188	94	31	271	52	<b>1,042</b>
Financial Services	Per capita	133	133	505	612	213	399	80	372	213	<b>2,660</b>
Information Technology	Per capita	66	74	60	88	133	66	22	192	37	<b>738</b>
<b>Total</b>		<b>360</b>	<b>385</b>	<b>707</b>	<b>914</b>	<b>667</b>	<b>626</b>	<b>155</b>	<b>1,028</b>	<b>339</b>	<b>5,181</b>

The Methodist Church in Great Britain and The Connexional Funds 8b. Support costs by activity		Building communities £000	Children & Youth £000	Evangelism & Growth £000	Global relations £000	Learning Network £000	Ministry £000	Property £000	Methodist Council & Governance £000	Raising funds £000	2019 Total £000
Facilities	Per capita	69	240	86	275	378	103	17	463	85	<b>1,716</b>
Development & Personnel	Per capita	49	170	61	194	267	73	12	328	61	<b>1,215</b>
Financial Services	Per capita	67	67	505	303	118	219	34	219	152	<b>1,684</b>
Information Technology	Per capita	27	96	34	109	149	41	7	183	34	<b>680</b>
<b>Total</b>		<b>212</b>	<b>573</b>	<b>686</b>	<b>881</b>	<b>912</b>	<b>436</b>	<b>70</b>	<b>1,193</b>	<b>332</b>	<b>5,295</b>



## Notes to the consolidated financial statements for the year ended 31 August 2020 (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
	2020	2020	2020	2020	2020
	£000	£000	£000	£000	£000
<b>Income from:</b>					
Donations and legacies	477	-	2,625	-	-
Investments	78	458	17	560	-
Other trading activities	303	-	-	-	4,992
Other:					
Grants	925	-	586	8	-
Miscellaneous income	650	-	-	-	13
<b>Total income</b>	<b>2,433</b>	<b>458</b>	<b>3,228</b>	<b>568</b>	<b>5,005</b>
<b>Expenditure on:</b>					
Raising funds	-	-	-	-	4,948
Charitable activities					
Ministry	2,718	580	-	728	-
Global relations	-	-	3,020	-	-
<b>Total expenditure on charitable activities</b>	<b>2,718</b>	<b>580</b>	<b>3,020</b>	<b>728</b>	<b>-</b>
<b>Total expenditure</b>	<b>2,718</b>	<b>580</b>	<b>3,020</b>	<b>728</b>	<b>4,948</b>
<b>Net gains/(losses) on investments</b>	<b>-</b>	<b>(158)</b>	<b>(43)</b>	<b>606</b>	<b>(60)</b>
<b>Net income/(expenditure)</b>	<b>(285)</b>	<b>(280)</b>	<b>165</b>	<b>446</b>	<b>(3)</b>
Distribution under Gift aid	-	-	-	-	-
<b>Net movement in funds</b>	<b>(285)</b>	<b>(280)</b>	<b>165</b>	<b>446</b>	<b>(3)</b>
<b>Net assets</b>					
Fixed assets	7,568	23	16	-	323
Investments	547	10,168	558	15,530	-
Current assets	653	93	1,599	795	1,106
Creditors and loans	(407)	(89)	(293)	(5,568)	(1,432)
<b>Total</b>	<b>8,361</b>	<b>10,196</b>	<b>1,880</b>	<b>10,757</b>	<b>(3)</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**9. Subsidiaries (continued)**

	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
<b>Income from:</b>					
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	-	-	-	-
<b>Total income</b>	<b>2,114</b>	<b>466</b>	<b>3,409</b>	<b>507</b>	<b>7,673</b>
<b>Expenditure on:</b>					
Raising funds	-	-	-	-	6,317
Charitable activities					
Ministry	2,651	648	-	1,924	-
Global relations	-	-	2,929	-	-
<b>Total expenditure on charitable activities</b>	<b>2,651</b>	<b>648</b>	<b>2,929</b>	<b>1,924</b>	<b>-</b>
<b>Total expenditure</b>	<b>2,651</b>	<b>648</b>	<b>2,929</b>	<b>1,924</b>	<b>6,317</b>
<b>Net gains/(losses) on investments</b>	<b>28</b>	<b>179</b>	<b>10</b>	<b>100</b>	<b>-</b>
<b>Net income/(expenditure)</b>	<b>(509)</b>	<b>(3)</b>	<b>490</b>	<b>(1,317)</b>	<b>1,356</b>
Distribution under Gift aid	-	-	-	-	(1,356)
<b>Net movement in funds</b>	<b>(509)</b>	<b>(3)</b>	<b>490</b>	<b>(1,317)</b>	<b>-</b>
<b>Net assets</b>					
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)
<b>Total</b>	<b>8,646</b>	<b>10,476</b>	<b>1,714</b>	<b>10,311</b>	<b>-</b>

**Cliff College**      **Cliff College Outreach Limited**      **Cliff (Methodist) Developments Limited**

Charity Number 529386      Company Number 2331438      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**      **Westminster College Oxford Trust**

Company Number 3714361      Charity Number 309672

Westminster College Oxford Trust Ltd is the charitable company that acts as the managing trustee of the Westminster campus at Harcourt Hill, Oxford. Westminster College Oxford Trust 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 ninety-nine years on 24 July, 2017.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

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

Activity			2020	2019
	Individuals	Institutions	Total	Total
Global relations	£000	£000	£000	£000
Annual grants	-	3,046	3,046	2,889
Nationals in mission appointment	-	843	843	984
Scholarship programmes	-	1,340	1,340	778
Ministerial and personnel support grants	-	96	96	-
<b>Total</b>	<b>-</b>	<b>5,325</b>	<b>5,325</b>	<b>4,651</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Building communities	141	390	531	841
Children & Youth	-	94	94	88
Evangelism & Growth	-	2,698	2,698	7,441
Learning Network	-	5	5	32
Methodist Council & Governance	-	31	31	93
Ministry	2,597	949	3,546	5,001
Property	-	120	120	220
Income Generating Centre	-	109	109	188
<b>Total</b>	<b>2,738</b>	<b>4,396</b>	<b>7,134</b>	<b>13,903</b>
<b>Grand Total</b>	<b>2,738</b>	<b>9,721</b>	<b>12,459</b>	<b>18,554</b>

## 10b. Grant expenditure: The Connexional Funds

Activity			2020	2019
	Individuals	Institutions	Total	Total
Global relations	£000	£000	£000	£000
Annual grants	-	1,638	1,638	1,554
Nationals in mission appointment	-	843	843	984
Scholarship programmes	-	1,340	1,340	778
Ministerial and personnel support grants	-	96	96	72
<b>Total</b>	<b>-</b>	<b>3,917</b>	<b>3,917</b>	<b>3,388</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Building communities	141	390	531	841
Children & Youth	-	94	94	88
Evangelism & Growth	-	3,083	3,083	7,881
Learning Network	-	5	5	39
Methodist Council & Governance	-	31	31	93
Ministry	2,496	170	2,666	2,836
Property	-	120	120	220
<b>Total</b>	<b>2,637</b>	<b>3,893</b>	<b>6,530</b>	<b>11,998</b>
<b>Grand Total</b>	<b>2,637</b>	<b>7,810</b>	<b>10,447</b>	<b>15,386</b>

The figures in Note 10 are not intended to be the same as those listed for grants on page 18-19.

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

<https://www.methodist.org.uk/media/19808/list-of-grant-recipients-2020.xlsx>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

## 11. Included in the SOFA are the following:

	The Methodist Church in Great Britain		The Connexional Funds	
	2020 £000	2019 £000	2020 £000	2019 £000
<b>Audit and consultancy fees</b>				
Payable to RSM UK Audit LLP	80	82	68	71
Payable to RSM UK Tax & Accounting Ltd for regulatory advice	16	7	14	7
Other self accounting entities - payable to RSM UK Audit LLP	-	15	-	-
Payable to RSM UK Tax & Accounting Ltd for taxation advice	4	8	4	4
Payable to other auditors - for internal audit services	16	28	16	25
Payable to other auditors - for audit of self accounting entities	48	36	-	-
<b>Depreciation</b>	<b>458</b>	<b>399</b>	<b>40</b>	<b>52</b>
<b>Amortisation</b>	<b>56</b>	<b>55</b>	<b>46</b>	<b>48</b>
<b>Foreign exchange differences</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>
<b>Loan interest payable</b>	<b>11</b>	<b>20</b>	<b>4</b>	<b>20</b>

## 12. Stipends and salary costs

The Methodist Council appointed or employed on average 420 (2019: 425) people during the year, of which Connexional Funds had 277 (2019: 279) and the costs were:

	The Methodist Church in Great Britain		The Connexional Funds	
	2020 £000	2019 £000	2020 £000	2019 £000
Stipends and salaries	13,819	13,342	9,546	8,984
Redundancy costs	20	33	20	33
Temporary staff costs	293	421	203	322
Social security costs	1,285	1,243	921	839
Pension costs - (defined contribution schemes)	1,581	865	1,335	857
Defined benefit pension costs excluding interest (Note 28)	1,514	1,354	1,501	1,138
<b>Total</b>	<b>18,512</b>	<b>17,258</b>	<b>13,526</b>	<b>12,173</b>

## The Methodist Church in Great Britain

17 employees were paid £60k or more during the year (2019: 14 employees). The total aggregate pension contributions for these employees for the year were £177k (2019: £163k).

## The Connexional Funds

10 employees were paid £60k or more during the year (2019: 7 employees). The total aggregate pension contributions for these employees for the year were £105k (2019: £99k).

	The Methodist Church in Great Britain		The Connexional Funds	
	2020 Number of employees	2019 Number of employees	2020 Number of employees	2019 Number of employees
£60,001 - £70,000	10	8	7	5
£70,001 - £80,000	4	3	2	1
£90,001 - £100,000	1	2	-	1
£100,001 - £110,000	1	-	1	-
£170,001 - £180,000	1	-	-	-
£210,001 - £220,000	-	1	-	-

The highest paid individual is employed by Methodist International Centre Ltd.



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**12. Stipends and salary costs (continued)**

Actual average number of staff by activity	The Methodist Church in Great Britain		The Connexional Funds	
	2020	2019	2020	2019
Methodist Council & Governance	58.4	54.1	58.4	54.1
Global Relations	45.7	48.9	26.2	32.0
Evangelism & Growth	18.2	10.2	18.2	10.2
Learning Network	41.4	43.4	41.4	43.4
Children & Youth	23.5	27.0	23.5	27.0
Ministry	59.5	51.2	19.0	11.7
Building Communities	21.3	8.5	21.3	8.5
Administration & Support	47.0	73.0	47.0	73.0
Property	6.1	2.8	6.1	2.8
Fund Raising	98.4	105.3	15.4	24.3
<b>Total</b>	<b>419.5</b>	<b>424.4</b>	<b>276.5</b>	<b>279.1</b>

The average number of volunteers working for the Council during the year was 1,367 (2019: 1,641).

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 comprise 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, Director of Finance and Resources and the Director of Human Resources & Development, collectively the Senior Leadership Group of the Connexional team. Their total remuneration inclusive of benefits and 13.8% employer's national insurance, but excluding pension contributions was £507k (2019: £477k). In addition, pension contributions of £78k were paid into defined contribution pension schemes on behalf of these personnel (2019: £88k).

**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 45-46 with further information as required by FRS102 included on pages 80-82.

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 1,289 ministers who are active members of MMPS of whom the Council (the 'reporting entity') is responsible for the pension contributions of around 56, 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.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

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.

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

**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 which 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 £173.29 per year of qualifying service to a single retired mission partner or widow / widower, £231.11 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 £115.16 (single) / £153.92 (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 less 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 2020 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 £141k (2019: £160k). Further disclosures are deemed unnecessary on the grounds of immateriality.

**The Retirement Benefit Scheme (Ireland)**

There are currently 2 members in this scheme. The pension charge for the year was £8.7k (2019: £9.1k). Further disclosures are deemed unnecessary on the grounds of immateriality.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (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 2019	98,403	1,847	1,654	33	101,937
Additions during the year	2,758	77	80	-	2,915
Revaluations	(5,000)	-	-	-	(5,000)
Disposals	(1,787)	-	-	-	(1,787)
<b>Total</b>	<b>94,374</b>	<b>1,924</b>	<b>1,734</b>	<b>33</b>	<b>98,065</b>
<b>Depreciation</b>					
At 1 September 2019	423	1,411	1,531	11	3,376
Charge for the year	183	168	103	4	458
Disposals	-	-	-	-	-
<b>Total</b>	<b>606</b>	<b>1,579</b>	<b>1,634</b>	<b>15</b>	<b>3,834</b>
<b>Net book value as at 31 August 2020</b>	<b>93,768</b>	<b>345</b>	<b>100</b>	<b>18</b>	<b>94,231</b>
<b>Net book value as at 31 August 2019</b>	<b>97,980</b>	<b>436</b>	<b>123</b>	<b>22</b>	<b>98,561</b>

**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 2019	90,300	916	1,192	-	92,408
Additions during the year	2,726	39	4	-	2,769
Revaluations	(5,000)	-	-	-	(5,000)
Disposals	(1,788)	-	-	-	(1,788)
<b>Total</b>	<b>86,238</b>	<b>955</b>	<b>1,196</b>	<b>-</b>	<b>88,389</b>
<b>Depreciation</b>					
At 1 September 2019	-	870	1,164	-	2,034
Charge for the year	-	26	14	-	40
Disposals	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>896</b>	<b>1,178</b>	<b>-</b>	<b>2,074</b>
<b>Net book value as at 31 August 2020</b>	<b>86,238</b>	<b>59</b>	<b>18</b>	<b>-</b>	<b>86,315</b>
<b>Net book value as at 31 August 2019</b>	<b>90,300</b>	<b>46</b>	<b>28</b>	<b>-</b>	<b>90,374</b>

**13c. Intangible fixed assets**

Software	The Methodist Church in Great Britain	The Connexional Funds
At cost	£000	£000
At 1 September 2019	366	330
Additions during the year	17	17
Total	383	347
<b>Amortisation</b>		
At 1 September 2019	228	218
Charge for the year	56	46
<b>Total</b>	<b>284</b>	<b>264</b>
<b>Net book value as at 31 August 2020</b>	<b>99</b>	<b>83</b>
<b>Net book value as at 31 August 2019</b>	<b>138</b>	<b>112</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**13d. Revaluation of charitable land and buildings**

Land & buildings have been revalued as set out below on an existing use open market value basis, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. The individual valuers are not connected with the Methodist Church. Valuations are based on fair value of the land and buildings subject to and with the benefit of existing leases where appropriate.

The freehold land and buildings were revalued on 31 August 2019 except for Asbury Overseas House, Birmingham which was revalued on 31 August 2020.

The manse, which are residential and have a well established market were revalued internally by reference to current market prices on 31 August 2019.

Asbury Overseas House, Birmingham (Birmingham Methodist Overseas Guest House) A full professional valuation was carried out by Savills in August 2020. The property was valued at £1,850,000 (Previous valuation £6,850,000).

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

- 25 Marylebone Road, London - valuation was carried out in August 2016 by Andrew Low, Partner, Knight Frank (Commercial Business), BA, MSc, RICS, valued at £25,802,142.
- Kings Cross Complex London WC1 - valuation carried out in August 2017 by Tony Harris LLM FRICS FCI Arb of Cluttons, Portman Street, London W1H 6DU; valued at £4,000,000.
- 105 Lambeth Road SE1 - valuation by Tony Harris LLM FRICS FCI Arb of Cluttons, Portman Street, London W1H 6DU, in August 2017 for £2,000.
- Cliff College, Calver, Hope Valley, Derbyshire S32 3XG - Valuation carried out in April 2016 by M J Hull BSc (Hons) MRICS from SMC Chartered Surveyors, 54 Campo Lane, Sheffield S1 2EG; valued at £5,120,000
- North Bank Portfolio, Pages Lane/Meadow Drive, Muswell Hill N10 1PR - Valuation carried out in April 2016 by James Gilmartin MRICS and Joe Salmon MRICS of Gilmartin Ley. The North Bank Estate was valued at £23,720,000.

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 £27.6m (2019: £25.8m) for the Methodist Church in Great Britain and £20.3m (2019: £19.3m) for Connexional Funds.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**14a. Investments The Methodist Church in Great Britain**

	Investment properties	Central Finance Board units	William Leech charity fund	Other investments	2020	2019
	£000	£000	£000	£000	£000	£000
<b>Fair value at 1 September</b>	53,441	127,865	11,580	1,048	193,934	188,685
Additions	-	1,373	220	-	1,593	7,611
Donated assets	454	-	-	-	454	-
Disposals	-	(1,100)	-	-	(1,100)	(6,190)
Investment gains	(450)	(4,753)	(566)	-	(5,769)	3,828
<b>Fair value as at 31 August</b>	<b>53,445</b>	<b>123,385</b>	<b>11,234</b>	<b>1,048</b>	<b>189,112</b>	<b>193,934</b>

**14b. Investments - The Connexional Funds**

	Investment properties	Central Finance Board units	William Leech charity fund	Other investments	2020	2019
	£000	£000	£000	£000	£000	£000
<b>Fair value at 1 September</b>	34,114	120,858	11,579	900	167,451	165,866
Additions	-	400	220	-	620	3,756
Donated assets	454	-	-	-	454	-
Disposals	-	(100)	-	-	(100)	(5,684)
Investment gains	(1,139)	(4,412)	(566)	-	(6,117)	3,513
<b>Fair value as at 31 August</b>	<b>33,429</b>	<b>116,746</b>	<b>11,233</b>	<b>900</b>	<b>162,308</b>	<b>167,451</b>

**Investment additions and disposals**

During the year, the Finance Sub-Committee reviewed the investment portfolio in line with the current investment policy.

**William Leech Charities Fund**

The Methodist Church holds investments valued at £11.2m (2019: £11.6m) in William Leech (Investments) Ltd which represents 20% of the company's net assets as at 31 August 2020. The holding is based on the company's audited accounts to 31 March 2020, updated with management accounts to 31 August 2020. 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
	2020	2019	2020	2019
Fair value at 1 September	53,442	47,979	34,114	28,830
Additions	-	3,545	-	3,545
Donated assets	454	-	454	-
Disposals	(450)	(400)	-	(400)
Investment gains/loss	-	2,318	(1,140)	2,139
<b>Fair value at 31 August</b>	<b>53,446</b>	<b>53,442</b>	<b>33,428</b>	<b>34,114</b>

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 £11.8m (2019: £11m). The property was revalued on 31 July 2020 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, 2020.

- a) Hove Residential at 20 Bigwood Avenue with a fair value of £270k (2019: £170k)
- c) Hostel at 229 King Street Hammersmith, London W6 9JT: £550k (2019: £500k)
- d) Maida Vale Library, Sutherland Avenue, London W9 2QT: £425k (2019: £300k)
- e) Central Hall Buildings, Archway, London N19 3UB: £1,700k (2019: £1,750k)

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**iii) Guy Chester Center**

A property known as the Hazlehurst, 7 Colney Hatch Lane, London N10 1PN was valued on 31 August, 2020 by James Gilmartin MRICS from Gilmartin Ley Ltd. The fair value is £3,620k (2019: £3,690k).

**iv) Camden Town Methodist Church**

Managing trusteeship of Camden Town Methodist Church transferred the property to Methodist Council during the year. The property is located at 89 Plender Street, Camden Town, London NW1 0JN. The current market value is £454K.

**iv) Oxford Place, Leeds**

Managing trusteeship transferred from the Yorkshire West District to the Methodist Council during 2018/19. This property is located in Oxford Place, Leeds LS1 3AU. The current market value is £2.25m. It was written down from a value of £3.5m included in the last year's accounts. The property was to be developed into a hotel. Due to the Covid-19 pandemic the business case is no longer viable and discussions are underway with the Yorkshire West District on the future of the property.

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 change in the fair value of the remaining properties.

15. Debtors	The Methodist Church in Great Britain		The Connexional Funds	
	2020	2019	2020	2019
	£000	£000	£000	£000
Prepayments and accrued interest	2,038	2,041	1,036	1,349
Loans to other entities	20	30	806	30
Concessionary loans	466	426	466	423
Other debtors	1,321	2,787	1,174	3,620
<b>Total</b>	<b>3,845</b>	<b>5,284</b>	<b>3,482</b>	<b>5,422</b>

16a. Creditors: amounts due within one year	The Methodist Church in Great Britain		The Connexional Funds	
	2020	2019	2020	2019
	£000	£000	£000	£000
Accruals	2,172	1,839	1,622	900
Loans	28	530	-	502
Tax and social security	465	705	214	270
Grant commitments	8,525	9,987	8,212	9,699
Other creditors	5,968	4,428	4,860	3,891
<b>Total</b>	<b>17,158</b>	<b>17,489</b>	<b>14,908</b>	<b>15,262</b>

16b. Creditors: amounts due after more than one year	The Methodist Church in Great Britain		The Connexional Funds	
	2020	2019	2020	2019
	£000	£000	£000	£000
Loans	196	216	-	-
Deferred income	3,595	3,633	-	-
Grant commitments	5,169	6,462	4,238	5,353
<b>Total</b>	<b>8,960</b>	<b>10,311</b>	<b>4,238</b>	<b>5,353</b>



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**Loans****Cliff College - The Methodist Church in Great Britain**

At 31.8.20 the balance on the loan is £224K (2019: £244K) 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 the 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 nil. The balance has been fully repaid (2019: £0.5m). In May 2020 the Methodist Council made a loan of £786k to MIC Ltd to support it through the Covid-19 lockdown. It is to be repaid in full in May 2022.

**16c. Deferred Income**

Deferred Income relates to a lease premium received by Westminster College Trust from Oxford Brookes University. The 100 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 Methodist Church in Great Britain		The Connexional Funds	
	2020 £000	2019 £000	2020 £000	2019 £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	38,185	38,605	-	-
<b>Total</b>	<b>40,285</b>	<b>40,705</b>	-	-

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**17. Stocks**

	The Methodist Church in Great Britain		The Connexional Funds	
	2020 £000	2019 £000	2020 £000	2019 £000
Raw materials and consumables	-	-	-	-
Finished goods and goods for resale	60	70	41	50
<b>Total</b>	<b>60</b>	<b>70</b>	<b>41</b>	<b>50</b>

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 (2019: £22k).

**18. Financial instruments**

	The Methodist Church in Great Britain		The Connexional Funds	
	2020 £000	2019 £000	2020 £000	2019 £000
<b>Financial assets at fair value through profit or loss</b>				
Listed investments	123,385	127,865	116,746	120,858
William Leech Charities Fund and other investments	12,282	12,628	12,133	12,479
<b>Total</b>	<b>135,667</b>	<b>140,493</b>	<b>128,879</b>	<b>133,337</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>				
Debtors	1,321	2,787	1,174	3,620
<b>Total</b>	<b>1,321</b>	<b>2,787</b>	<b>1,174</b>	<b>3,620</b>
<b>Financial liabilities measured at amortised cost</b>				
Loans	224	746	-	502
Accruals	2,172	1,839	1,622	900
Other creditors	5,968	4,428	4,860	3,890
<b>Total</b>	<b>8,364</b>	<b>7,013</b>	<b>6,482</b>	<b>5,292</b>
<b>Concessionary loans (at cost plus accrued interest less impairment)</b>				
Loans to ministers	446	426	446	423
Loan to Lesnes Abbey Circuit	20	30	20	30
<b>Total</b>	<b>466</b>	<b>456</b>	<b>466</b>	<b>453</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Methodist Church in Great Britain							
19a. Unrestricted funds	Balance at 1 September 2019	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
General	54,813	22,885	(22,167)	-	(1,447)	55	54,139
Designated (Note 19c)	50,388	8,452	(5,923)	-	(1,623)	899	52,193
Defined Benefit Pension Scheme	(5,234)	-	436	(9,092)	-	-	(13,890)
<b>Total</b>	<b>99,967</b>	<b>31,337</b>	<b>(27,654)</b>	<b>(9,092)</b>	<b>(3,070)</b>	<b>954</b>	<b>92,442</b>

The Connexional Funds							
19b. Unrestricted funds	Balance at 1 September 2019	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
General	53,626	18,115	(17,506)	-	(1,386)	55	52,904
Designated (Note 19d)	49,715	8,452	(6,346)	-	(1,624)	899	51,096
Defined Benefit Pension Scheme	(5,234)	-	436	(9,092)	-	-	(13,890)
<b>Total</b>	<b>98,107</b>	<b>26,567</b>	<b>(23,416)</b>	<b>(9,092)</b>	<b>(3,010)</b>	<b>954</b>	<b>90,110</b>

Intercompany transfers occur as the Methodist Church Fund pays on behalf of most other funds. Transfers in of £0.1m to the general fund principally comprise the net balance of the management levy received (£1.3m), payment to the Long-term Renewal Fund (£0.1m) and an MIC payment of £1.2m towards Learning Network Note 22 page 72.

The Methodist Church in Great Britain							
19c. Designated funds	Balance at 1 September 2019	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	8,712	7,576	(3,311)	-	(277)	(3,547)	9,153
2) The Epworth Fund	7,137	145	(413)	-	(217)	(19)	6,633
3) The Connexional Travel Fund	256	4	(12)	-	(4)	-	244
4) The Designated Training Fund	659	-	(993)	-	-	1,420	1,086
5) The Computers in Ministry Fund	1	-	(1)	-	-	-	-
6) The Pension Reserve Fund	33,623	727	(1,193)	-	(1,125)	3,045	35,077
<b>Total</b>	<b>50,388</b>	<b>8,452</b>	<b>(5,923)</b>	<b>-</b>	<b>(1,623)</b>	<b>899</b>	<b>52,193</b>

The Connexional Funds							
19d. Designated funds	Balance at 1 September 2019	Income	Expenditure	Actuarial gains on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance as at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
1) The Connexional Priority Fund	8,705	7,576	(3,311)	-	(278)	(3,547)	9,145
2) The Epworth Fund	7,129	145	(413)	-	(217)	(19)	6,625
3) The Connexional Travel Fund	256	4	(12)	-	(4)	-	244
4) The Designated Training Fund	1	-	(1,416)	-	-	1,420	5
5) The Computers in Ministry Fund	1	-	(1)	-	-	-	(1)
6) The Pension Reserve Fund	33,623	727	(1,193)	-	(1,125)	3,045	35,077
<b>Total</b>	<b>49,715</b>	<b>8,452</b>	<b>(6,346)</b>	<b>-</b>	<b>(1,624)</b>	<b>899</b>	<b>51,096</b>

The transfers to the designated training fund is the contribution from the income generating centres (Guy Chester and MIC Ltd) towards the Learning Network. Transfers out of the Connexional Priority Fund principally relate to £434k management levy paid to the general fund and £3.1m to the Pension Reserve Fund (PRF), See Note 22 page 72.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

The Methodist Church in Great Britain							
19e. 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)
<b>Total</b>	<b>96,130</b>	<b>33,771</b>	<b>(30,136)</b>	<b>(5,418)</b>	<b>4,165</b>	<b>1,455</b>	<b>99,967</b>

The Connexional Funds							
19f. 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 (Note 19d)	48,953	7,336	(7,695)	-	856	265	49,715
Defined Benefit Pension Scheme	-	-	184	(5,418)	-	-	(5,234)
<b>Total</b>	<b>94,856</b>	<b>28,098</b>	<b>(25,049)</b>	<b>(5,418)</b>	<b>4,165</b>	<b>1,455</b>	<b>98,107</b>

Transfers in of £1.45m to the unrestricted fund principally comprise a management levy received (£1.75m) offset by payments (£0.3m) Note 22 page 72.

The Methodist Church in Great Britain							
19g. 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	(317)	-	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	817	(740)	-	491	2,467	33,623
<b>Total</b>	<b>49,237</b>	<b>7,336</b>	<b>(7,306)</b>	<b>-</b>	<b>856</b>	<b>265</b>	<b>50,388</b>

The Connexional Funds							
19h. 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
<b>Total</b>	<b>48,953</b>	<b>7,336</b>	<b>(7,695)</b>	<b>-</b>	<b>856</b>	<b>265</b>	<b>49,715</b>

Transfers out of the Connexional Priority Fund principally relate to £414k management levy paid to the general fund and £2.5m to the Pension Reserve Fund (PRF), See Note 22 page 72.

Notes to the consolidated financial statements for the year ended 31 August 2020 (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 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 2020 (continued)

The Methodist Church in Great Britain							
20a. Restricted funds	Balance at 1 September 2019	Income	Expenditure	Actuarial losses on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	9,950	581	(442)	-	(296)	(66)	9,727
2) Mission in Britain Fund	4,893	925	(392)	-	(216)	(60)	5,150
3) Centenary Hall Trust	25,369	75	(108)	-	-	(25)	25,311
4) The Fund for Property	1,435	452	(765)	-	(43)	(54)	1,025
5) The Fund for Training	6,798	325	(245)	-	(22)	(39)	6,817
6) The World Mission Fund	27,406	2,778	(5,377)	-	(541)	(744)	23,522
7) The London Mission Fund	19,473	437	(374)	-	(766)	-	18,770
8) The Guy Chester Centre	29,146	1,190	(885)	-	(221)	-	29,230
9) Cliff College	8,503	1,602	(2,713)	-	-	-	7,392
10) Southlands Methodist Trust	10,478	458	(589)	-	(151)	-	10,196
11) Westminster College Oxford Trust	10,311	567	(728)	-	606	-	10,756
12) The Methodist Medical Benevolent Fund	2,271	47	(43)	-	(71)	(2)	2,202
<b>Total funds with balances &gt; £2m</b>	<b>156,033</b>	<b>9,437</b>	<b>(12,661)</b>	<b>-</b>	<b>(1,721)</b>	<b>(990)</b>	<b>150,098</b>
Other - 28 funds with balances < £2m	7,807	3,590	(4,021)	(29)	(5,129)	(197)	2,021
<b>Total</b>	<b>163,840</b>	<b>13,027</b>	<b>(16,682)</b>	<b>(29)</b>	<b>(6,850)</b>	<b>(1,187)</b>	<b>152,119</b>

The Connexional Funds							
20b. Restricted funds	Balance at 1 September 2019	Income	Expenditure	Actuarial losses on DB pension schemes	Investment gains and revaluation reserve movements	Transfers	Balance at 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
1) The Fund for the Support of Presbyters and Deacons	9,936	581	(442)	-	(296)	(66)	9,713
2) Mission in Britain Fund	4,893	925	(392)	-	(216)	(60)	5,150
3) Centenary Hall Trust	25,469	135	(108)	-	-	(25)	25,471
4) The Fund for Property	1,435	452	(765)	-	(43)	(54)	1,025
5) The Fund for Training	6,758	325	(248)	-	(22)	(39)	6,774
6) The World Mission Fund	27,201	2,778	(5,792)	-	(541)	(744)	22,902
7) The London Mission Fund	19,475	437	(374)	-	(766)	-	18,772
8) The Guy Chester Centre	29,146	1,190	(885)	-	(221)	(280)	28,950
<b>Total funds with balances &gt; £2m</b>	<b>124,313</b>	<b>6,823</b>	<b>(9,006)</b>	<b>-</b>	<b>(2,105)</b>	<b>(1,268)</b>	<b>118,757</b>
Other - 27 funds with balances < £2m	10,188	560	(1,143)	(29)	(5,153)	81	4,505
<b>Total</b>	<b>134,501</b>	<b>7,383</b>	<b>(10,149)</b>	<b>(29)</b>	<b>(7,258)</b>	<b>(1,187)</b>	<b>123,261</b>

Transfers out of the World Mission Fund principally relate to £0.5m management levy paid to the general fund and £0.2m to William Leech for investment purposes.



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**The Methodist Church in Great Britain**

<b>20c. Restricted funds</b>	<b>Balance at 1 September</b>	<b>Income</b>	<b>Expenditure</b>	<b>Actuarial gains on DB pension schemes</b>	<b>Investment gains</b>	<b>Transfers</b>	<b>Balance at 31 August</b>
	<b>2018</b>						<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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) The Methodist Medical Benevolent Fund	2,231	59	(48)	-	31	(2)	2,271
<b>Total funds with balances &gt; £2m</b>	<b>159,149</b>	<b>10,263</b>	<b>(13,103)</b>	<b>-</b>	<b>1,468</b>	<b>(1,744)</b>	<b>156,033</b>
Other - 28 funds with balances < £2m	8,836	5,114	(6,383)	(139)	314	65	7,807
<b>Total</b>	<b>167,985</b>	<b>15,377</b>	<b>(19,486)</b>	<b>(139)</b>	<b>1,782</b>	<b>(1,679)</b>	<b>163,840</b>

**The Connexional Funds**

<b>20d. Restricted funds</b>	<b>Balance at 1 September</b>	<b>Income</b>	<b>Expenditure</b>	<b>Actuarial gains on DB pension schemes</b>	<b>Investment gains</b>	<b>Transfers</b>	<b>Balance at 31 August</b>
	<b>2018</b>						<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total funds with balances &gt; £2m</b>	<b>126,244</b>	<b>9,331</b>	<b>(11,028)</b>	<b>-</b>	<b>1,158</b>	<b>(1,392)</b>	<b>124,313</b>
Other - 27 funds with balances < £2m	10,527	471	(693)	(139)	309	(287)	10,188
<b>Total</b>	<b>136,771</b>	<b>9,802</b>	<b>(11,721)</b>	<b>(139)</b>	<b>1,467</b>	<b>(1,679)</b>	<b>134,501</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (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 which 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.

Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

### 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 which 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.

### 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 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 2020 (continued)

The Methodist Church in Great Britain						
21a. Endowment funds	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Investment gains /(losses) £000	Transfers £000	Balance at 31 August 2020 £000
Rank Endowment Fund	6,398	-	(13)	(208)	6	6,183
William Leech Charities Fund	11,580	-	-	(566)	220	11,234
Other - 7 funds with balances <£2m	2,135	-	(4)	(75)	7	2,063
<b>Total</b>	<b>20,113</b>	<b>-</b>	<b>(17)</b>	<b>(849)</b>	<b>233</b>	<b>19,480</b>

The Connexional Funds						
21b. Endowment funds	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Investment gains /(losses) £000	Transfers £000	Balance at 31 August 2020 £000
Rank Endowment Fund	6,398	-	(13)	(208)	6	6,183
William Leech Charities Fund	11,580	-	-	(566)	220	11,234
Other - 7 funds with balances <£2m	2,135	-	(4)	(75)	7	2,063
<b>Total</b>	<b>20,113</b>	<b>-</b>	<b>(17)</b>	<b>(849)</b>	<b>233</b>	<b>19,480</b>

Transfers of £0.2m to William Leech are principally for investment purposes.

The Methodist Church in Great Britain						
21c. Endowment funds	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Investment gains /(losses) £000	Transfers £000	Balance at 31 August 2019 £000
Rank Endowment Fund	6,319	-	(13)	87	6	6,398
William Leech Charities Fund	11,707	-	-	(338)	211	11,580
Other - 7 funds with balances <£2m	2,099	-	(4)	32	7	2,135
<b>Total</b>	<b>20,125</b>	<b>-</b>	<b>(17)</b>	<b>(219)</b>	<b>224</b>	<b>20,113</b>

The Connexional Funds						
21d. Endowment funds	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Investment gains /(losses) £000	Transfers £000	Balance at 31 August 2019 £000
Rank Endowment Fund	6,319	-	(13)	87	6	6,398
William Leech Charities Fund	11,707	-	-	(338)	211	11,580
Other - 7 funds with balances <£2m	2,099	-	(4)	32	7	2,135
<b>Total</b>	<b>20,125</b>	<b>-</b>	<b>(17)</b>	<b>(219)</b>	<b>224</b>	<b>20,113</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**The Methodist Church in Great Britain and The Connexional Funds**

22. Fund Transfers	2020			2019		
	Transfers in £000	Transfers out £000	Net transfer £000	Transfers in £000	Transfers out £000	Net transfer £000
<b>Unrestricted</b>						
Connexional Priority Fund	-	(3,547)	(3,547)	-	(2,960)	(2,960)
Pension Reserve Fund (Note 19)	3,112	(67)	3,045	2,545	(78)	2,467
General Fund (Note 19)	1,322	(100)	1,222	1,745	(100)	1,645
Designated Training Fund	1,420	-	1,420	720	-	720
Methodist International Centre (Note 19)	-	(1,166)	(1,166)	-	(390)	(390)
Others	-	(20)	(20)	-	(26)	(26)
<b>Total</b>	<b>5,854</b>	<b>(4,900)</b>	<b>954</b>	<b>5,010</b>	<b>(3,554)</b>	<b>1,456</b>
<b>Restricted</b>						
Long-term Renewal Fund	100	-	100	100	-	100
World Mission Fund (Note 20)	-	(744)	(744)	-	(1,147)	(1,147)
Guy Chester Centre	-	(280)	(280)	-	(350)	(350)
Fund for Training	-	(39)	(39)	-	(42)	(42)
Mission in Britain	-	(60)	(60)	-	(54)	(54)
Fund for Support of Presbyters & Deacons	-	(66)	(66)	-	(56)	(56)
Fund for property	-	(54)	(54)	-	(68)	(68)
Centenary Hall Trust	-	(25)	(25)	-	(25)	(25)
Others	-	(19)	(19)	-	(38)	(38)
<b>Total</b>	<b>100</b>	<b>(1,287)</b>	<b>(1,187)</b>	<b>100</b>	<b>(1,780)</b>	<b>(1,680)</b>
<b>Endowments</b>						
William Leech Charities Fund	232	(12)	220	223	(12)	211
Rank Endowment	13	(6)	7	13	(7)	6
Others	8	(2)	6	10	(3)	7
<b>Total</b>	<b>253</b>	<b>(20)</b>	<b>233</b>	<b>246</b>	<b>(22)</b>	<b>224</b>
<b>Grand Total</b>	<b>6,207</b>	<b>(6,207)</b>	<b>-</b>	<b>5,356</b>	<b>(5,356)</b>	<b>-</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**The Methodist Church in Great Britain**

23a. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2020 Total £000
Intangible fixed assets	83	16	-	99
Tangible fixed assets	18,857	75,374	-	94,231
Investments	81,196	88,603	19,313	189,112
Current assets	12,610	9,745	147	22,502
Creditors due within one year	(5,307)	(11,871)	20	(17,158)
Creditors due after more than one year	(1,107)	(7,853)	-	(8,960)
Defined benefit pension scheme liability	(13,890)	(1,895)	-	(15,785)
<b>Total</b>	<b>92,442</b>	<b>152,119</b>	<b>19,480</b>	<b>264,041</b>

**The Connexional Funds**

23b. Analysis of net assets between funds	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2020 Total £000
Intangible fixed assets	83	-	-	83
Tangible fixed assets	18,535	67,780	-	86,315
Investments	81,196	61,799	19,313	162,308
Current assets	12,290	6,639	147	19,076
Creditors due within one year	(6,992)	(7,936)	20	(14,908)
Creditors due after more than one year	(1,112)	(3,126)	-	(4,238)
Defined benefit pension scheme liability	(13,890)	(1,895)	-	(15,785)
<b>Total</b>	<b>90,110</b>	<b>123,261</b>	<b>19,480</b>	<b>232,851</b>

**The Methodist Church in Great Britain**

23c. Analysis of net assets between 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)	50	(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)
<b>Total</b>	<b>99,967</b>	<b>163,840</b>	<b>20,113</b>	<b>283,920</b>



## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**The Connexional Funds**

<b>23d. Analysis of net assets between funds</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>2019 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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)
<b>Total</b>	<b>98,107</b>	<b>134,501</b>	<b>20,113</b>	<b>252,721</b>

**24. Revaluation reserves**

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

**The Methodist Church in Great Britain**

<b>24a. Revaluation reserves</b>	<b>1 September 2019</b>	<b>Movement</b>	<b>31 August 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unrestricted	7,594	0	7,594
Restricted	59,282	(5,000)	54,282
<b>Total</b>	<b>66,876</b>	<b>(5,000)</b>	<b>61,876</b>

**The Connexional Funds**

<b>24b. Revaluation reserves</b>	<b>1 September 2019</b>	<b>Movement</b>	<b>31 August 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unrestricted	7,591	0	7,591
Restricted	57,346	(5,000)	52,346
<b>Total</b>	<b>64,937</b>	<b>(5,000)</b>	<b>59,937</b>

**The Methodist Church in Great Britain**

<b>24c. Revaluation reserves</b>	<b>1 September 2018</b>	<b>Movement</b>	<b>31 August 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unrestricted	6,476	1,118	7,594
Restricted	58,500	782	59,282
<b>Total</b>	<b>64,976</b>	<b>1,900</b>	<b>66,876</b>

**The Connexional Funds**

<b>24d. Revaluation reserves</b>	<b>1 September 2018</b>	<b>Movement</b>	<b>31 August 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unrestricted	6,473	1,118	7,591
Restricted	56,564	782	57,346
<b>Total</b>	<b>63,037</b>	<b>1,900</b>	<b>64,937</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**25. Expenses reimbursed to the trustees**

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Number of trustees</b>	<b>£000</b>	<b>Number of trustees</b>	<b>£000</b>
Travel and other expenses reimbursed	55	36	47	31

**26. Trustees' remuneration**

	<b>Pension Contributions</b>		<b>Total Remuneration including Pensions</b>	
	<b>Total 2020</b>	<b>Total 2019</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Mr Doug Swanney	17	19	135	125
The Revd Dr Barbara Glasson	7	7	42	36
The Revd Ruth Gee	7	7	42	39
The Revd Dr Jonathan R Hustler	7	7	42	41
The Revd Rachel Parkinson	7	7	41	40
Deacon Karen McBride	7	7	41	40
The Revd Dr Jennifer Hurd	7	7	40	42
Mrs Louise C Wilkins	5	15	37	98
The Revd Gillian M Newton	7	-	41	-
The Revd Leslie M Newton	7	-	41	-
The Revd Michaela A Youngson	7	-	41	-
The Revd Dr Jongikaya Zihle	7	-	41	-
The Revd Richard J Teal	7	-	37	-
The Revd Loraine Mellor	-	7	-	40
The Revd Dr Andrew Wood	-	7	-	40
The Revd Canon Gareth Powell	-	7	-	41
<b>Total</b>	<b>99</b>	<b>97</b>	<b>621</b>	<b>582</b>

Of the trustees listed above, 13 were in the Connexional team or District Chairs (2019: 11). Their aggregate total emoluments including pension contributions and national insurance for this work and not in their role as trustees amounted to £0.6m (2019: £0.6m). 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 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 related parties as at 31 August are stated for each one as appropriate.

	<b>Income from related party</b>	<b>Payments to/(from) related party</b>	<b>Loans from related party</b>	<b>Amount owed by/(to) related party</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trustees for Methodist Church Purposes (a)	9	185	-	-
Methodist Ministers' Housing Society (MMHS) (b)	-	38	-	-
Methodist Ministers Pension Scheme (MMPS) (c)	85	-	-	-
Lesnes Abbey Circuit (d)	-	-	-	20
The Queen's Foundation for Ecumenical & Theological Education (e)	120	1,046	-	-
Methodist International Centre Ltd (f)	149	8	-	786

## Notes to the consolidated financial statements for the year ended 31 August 2020 (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 payments relate to the contributions made toward 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 9 years.
- (e) A payment of £1.05m (2019: £1.57m) was made to The Queen's Foundation for Ecumenical Theological Education being tuition fees for the 2019-20 academic year. Rent of £120k was received from The Queen's Foundation for the period Sep 19 to Aug 20.
- (f) Income receivable from Methodist International Centre Ltd was for rent chargeable for the use of building owned by Connexional Funds £149K (2019: £598k). The £8k relates to accommodation expenses.

	Income from related party £000	Payments to/(from) related party £000	2019 Loans from related party £000	Amount owed by/(to) related party £000
Trustees for Methodist Church Purposes	1	185	-	-
Methodist Ministers' Housing Society (MMHS)	27	8	-	-
Methodist Ministers Pension Scheme (MMPS)	92	-	-	-
Lesnes Abbey Circuit	-	-	-	30
The Tower Hamlets Circuit	-	862	-	-
The Queen's Foundation for Ecumenical & Theological Education	120	1,573	-	-
Methodist International Centre Ltd	599	-	-	(214)

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 related party 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 £13.7m in 2019/20. (2019: £13.5m)
- The awarding and distribution of grants to other Methodist entities amounts to £7m in 2019/20
- Investment charges (TMCP & CFB) amounts to £262k in 2019/20 (2019: £270k)

## Notes to the consolidated financial statements for the year ended 31 August 2020 (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	2020 Total £000	2019 Total £000
Fair value of scheme assets	81,507	-	81,507	85,069
Present value of scheme liabilities	(95,397)	(1,895)	(97,292)	(92,237)
<b>Sub Total</b>	<b>(13,890)</b>	<b>(1,895)</b>	<b>(15,785)</b>	<b>(7,168)</b>
Unrecognised assets	-	-	-	-
<b>Net defined benefit liability</b>	<b>(13,890)</b>	<b>(1,895)</b>	<b>(15,785)</b>	<b>(7,168)</b>

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	2020 Total £000	2019 Total £000
<b>Service cost (before contributions from other group employers)</b>	<b>179</b>	<b>-</b>	<b>179</b>	<b>1,686</b>
Interest cost on scheme liabilities	1,609	32	1,641	2,087
Interest income on plan assets	(1,525)	(37)	(1,562)	(2,134)
<b>Net finance costs</b>	<b>84</b>	<b>(5)</b>	<b>79</b>	<b>(47)</b>
<b>Total</b>	<b>263</b>	<b>(5)</b>	<b>258</b>	<b>1,639</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**28. Defined benefit pension scheme commitments (continued)**

The amounts recognised as other gains/(losses) in The Methodist Church in Great Britain and Connexional Funds statement of financial activities:

	Unrestricted PASLEMC £000	Restricted SSMP £000	2020 Total £000	2019 Total £000
Actual return on scheme assets	(2,477)	2	(2,475)	7,320
Amounts included in net interest on the net defined liability	(1,525)	(37)	(1,562)	(2,093)
Other actuarial gains/losses	(5,090)	(29)	(5,119)	(11,397)
Movement in unrecognised assets	-	-	-	613
<b>Re-measurement gains and losses recognised in SoFA</b>	<b>(9,092)</b>	<b>(64)</b>	<b>(9,156)</b>	<b>(5,557)</b>

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 2020 £000	Unrestricted PASLEMC 2019 £000	Restricted SSMP 2020 £000	Restricted SSMP 2019 £000	Total 2020 £000	Total 2019 £000
At 1 September	90,303	76,336	1,934	1,861	92,237	78,197
Service cost	179	1,686	-	-	179	1,686
Interest on obligation	1,609	2,040	32	47	1,641	2,087
Contributions by members	-	549	-	-	-	549
Benefits paid	(1,783)	(1,566)	(101)	(114)	(1,884)	(1,680)
Actuarial gains/losses	5,089	11,258	30	139	5,119	11,397
<b>At 31 August</b>	<b>95,397</b>	<b>90,303</b>	<b>1,895</b>	<b>1,934</b>	<b>97,292</b>	<b>92,237</b>

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 2020 £000	Unrestricted PASLEMC 2019 £000	Restricted SSMP 2020 £000	Restricted SSMP 2019 £000	Total 2020 £000	Total 2019 £000
At 1 September	85,069	76,933	-	-	85,069	76,933
Interest on assets	1,525	2,093	-	-	1,525	2,093
Contributions by employers	1,097	2,173	-	-	1,097	2,173
Contributions by members	-	549	-	-	-	549
Administration expenses	(398)	(340)	-	-	(398)	(340)
Benefits paid	(1,783)	(1,566)	-	-	(1,783)	(1,566)
Actuarial return less interest income on plan assets	(4,003)	5,227	-	-	(4,003)	5,227
<b>At 31 August</b>	<b>81,507</b>	<b>85,069</b>	<b>-</b>	<b>-</b>	<b>81,507</b>	<b>85,069</b>
Unrecognised assets	-	-	-	-	-	-
<b>Net Defined Benefit Liability</b>	<b>13,890</b>	<b>5,234</b>	<b>1,895</b>	<b>1,934</b>	<b>15,785</b>	<b>7,168</b>

## Notes to the consolidated financial statements for the year ended 31 August 2020 (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	
	2020 %pa	2019 %pa	2020 %pa	2019 %pa
Discount rate at end of year	1.6	1.8	1.5	1.7
Discount rate at start of year	1.8	2.7	1.7	2.6
RPI Inflation	3.1	3.2	3.3	3.4
CPI Inflation	2.2	2.2	-	-
Rate of increase in pensionable earnings	2.2	2.2	-	-
Rate of increase in deferred pensions pre 2009 LPI 5%	2.2	2.2	3.2	3.3
Rate of increase in deferred pensions post 2009 LPI 2.5%	2.2	2.2	3.2	3.3
Rate of increase in pension in payments fixed 5%	5.0	5.0	-	3.3
Rate of increase in pension in payments LPI 5% 1 September 2019	3.0	3.1	-	-
Rate of increase in pension in payments LPI 2.5% 1 September 2019	2.1	2.2	-	-

**Mortality assumptions for the two schemes:**

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

PASLEMC - The assumptions are that a member aged 65 will live on average until age 89 if they are male and until age 90 if female. For a member currently aged 50 the assumptions are that if they attain age 65 they will live on average until age 90 if they are male and until age 91 if female.

SSMP - The assumptions are that a member aged 65 will live on average until age 87 if they are male and until age 89 if female. For a member currently aged 60 the assumptions are that if they attain age 65 they will live on average until age 87 if they are male and until age 90 if female.

Analysis of scheme assets

	PASLEMC		SSMP	
	2020 %pa	2019 %pa	2020 %pa	2019 %pa
Equities	52.2	54.4	19.6	20.6
Gilts	-	-	58.6	58.5
Corporate Bonds	4.8	4.9	12.8	12.8
Property	9.1	7.0	5.1	5.1
Cash	8.6	9.2	3.9	3.0
Liability Driven Investment	20.0	19.6	-	-
Annuities	5.3	4.9	-	-



## Notes to the consolidated financial statements for the year ended 31 August 2020 (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 pension scheme position in respect of the MMPS that would have been charged to these financial statements had the scheme been included are set out below. The FRS102 Calculations were carried out by Debra Smith, Fellow of the Institute and Faculty of Actuaries, BWCI Consulting Ltd.

a. The amounts that would have been charged to the Statement of Financial Activities are as follows:

	2020 £000	2019 £000
<b>Service cost</b>	<b>8,327</b>	<b>6,219</b>
Interest cost on scheme liabilities	8,260	11,584
Interest Income on plan assets	(8,704)	(13,069)
Interest on unrecognised assets	343	1,326
<b>Net Finance Costs</b>	<b>(101)</b>	<b>(159)</b>

b. The amounts that would have been charged to the Statement of Financial Activities as recognised gains and losses are as follows:

	2020 £000	2019 £000
Actual Return on Scheme assets	(19,395)	36,895
Amounts included in net interest on the net defined liability	(8,704)	(13,069)
Other Actuarial gains/losses	(11,991)	(55,751)
Movement in unrecognised assets	20,524	30,276
<b>Re-measurement gains and losses recognised in SOFA</b>	<b>(19,566)</b>	<b>(1,649)</b>

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

	2020 £000	2019 £000
<b>Opening defined benefit obligation</b>	<b>495,683</b>	<b>439,167</b>
Service cost	8,327	6,219
Interest cost	8,260	11,584
Cost of benefit changes	-	-
Contributions by members	3,402	3,259
Benefits paid	(19,617)	(20,297)
Actuarial (gains)/losses	11,992	55,751
<b>Closing defined benefit obligation</b>	<b>508,047</b>	<b>495,683</b>

The weighted average duration of the liabilities of the Scheme was 15 years as at 31 August 2020.

## Notes to the consolidated financial statements for the year ended 31 August 2020 (continued)

**28. Defined benefit pension scheme commitments (continued)**

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

	2020 £000	2019 £000
<b>Opening fair value of scheme assets</b>	<b>515,864</b>	<b>488,298</b>
Interest income on plan assets	8,704	13,069
Contributions by employers	8,472	8,546
Contributions by members	3,402	3,259
Benefits paid	(19,617)	(20,297)
Administration expenses	(1,200)	(837)
Actual return less interest income on plan assets	(28,099)	23,826
<b>Closing fair value of scheme assets</b>	<b>487,526</b>	<b>515,864</b>

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

	2020 £000	2019 £000
Closing defined benefit obligation	(508,047)	(495,683)
Closing fair value of scheme assets	487,526	515,864
<b>Net defined benefit scheme (liability)/asset</b>	<b>(20,521)</b>	<b>20,181</b>
Assets that would not have been recognised had the scheme been included	-	(20,181)
<b>Net defined benefit (liability)/asset</b>	<b>(20,521)</b>	<b>-</b>

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

	2020 % pa	2019 % pa
Discount rate at end of year	1.5	1.7
Discount rate at start of year	1.7	2.7
Inflation	3.2	3.4
Rate of increase in pensionable earnings	2.8	2.9
Rate of increase in deferred pensions pre 2009	2.3	2.4
Rate of increase in deferred pension post 2009	2.3	2.4
Rate of increase in pension in payment main benefits CPI LPI 5%	2.3	2.4
Rate of increase in pension in payment main benefits CPI LPI 2.5%	1.8	1.9
Rate of increase in pension in payment AVCs RPI LPI 5%	3.1	3.3
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 2020 (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 89 if they are male and until age 89 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 90 if female.

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

	2020	2019
	%	%
Equities	56.6	57.1
Gilts	0.1	-
Corporate Bonds	15.6	16.4
Index linked Bonds	-	3.9
Property	9.3	8.9
Cash	4.9	4.8
Liability driven Investment	12.1	8.9
Impact investing	1.4	-

## Trustee and committee memberships

The membership for 2019/2020 and for 2020/2021 are listed below.

**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		

**Methodist Council, 2020/2021 members**

Mrs Joanne Anderton**	The Revd Sonia M Hicks**	Mr Keith Norman**
Mrs E Jill Baker (Chair)	The Revd Beverly Hollings	Mrs Helen Norton
Mr Timothy J Baker	Mrs Beti W T Holmes**	The Revd Michael D Parker
The Revd Paul H Booth	The Revd Dr Jonathan R Hustler	The Revd Malcolm Peacock
The Revd Dr Adrian Burdon	The Revd Carmel Ieraci**	Mr Michael Pryke
Mr David Burton	The Revd Ermal B Kirby	Mr Graham Russell
The Revd Dr Joanne Cox-Darling**	Mr Joe Lambert**	The Revd S Mark Slaney**
The Revd Mark Dunn-Wilson	Mrs Carolyn J Lawrence	The Revd Billy Slatter
Mrs Barbara Easton**	Mrs Heather Lovelady	Ms Sandie Smith**
Mr Carl Fairclough**	Mr Andrew Lowe	The Revd Kate Strange**
The Revd Dr Andrew M Fox	Professor David Matthews	The Revd O Mark Street
The Revd Ruth G S Fry**	Mrs Val Mayers**	Mr Douglas Swanney
The Revd Ruth M Gee	Deacon Karen McBride	The Revd Timothy A Swindell
The Revd Dr Barbara C Glasson	Mr Alister McClure	The Revd Richard J Teal
Mr Bala Gnanapragasam	Professor Clive Marsh	The Revd Alison E Walker**
Mr Peter Gregson**	Professor Ken Mortimer	Mrs Margaret Webber
The Revd Jeremy H A Hackett	Dr Daleep S Mukarji	Mr Richard Wills
Ms Charlotte Hambly**	The Revd Gillian M Newton	The Revd Michaela A Youngson
The Revd Novette Headley	The Revd Leslie M Newton	The Revd Dr Jongikaya Zihle

New Members from 1 September 2019 are marked with one asterisk (\*)

New Members from 1 September 2020 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 2019/2020 and current year are listed below:*****Voting Members***

Ms Janet Arthur	Dr Daleep S Mukarji (Chair) [from 1 September 2019]
Mr Edward Awty	The Revd Gillian M Newton [from 1 September 2019]
Mrs Anne Bolton	The Revd Michael D Parker
Professor David Matthews	The Revd Timothy A Swindell
The Revd Loraine N Mellor	The Revd Marcus Torchon [from 1 September 2019]
The Revd Ruth Midcalf	Ms Helen Woodall
Mrs Shelagh Morgan [from 1 September 2019]	

***Non-voting Members***

Mrs Joanne Anderton [from 27 June 2020]  
 The Revd Ruth M Gee [from 1 September 2019]  
 The Revd Dr Jonathan R Hustler  
 Mr Douglas Swanney  
 Mrs Louise C Wilkins (to 31 December 2019)

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	Mr Malcolm Pearson
Mrs Helen Blair [from 1 September 2020]	The Revd Stephen J Radford
Mrs Sue Haworth	The Revd Timothy A Swindell (Chair)

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

**The Audit & Risk Assurance Committee**

The membership of the committee is:

***Voting Members***

Mrs Sarah Atwell-King	Mrs Susan M Mortimer
Mr Adrian Burton	Mr Michael Rickard [from 30 January 2020]
Mr Alan Kershaw (Chair)	

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  
 London NW1 5JR  
 Tel: 020 7486 5502  
 Web: www.methodist.org.uk

**Executive Officers**

The Revd Dr Jonathan R Hustler  
 The Revd Ruth M Gee  
 Mr Douglas Swanney  
 Mrs Joanne Anderton

**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  
 4-8 Victoria Street  
 London SW1H 0NJ

**Independent Auditor:**

RSM UK LLP  
 St Philips Point  
 Temple Row  
 Birmingham  
 B2 5AF

**Solicitors:**

Farrer & Co  
 66 Lincoln's Inn Fields  
 London WC2A 3LH



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