

Trustees for Methodist Church Purposes
Charity Registration Number 1136358

Trustees Report & Accounts for the year ended 31 August 2022

Trustees for Methodist Church Purposes

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Office and Advisers

Office

Central Buildings
Oldham Street
Manchester
M1 1JQ

External Auditors

MHA Moore and Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

Solicitors

Brabners
Horton House
Exchange Flags
Liverpool
L2 3YL

Board Membership

The Revd Rosemarie E G Clarke	Mr Gerry Davis OBE
The Revd Paul Davis	Mr Ralph Dransfield (resigned 31 August 2022)
The Revd Rodney Hill	Mr David James
The Revd Simon Leigh (resigned 10 November 2022)	Mr John Jefferson
The Revd Gillian M Newton	Ms Alethea Siow (Vice Chair)
The Revd Philip Wagstaff	Mr Ian C White (Chair)

Changes in Office:

Mr Ralph Dransfield resigned from the Board with effect from 31st August 2022, having notified Conference accordingly. The Board is very grateful for his years of service on the Board and its sub-committees and acknowledges the great contribution he has made to the organisation.

Revd Simon Leigh resigned from the Board after the end of the financial year. The Board is grateful for his service in this capacity.

TMCP Team

Anne Goodman, as Chief Executive, oversees a professional team of 20 which comprises Finance, Legal and Corporate Support Services sections, who are responsible for ensuring the Board's functions and responsibilities as trustees are discharged on a day-to-day basis. The Chief Executive also works closely with the Board on strategic and planning issues.

The Senior Management Team comprises:

Martin Attfield	-	Assistant Chief Executive
Laura Carnall	-	Legal Manager
Nicola Sivori	-	Finance Manager

The Chief Executive and Senior Management Team continue to work closely with the Executive Committee and external consultants to implement new systems which are designed to simplify and expedite key processes and assess the effectiveness of workflow and performance.

The Trustees for Methodist Church Purposes (TMCP) works alongside colleagues in the Connexional team, Central Finance Board and the wider Methodist Church. All staff aim to promote a professional relationship between TMCP and any outside agencies with whom the organisation may be in contact.

Staff training and professional development needs are identified by managers through the salary and performance review process. This ensures the team remain up to date in terms of current legislation, enhances skill sets and satisfies the requirements of individual professional bodies. The Board holds a 'season ticket' with an industry training provider to help facilitate this.

The full implementation of the Salary and Performance Review Policy, which includes an updated appraisal system, took place during this financial year. The benefits of this new process will be felt in full during the course of the subsequent financial year when objectives and performance measures can be reviewed and assessed.

This year has brought with it an increase in the volume of work, primarily due to increases in property transactions and development projects. The Board acknowledges the challenges which this has presented and is extremely grateful for the team continuing to show resilience in maintaining as effective a service as possible. This is especially relevant given the additional time and effort required from the team as TMCP implements new systems and ways of working.

Aims and purposes of the Trustees for Methodist Church Purposes

The purpose of the Board is to service the Methodist Church in the advancement of the Christian faith in accordance with its doctrinal standards and discipline, and any charitable purpose of the Methodist Church or Church organisation.

The Board's mission is to support and strengthen the Methodist Church, both by providing practical support to Managing Trustees and by working closely and effectively with colleagues in the Methodist Connexional Team.

It aims at all times to:

- Work within an ethical and Christian framework.
- Act with integrity and patience.
- Listen carefully and communicate clearly.

- Value and nurture the talents of those within the organisation.
- Continue, through guidance and training, to assist Managing Trustees as much as possible. The Board is here to provide a service and to ensure that all processes with which we are involved are clearly outlined.

The governing documents are the Methodist Church Act 1939, the Trust Deed of 1939 and the Methodist Church Act 1976.

TMCP is the custodian trustee of all property held on the Model Trusts of the Methodist Church Act 1976, except for that 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 or the Trustees for Manx Methodist Church Purposes. This includes nearly all the property held by the 3,849 or so local Churches, 339 Circuits and 30 Districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the funds held in 5,553 separate trusts. These funds are held for Methodist purposes for the Managing Trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Some trusts, such as Circuit Model Trust Funds, are held on the Model Trusts. The trusts of other Funds, such as Permanent Endowments, are determined by the terms of the will or other settlement.

These trusts are segregated from the Charity's individual assets, being each identified as separately labelled funds. Any instructions for actions in respect of those funds are given by the Managing Trustees responsible for the funds and only acted upon when this authority is given. Regular reconciliations of these funds and investments held are performed and all processes are subject to scrutiny.

Activities of the Board include:-

- effecting all sales, purchases and leases of property by Church bodies and checking legal documents before signature by Managing Trustees.
- investing funds received from sales or bequests and transmitting funds for purchases or to meet the cost of a project as instructed by Managing Trustees.
- fulfilling any other duties or responsibilities required of, or appropriate for, the corporate body acting on behalf of the Methodist Church.

The Board performs a number of other activities, details of which are outlined on the TMCP website at <https://www.tmcp.org.uk/about/what-we-do>

The Board is full trustee of a small number of trusts where it has discretion over the use of income and, in some cases the capital, and is responsible for the investment of the funds. For a number of the trusts, the purposes for which grants may be made are specified in the trust documents, and for others the Board is able to make grants for any Methodist charitable purpose. The Board works closely with others within the Connexion to publicise these funds and to ensure they are utilised. These grants have supported some key projects across the Connexion and have been greatly appreciated.

The Board is pleased that, due to increased publicity across the Connexion and through the Property Development Committee, it paid grants totaling £194,152 for property and other projects from these trusts during the last financial year.

Public Benefit Requirement

In accordance with Section 4 of the Charities Act 2011, the Board has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising its powers or duties.

This guidance sets out two key principles:

1. The organisation must have an identifiable benefit.
2. The benefit must be to the public or a section of the public.

The Board meets its charitable objects by performing key duties as the custodian trustee of all Methodist Model Trust property, facilitating all related legal and financial transactions. It provides practical support to Managing Trustees in local Churches, Circuits and Districts and works closely and effectively with colleagues in the Methodist Connexional Team.

Structure and Governance

These accounts reflect only the state of affairs and income and expenditure of the Board in relation to its own direct affairs. The Board also acts as custodian trustee in respect of all property held on the Model Trusts and full trustee of a number of other trusts. The accounts included in this report do not include these funds or any amounts in respect of local Church, Circuit, District and connexional accounts.

The Board is a corporate body and was incorporated by the Methodist Church Act 1939. The Trustees for Methodist Church Purposes is a registered charity (1136358 – “Trustees for Methodist Church Purposes”).

Board members are appointed by the Methodist Conference on the nomination of the Board, which seeks to maintain a balance of appropriate professional experience, Methodist experience and Connexional representation. A detailed Skills Matrix is updated annually by the Chair in consultation with Board members. This is used as a reference point when any Board vacancies arise.

Further to Section 4(3) of the 1939 Act the Board aims to consist of equal numbers of “ministers and laymen” (sic) and the Conference has currently set the total number of members at 16.

Once appointed a member is a trustee for life unless any of the conditions set out in section 5 of the 1939 Act occurs. In summary these are if a member shall:

- Die
- Become bankrupt
- Make an assignment for the benefit of their creditors
- Refuse or be unfit to act or be incapable of acting as a member of the Board
- Reside for twelve months outside of the United Kingdom
- Cease to be a member of the Methodist Church
- By notice in writing sent or delivered to the Secretary* state their desire to resign from the Board

**In the Act the “Secretary” means “the Secretary of the Conference”.*

It should be noted that, despite these criteria, there is a regular refreshing of Board membership.

The Board, which met on 20th October 2021, 7th February 2022 and 11th May 2022, is responsible for all the functions of the Trustees for Methodist Church Purposes. In practice, much of the work of the Board is discharged through committees and by its staff. As well as meeting to discuss operational issues, the Board holds an annual strategy day to review policy and set goals for each year.

The Board occupies offices at Central Buildings, Manchester which is a Model Trust property used also by the Connexional Team, the Manchester Circuit and the Methodist Centre (a local church in the Circuit). The property is managed under a Joint Trusteeship Agreement to which the Methodist Council is party.

The Board is served by four committees:

The Executive Committee

There is currently a committee of five Board members which comprises the Chair and Vice Chair of the Board together with the Chairs of each sub-committee together with a ministerial representative. The committee met on 18th November 2021, 16th December 2021, 12th January 2022 and 6th April 2022. The Executive Committee reports to the Board and:

- oversees the management arrangements and Board meetings;
- takes appropriate action on behalf of the Board between meetings;
- reviews the Financial Statements and Annual Report of TMCP;
- considers and approves management accounts;
- deals with all full trust grant applications; and
- continues to work alongside the Chief Executive to finalise key projects and internal reviews.

The Audit and Risk Committee

This is a committee of three Board members, which met on 16th September 2021, 13th January 2022 and 14th June 2022 to review:

- the Financial Statements and Annual Report of TMCP, with the external auditors;
- the effectiveness of the financial and other internal control systems with regards to monies and other assets for which TMCP is responsible; and
- the effectiveness of the management of risks.

The committee also:-

- advises the Board on the appointment of external auditors; and
- oversees the annual internal audit process, including planning, scoping and reporting.

The Investment Committee

This is a committee of two members plus the Chief Executive and Finance Manager which meets annually with representatives from the Central Finance Board. It met on 28th January 2022 to review:

- the investment policy in respect of the Full Trusts and the Trustees' Interest Fund; and
- recommend the investment parameters for the Board to adopt on an annual basis.

There is an intention to increase the Board membership of this committee which had reduced due to Board changes.

The Grants Committee

This committee comprises six members including four Board members, the Chief Executive and the Finance Manager, supported by other staff as needed. The committee met on 15th September 2021, 6th October 2021, 8th December 2021 and 4th April 2022 and allocates grants from the discretionary grant funds under delegated authority from the Board. The meeting dates are publicised in advance on the TMCP website.

Board Recruitment

The Board continues to revise its process for recruitment. Vacancies, where they arise, are assessed in terms of experience, skills and expertise. There has been an ongoing review of the Board's diversity which has been reflected in positive quantifiable improvements. Increasing the diversity of membership is one of the Board's priorities.

Board Training

All new trustees undergo a induction to familiarise themselves with the aims and work of the charity, and to ensure they understand fully their responsibilities as Board members and the organisational expectations in terms of their commitment. As part of the induction programme, trustees are provided with constitutional, governance, financial and organisational documentation. Trustees also receive regular governance updates and are made aware of relevant events and training opportunities.

Outcomes

In order to provide an overview of the work performed by TMCP, included below is an outline of some of the tasks undertaken since the last Report. It should be noted that the investment being made in a new Matter Management System in the financial year ending 31st August 2022 will provide a more comprehensive outline of the work performed by the team and thereafter a more integrated form of management information will be provided in this report:

Finance

The Finance section supports the Board's role as custodian trustee by planning and performing all financial operations relating to the receipts and payments of Model Trust monies as well as the investment of funds as instructed by Managing Trustees. This section also works closely with colleagues in the Central Finance Board and the Connexional team in order to fulfill some of these duties.

Some of the highlights of activities undertaken during the Connexional Year 2021/22 are as follows:

• Property proceeds received	£60.1m
• Payment requests processed	£76.7m
• Investments purchased	£4.9m
• Investments sold	£7.2m
• Payment requests processed via the Consents system	378

The Trust Information System, an online system which provides online access to trust statements, balances and other information, had 2,898 users registered as at the year ended 31st August 2022 (2021 – 2,901 users).

Legal

TMCP works with Managing Trustees, the Connexional Team and their professional advisers to enable them to pursue mission in a number of different ways. This work includes the legal aspects of reimagining use of existing buildings, including partnerships for multi-purpose worship space and community activities. The Legal section enables Managing Trustees to advance these projects in compliance with the requirements of Charity Law and Methodist Law and policy.

In the Connexional Year 2021/22 the Legal section:

- provided Managing Trustees with guidance on 11 new major redevelopment projects and helped in the processing of 206 property sales and 34 purchases of new property.
- prepared 127 Model Trust Directions and helped to release 6 Permanent Endowments.
- assisted Managing Trustees on various other Trust and bequest matters.
- assisted Managing Trustees to complete approximately 137 non-residential leases and provided guidance and assistance on 156 new assured shorthold tenancies and 162 forms of licence agreement.

The Legal section continues to help Managing Trustees across the Connexion to secure income from their property to fund Mission.

The work which the Legal team performed in respect of TMCP's role as Data Controller is considered separately in this report as is the management of the Panel Solicitors.

Where TMCP Provide Support / Collaboration with the Connexional Team

General Data Protection Regulations (GDPR)

TMCP continues to act as the Data Controller for all Local Churches, Circuits and Districts (who are deemed to be the "Data Processors" i.e. the people who deal with data/ information on behalf of the Methodist Church).

The Connexional Team have a separate Notification with the Information Commissioners Office ('ICO'). The separate registration ensures that the Connexional Team is a data controller for ICO to cover those data processing activities which fall outside TMCP's registration and for which they are solely responsible.

TMCP and the Connexional Team continue to work together to provide data protection resources to the wider Connexion, including precedent documents, policies, practical guidance and frequently asked questions.

In the year to 31st August 2022 TMCP organised 4 online forums for District Data Champions to bring them up to speed on current developments in Data Protection and to provide support and guidance as needed. As Data Controller, TMCP requires assurance from the Local Churches, Circuits and Districts that all necessary GDPR processes are being adhered to. In order to obtain such assurances, and on the recommendation of its Internal Auditors, TMCP introduced an Annual Checklist. This is

completed by local Managing Trustees and reported back via the circuit and District who have collated the returns to confirm that they are fulfilling their responsibilities with regard to GDPR.

TMCP continues to act as a point of reference on matters arising in respect of both registrations and also co-ordinated 5 Data Subject Access Requests (DSAR's) in the Connexional year 2021/22. Of these 5 DSARs, TMCP dealt with 3 and helped/co-ordinated with the Connexional Team on 2. The DSARs are recorded in TMCP's DSAR Register.

News Hub Articles

Articles are regularly published on the TMCP website 'News Hub', providing information to Managing Trustees and their professional advisers on updates to the website, guidance on changes in legislation, training events, data protection, availability of trust statements and other relevant information. During the year there have been 10 articles published. Managing Trustees are encouraged to sign up for the News Hub emails to be kept informed of current developments. The number of subscribers is currently in excess of 1,000.

Panel Solicitors

The Framework Agreement between TMCP and the Panel firms sets out the overarching principles for the performance and management of the Panel. In its capacity as the Church's corporate body TMCP is party to the Framework Agreement meaning we have responsibility for ensuring the terms of the Framework Agreement are complied with.

Feedback questionnaires are sent at the end of a transaction to all Managing Trustees who use the Panel. Feedback is an important part of the monitoring process and ensures that Managing Trustees are receiving a high level of service and advice. TMCP are summarising statistics relating to use of the Panel for monitoring, reporting, management and addressing feedback and complaints.

TMCP hold quarterly face to face monitoring meetings with each firm on the Panel. Training events regularly take place.

Following the extension of the framework agreement, TMCP have been working closely with the three Panel firms; Anthony Collins, Blake Morgan and Sintons, on how best to serve the Church. Work has been completed on streamlining procedures for sales, which are followed by all three firms. TMCP are also working with the Panel on streamlining for leases and template documents for other transactions, including a burial ground lease and overages. It is proposed to introduce these procedures and templates in the early part of 2023. The streamlining procedure and the introduction of precedent documents should help to make sure that TMCP can limit its involvement in transactions when buyer/tenants have been found (the time critical stage) and ultimately transactions should proceed much quicker.

The three firms have agreed that it is important for the streamlining process that conversations are held across all parties to ensure continuity for the wider Connexion and were happy to meet as a group to discuss the implementation of the documents.

Copyright

The TMCP Board is the corporate body which holds copyright on behalf of the Conference and its subsidiary bodies because copyright is to be held either by an individual person or a corporate legal person. It will be noted that all publications such as the Constitutional Practice and Discipline of the Methodist Church (CPD), the Minutes of Conference and Singing the Faith and the works held in the Art Collection, to give but a few examples, name TMCP as the holder of the copyright.

However, all management responsibilities relating to these publications and their copyright are in the hands of the Methodist Council leaving the Board to be the mere holder of copyright. The Council delegates to others the power to grant permissions to use copyright material and to set any fees in respect of such use. Any fees paid to the Board for the use of copyright material are held to be used as directed by the Methodist Council.

Moving Forward

There are a number of key strategies being rolled out currently in respect of the work performed by TMCP. Delivery of these strategies will result in the streamlining of all internal processes and continue to lead to efficiencies which will positively impact performance. The Board and team continue to invest resources to achieve these outcomes. The current status of these strategies is outlined below:

IT Strategy (Delivered)

- Upgrade of office computers to laptops running Windows 10 for remote working
- Migration of email to Microsoft 365 on 'tmcp.org.uk' domain
- Digital ways of working implemented
- Procurement of a Matter Management System
- Initial user training on Microsoft 365, Teams and SharePoint
- Start of file migration to Microsoft 365
- Implementation of new telephone systems using Microsoft 365 Platform
- Procurement of a new Managed Service Provider for on-going IT Support

IT Strategy (In progress)

- Configuration and implementation of the Matter Management System
- Migration of files to new digital platform and integrating agreed Key Performance Indicators (KPIs)
- Review alternative Finance Systems, and plan for replacement software

Legal Strategy (In progress)

- Introduction and increased use of KPIs in certain areas in line with the Service Level Partnership Agreement (SLPA) between the Board and the Methodist Council
- Streamlining – 2022 will see this extended across more types of legal work
- Continuing ways of improving ways of communication with Managing Trustees (MTs)
- Panel of solicitors for Scotland
- More guidance and training for MTs – for example more precedent documents and continued training for data champions
- Implementing further integrated ways of working with connexional colleagues and Districts, including District Property Secretaries.

Finance Strategy (Delivered)

- Ground-Up Review of Processes
 - The Month end processes have been reviewed and work has begun in starting to streamline the month end
 - An internal Audit has been undertaken to ensure that the process changes are robust and that controls in place are appropriate

Finance Strategy (In progress)

- Improved Engagement with External Parties
 - The team continue to communicate with Managing Trustees via email and telephone creating stronger relationships.
 - The relationship between TMCP Finance, Central Finance Board and Methodist Church House continues to flourish and we work collaboratively where appropriate to improve the overall service delivered to the wider Methodist Church

Workforce Strategy (Delivered)

- Role / Salary review against market
- Implementation of a performance review policy

Workforce Strategy (In progress)

- Building a culture in which the team continues to feel valued

Review of Funding

The Board has been aware for some years that the funding model for TMCP is unsustainable and not fit for purpose. For several years the Board made the decision to balance the budget by drawing on Reserves. In more recent years the decision to increase the Management Charge helped TMCP reach a balanced budget.

Part of TMCP's road map is to consider, with some urgency, the fact that its current funding model presents key risks. By way of example, the model is not dynamic and cannot respond to changes in demand for legal services.

In a more regulated world, where the pre-requisite is openness and transparency, TMCP now has the opportunity to re-establish how it links its key role as Custodian Trustee with its charging structure. Also, as a separately registered charity, TMCP must, through appropriate funding, be able to meet its ongoing responsibilities and be able to operate as a going concern.

Within the Service Level Partnership Agreement (with the Methodist Council), it is recognised that the parties should mutually ensure that appropriate levels of funding are available to maintain service levels and in 2020/21 it was agreed collaboratively that TMCP would work towards this. As a consequence, the TMCP Board have considered a variety of funding models and have decided on a preferred option. TMCP is in conversation with the Connexional Team to 'sound out' the proposals.

The focus on whether or not TMCP has adequate resources has sharpened as the flow of work continues to increase and additional pressures are being felt across the team. It is envisaged that, following more detailed discussions with the Connexional Team and other parties, there will be a funding proposal put to Conference 2024.

In Summary

In summary, the following observations should be noted:

- Despite a significant increase in workloads during the period of this report we have taken steps to mitigate the impact of this and through streamlining of processes and new ways of working are continuing to serve the needs of Managing Trustees.
- We are, in collaboration with others, seeking to develop a sustainable funding model going forward
- We have been able to increase capacity without increasing on- costs
- Investment in technology and improvements in processes have proven beneficial
- We constantly strive to identify areas for continuing improvement and seek ways to embed necessary changes
- The continued support of all our connexional partners will drive more efficiency and deliver greater outcomes

Financial Review

Total income for the year was £1,392,940 while total expenditure for the year was £1,227,360 and this resulted in a net operating surplus of £165,580,728 (2021: (£75,728)). Losses on investment assets of £103,748 were then offset against this surplus, which then led to a net increase in funds of £61,832 (2021: net increase in funds £103,561).

The Statement of Financial Activities shows grant income of £106,170 received from the Dore Trust and this is matched against the second phase costs of the digitalisation programme which will lead to increases in efficiency and effectiveness. This restricted income and expenditure is shown separately in order to distinguish it from the unrestricted income and expenditure streams.

In accordance with its previous Reserves Policy, the Board determined, for the last five years, to continue to operate a deficit budget to subsidise its work, deciding not to pass on the full cost of operations onto the Methodist Church. This has led to an erosion of reserves in the short term, and it was always accepted that this policy was not sustainable in the long term.

Following a review of the reserves position a new policy was agreed and it was decided that the reserves needed to be restored to the required level of £1.4m. The additional grant income corrected the position for the year to 31st August 2021 and the Board have achieved a balanced budget in 2021/22 by increasing the management charge and are currently discussing an appropriate charging structure for services provided to the Connexion going forward.

Under the Service Level Partnership Agreement currently in place both the Board and Methodist Council are keenly aware of the need for TMCP to continue to provide efficient and effective services over the longer term. Discussions will be held with the Methodist Council in the forthcoming year to address the situation regarding TMCP's ongoing financial viability.

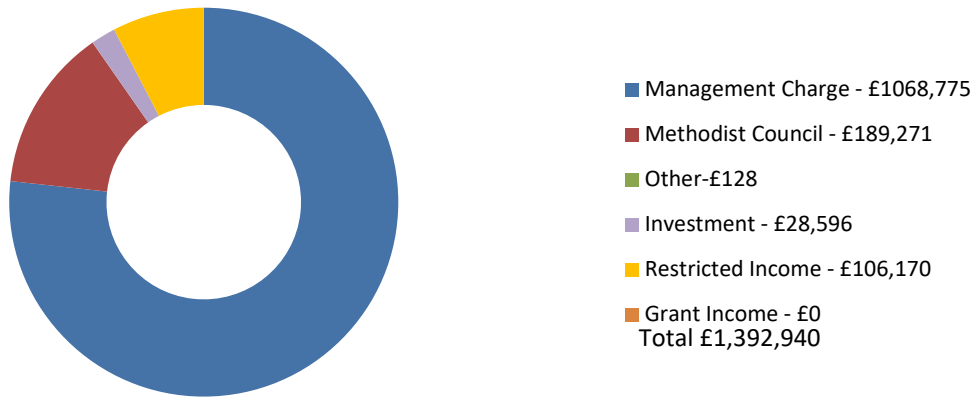
Charitable Income

The main sources of charitable income are the management charges, the contribution from the Methodist Council and the dividends arising on funds held with the Central Finance Board. The charity does not carry out significant fundraising activities.

Income from charitable activities increased by 46% to £1,258,174 (2021: £859,176). Investment Income increased by 33% to £28,596 (2021: £21,438). Methodist Council income includes recovery of costs incurred in respect of Support Services staff accommodated in Manchester.

Restricted income is from Dore Trusts £106,170 (as noted in the overview above).

Incoming Resources for the Year to 31 August 2022



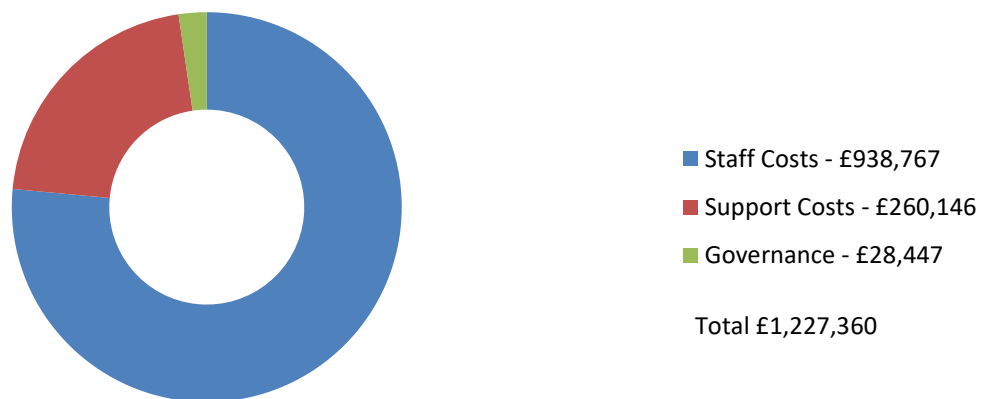
Charitable Expenditure

The main categories of charitable expenditure are staffing and support costs. Resources expended in respect of charitable activities decreased to £1,198,913(2021: £1,279,511). This included expenditure incurred in respect of the second phase of the digital transformation project.

Over the last five years, since 2017/18, there has been an aggregate deficit of £319,709. This is after adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has moved over that period from £1,754,133 to £1,434,424.

To ensure continual improvement in performance and the development of ongoing tools to assist the Connexion, TMCP has over the last five years further invested in staff and infrastructure.

Outgoing Resources for the Year to 31 August 2022



Utilisation of Reserves

	2021/22	2020/21	2019/20	2018/19	2017/18
Opening Balance	£1,373,592	£1,270,031	£1,511,188	£1,754,133	£ 1,926,553
Funds added to / (utilised from) reserves in the year	£61,832	£103,561	£ (241,157)	£(242,945)	£ (172,420)
Closing Balance £	£1,435,424	£1,373,592	£1,270,031	£1,511,188	£ 1,754,133

Reserves Policy and Review

The current reserves policy was agreed in 2020. Quantified target reserves per the policy are £1.4m compared to actual free reserves of £1,368,787 (excluding tangible and intangible fixed assets).

As noted previously, the Board determined to operate a deficit budget over the last five years to subsidise its work, deciding not to pass the full cost of operations on to the Methodist Connexion.

The Service Level Partnership Agreement noted that one of the purposes of the agreement is to ensure appropriate levels of funding are available to maintain service levels. Discussions have been held as part of the monitoring and reporting process to decide upon new charging mechanisms and ensure a balanced budget.

The Audit and Risk Committee will look at the Policy annually, in the context of the budget and the final accounts, as a matter of good practice. A full review of the Reserves Policy is undertaken every three years by the Board. Next date of review July 2023.

When the Annual Budget is prepared, the Reserves Policy will be reviewed to decide if any allocation of the Administration Fund is possible for the forthcoming year. In the first instance the level of reserves needs to be restored to the required level as noted above. If this is the case any excess on an annual basis could then be budgeted to be utilised.

The Reserves could be used to:

- i. Contribute to the cost of additional services which otherwise would be funded wholly by the Methodist Council or Districts.
- ii. Provide a safety net should the Board be called upon to meet additional obligations as part of its custodian trusteeship responsibilities.
- iii. Contribute to the cost of investing in the infrastructure of the organisation to ensure team performance is maximised and services provided to the Connexion are at an optimum level.

It would be preferable if the Reserves were not used to:

- i. Subsidise services identified as being additionally commissioned by the Methodist Council or
- ii. Subsidise an operational deficit when the Reserves fall below the limit stated above.

COVID-19 presents a key risk in respect of both the current value of reserves and the ongoing ability of the organisation to maintain its funding streams. This will be monitored carefully by the Board.

Investment Policy and Review

The Board has agreed investment objectives for each of the trusts for which it is full trustee and reviews annually the criteria for the investment of the Trustees Interest Fund in collaboration with the Methodist Church's in-house investment manager, the Central Finance Board (CFB) of the Methodist Church, whose mission is to:

- Provide a high quality investment service, seeking above average returns for long term investors;
- Follow a discipline in which the ethical dimension is an integral part of all investment decisions;
- Construct investment portfolios which are consistent with the moral stance and teachings of the Christian faith; and
- Encourage strategic thinking on the ethics of investment.

To ensure that the CFB is working to the highest ethical standards, the Joint Advisory Committee for the Ethics of Investment (JACEI), which is made up of five people nominated by the CFB and five by the Methodist Council, monitors the activities of the CFB to ensure that it complies with the ethics of the Church.

This policy is reviewed annually, and the responsibility is delegated by the Board to the Investment Committee. This committee also recommends the investment parameters for the Board to adopt.

Connected Organisations

TMCP as a corporate body is a separate legal entity, distinct from the Methodist Church, and is responsible for its own actions. The Board reports annually to the Conference and all members of the Board must be members of the Methodist Church. The Conference has various powers under the 1939 Act (e.g. to change the body's name) and in particular it appoints the members of the Board.

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 Methodist Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

Outlined below are two bodies considered to be connected organisations, which alongside TMCP report separately each year to the Methodist Conference:

- a) The Methodist Council, through the Connexional Team provides the Board with services in regard to payroll and pensions. The Board provides the Support Services in Manchester with accommodation and office services.
- b) The Central Finance Board of the Methodist Church (CFB) was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently.

The CFB has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the CFB to discuss matters of mutual interest.

	Income from connected organisation	2022 Purchases from connected organisation	Amount owed by connected organisation at year-end
Methodist Council	£189,271	£1,422	£22,288

	Income from connected organisation	2021 Purchases from connected organisation	Amount owed by connected organisation at year-end
Methodist Council	£180,417	£1,484	£45,233

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

Other Connected Organisation Matters

Anne Goodman, Chief Executive, is a director of Methodist Chapel Aid Ltd.

The Board, as full trustee of the MCA Charitable Trust, holds 29.7% (2021: 29.7%) of the share capital of the Company. It holds these shares for the charitable purposes of the Methodist Church generally.

Risk Management and Internal Controls

Risk Management

The Board, through the Audit and Risk Committee, regularly reviews the risks to which its operations are subject and maintains appropriate arrangements to mitigate those risks. The primary risks are funding and investments, loss of key staff, and changes in technology.

The Audit and Risk Committee reviews and assists in the continued development of a refined Risk Matrix. A full statement of the Risk Management policy is available on request.

The risk management policy is designed to identify and analyse operational and other risks facing the organisation and, where at unacceptable levels, to take steps to mitigate the risks. The Board currently maintains a corporate risk register broken down under the following headings:

- Financial
- People
- Information Communications and Technology (ICT)
- Operational
- Compliance – Legal & Regulatory

The matrix summarises the strategies for mitigating and managing the identified risks.

Internal Controls

The principal features of the systems of financial control include:

- An annual planning and budgeting process;
- An Audit and Risk Committee (see above for details of its terms of reference);
- Delegation of authority to spend within clearly defined limits;
- Segregation of duties wherever possible; and
- Written policies and procedures which describe the operational guidelines to be followed by all members of staff.

For the year under review, the Board is satisfied that the major risks to which TMCP is exposed have been assessed and that systems are in place to manage and mitigate exposure to them and residual risks are at acceptable levels.

The risk management policy remains under continual scrutiny. Since the agreement of the Service Level Partnership Agreement (SLPA) with the Connexional Team, the risk management now also encompasses the monitoring of the Key Performance Indicators (KPI's), a function which will be assisted by the introduction of a Matter Management System during 2023 which will streamline processes and workflow.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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, the provisions of the trust deed and the Statement of Recommended Practice Accounting and Reporting by Charities. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Appointment of Auditor

As a result of The Financial Reporting Council's Revised Ethical Standard 2019 prohibiting a firm acting as both Internal and External Auditors, the Board requested that the Audit and Risk Committee to seek new External Audit firms.

After a robust tender process, the Audit and Risk Committee recommended that Moore and Smalley be appointed to act as External Auditors and the resolution to accept this recommendation was adopted by the board on 19th October 2022. Moore and Smalley have accepted the appointment.

Approved by the Board on 23rd February 2023 and signed on its behalf by:



Mr Ian White
Chair of Trustees

Date: 23rd February 2023

Trustees for Methodist Church Purposes

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF TRUSTEES FOR METHODIST CHURCH PURPOSES

Opinion

We have audited the financial statements of Trustees for Methodist Church Purposes (the 'charity') for the year ended 31 August 2022 which comprise Statement of Financial Activities, Statement of Financial Position, Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charity's affairs as at 31 August 2022, and of its incoming resources and application of resources, including its income and expenditure, 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 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 responsibilities for the audit of the financial statements section of our report. We are independent of the 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual report², other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report². Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require 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
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, 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 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 1443 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with the board and management about any known or suspected instances of non-compliance with laws and regulations, including fraud.

- An evaluation of the risk of management override of controls and subsequent testing, including through testing journal entries and other adjustments for appropriateness.
- An evaluation of the charity's internal control environment.
- Challenging assumptions and judgements made by the board and management, in particular in relation to the future performance of the charity; and
- A review of board minutes.

Because of the industry in which the charity operates, we identified the following areas as those most likely to have an impact on the financial statements: compliance with key legislation including the Companies Act 2006, employment legislation and health and safety regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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 Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.



Moore and Smalley
Statutory Auditor
9 Winckley Square
Preston
PR1 3HP

Moore and Smalley is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Date: 24/05/2023

Statement of Financial Activities for the year ended 31st August 2022


	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income and Endowments from:					
Donations and legacies	3 (a)	-	106,170	106,170	346,870
Investment and other income	3 (b)	28,596	-	28,596	21,438
Charitable Activities	3 (c)	1,258,174	-	1,258,174	859,176
Total Income		1,286,770	106,170	1,392,940	1,227,484
Expenditure on:					
Charitable Activities	4(a), (b) & (c)	(1,121,190)	(106,170)	(1,227,360)	(1,303,212)
Total Expenditure		(1,121,190)	(106,170)	(1,227,360)	(1,303,212)
Net Expenditure		165,580	-	165,580	(75,728)
Net (Losses)/Gains on investments	8(a)	(103,748)	-	(103,748)	179,289
Net movement in funds	11	61,832	-	61,832	103,561
Reconciliation of Funds					
Fund balances brought forward at 1 st September		1,373,592	-	1,373,592	1,270,031
Fund balances carried forward 31 st August	11	1,435,424	-	1,435,424	1,373,592


The notes on pages 28 to 40 form an integral part of these accounts

Statement of Financial Position as at 31st August 2022

	Note	2022 £	2021 £
Fixed Assets			
Tangible fixed assets	6	-	3,715
Intangible fixed assets	7	-	1,090
Investments	8	<u>1,126,666</u>	<u>1,249,020</u>
Total Fixed Assets		<u>1,126,666</u>	<u>1,253,825</u>
Current Assets			
Debtors	9	57,531	67,208
Cash at bank and in hand		<u>309,715</u>	<u>83,032</u>
Total Current Assets		<u>367,246</u>	<u>150,240</u>
Liabilities			
Creditors			
Amounts falling due within one year	10	<u>(58,488)</u>	<u>(30,473)</u>
Net Current Assets		<u>308,758</u>	<u>119,767</u>
Net Assets		<u>1,435,424</u>	<u>1,373,592</u>
The Funds of the Charity			
Unrestricted income funds	11	1,435,424	1,373,592
Restricted income funds	12	<u>-</u>	<u>-</u>
Total Charity Funds		<u>1,435,424</u>	<u>1,373,592</u>

The financial statements on pages 25 to 40 were approved by the Board and authorised for issue on: 23rd February 2023 and signed on its behalf by

.....  Board Member

.....  Board Member

The notes on pages 28 to 40 form an integral part of these accounts.

Statement of Cash Flows for the year ended 31st August 2022

	Note	2022 £	2021 £
Net cash from operating activities	16	<u>179,481</u>	<u>(73,888)</u>
Cash Flows from Investing Activities			
Dividends & interest	3 (b)	28,596	21,438
Addition: Tangible Fixed Asset	6	-	-
Addition: Intangible Fixed Asset	7	-	-
Proceeds from sale of investments	8 (a)	3,980	230,015
Transfers of CFB units as per Conference Resolutions	8 (a)	-	(210,798)
Transfer of CFB units from T10885b	8 (a)	(2,981)	
Monies held as Debtor	8 (a)	946	
Net Transfers from Trustees Interest Fund	8 (a)	16,661	37,772
		<u>47,202</u>	<u>78,427</u>
Changes in cash and cash equivalents in the year		226,683	4,539
Cash and cash equivalents brought forward		<u>83,032</u>	<u>78,493</u>
Cash and cash equivalents carried forward		<u>309,715</u>	<u>83,032</u>

The notes on pages 28 to 40 form an integral part of these accounts

Notes to the Accounts for the Year Ended 31st August 2022

1 Trustees for Methodist Church Purposes (The Board)

These accounts do not include investments of some **£362 million** (2021: £381 million) at market value held by the Board in its capacity as trustee or custodian trustee. These funds are held for Methodist purposes for the Managing Trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Of the £362 million, approximately **£5.67 million** is in the form of trusts over which the Board has full discretion in accordance with the objects of the trusts. These trusts are segregated from the Charity's individual assets, being each identified as separately labelled funds. Any instructions for actions in respect of those funds are given by the Managing Trustees responsible for the funds and only acted upon when this authority is given. Regular reconciliations of these funds and investments held are performed and all processes are subject to scrutiny.

The financial statements are prepared in sterling, which is the functional currency of the entity.

2 Accounting Policies

(a) Basis of preparation and assessment of going concern

These financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or in the notes to the financial statements.

They have also been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. In reaching this conclusion the Trustees have assessed the potential impact of covid-19 on the Charity's investments. There were no significant areas of adjustment and key assumptions that affect items in the accounts. With respect to the next reporting period, 2022-23, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets.

(b) Statement of Cash Flows

In accordance with FRS102 a Statement of Cash Flows has been prepared.

(c) Tangible Fixed Assets

Fixed assets purchased in the year costing over £5,000 are capitalised at cost.

Depreciation on assets in use has been provided at rates calculated to write down their cost or valuation to their residual values over the period of their estimated useful economic lives. A full year's depreciation is charged in the year of purchase.

The rate of depreciation used on Computer Equipment is 33.3% on a straight line basis.

(d) Intangible Fixed Assets

Intangible Fixed assets purchased in the year are capitalised at cost and amortised over their useful life with a full year's amortisation charged in the year of purchase.

Amortisation on intangible assets in use has been provided at rates calculated to write down their cost or valuation to their residual values over the period of their estimated useful economic lives.

The rate of amortisation used during the year is 33.3% on a straight line basis.

(e) Taxation

The Charity is exempt from Income and Corporation Tax on income derived from its charitable activities because of its charitable status.

Since 1st June 2014, the Charity is no longer registered for Value Added Tax and as such resources expended are presented gross of VAT.

(f) Investments

The Charity holds unlisted investments. Investments are a form of financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Statement of Financial Position date using the closing quoted bid price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year (see note 8a.)

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investments risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(g) Income and Endowments

- Income, including donations, gifts and legacies, is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Dividends received from the Central Finance Board are recorded on a cash basis.
- Interest from deposits is recognised on an accruals basis.
- The management charge represents amounts charged in the year.

(h) Expenditure

All resources expended are accounted for on an accruals basis. Any ensuing liabilities are recognised as soon as a legal or constructive obligation exists.

- Charitable activities include the direct costs of the Board's activities, for example, wages and salary costs for staff employed by the Board and direct costs and support costs. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements and include internal and external audit and trustees' expenses.

- All amounts include Value Added Tax.

(i) Pension Costs

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

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

TMCP now contributes to a defined contribution scheme with Royal London for its employees.

(j) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(k) Debtors

Amounts owed by related parties due within one year are measured at the undiscounted amount of cash or other consideration expected to be received. All other debtors are measured at transaction price, less any impairment.

(l) Creditors

Amounts owed to related parties due within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid. All other creditors are measured at transaction price.

(m) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from related parties.

3. Income and endowments from:

3(a) Donations and legacies	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Coronavirus Job Retention Grant Scheme	-		-	27,183		27,183
Grant from discretionary trust		106,170	106,170		91,049	91,049
Legacy	-		-	228,638		228,638
	-	106,170	106,170	255,821	91,049	346,870
3(b) Investment and other income	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Deposit Interest	1,676		1,676	425		425
Dividends	26,920		26,920	21,013		21,013
	28,596		28,596	21,438		21,438
3(c) Charitable activities	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Management Charge	1,068,775		1,068,775	678,259		678,259
Methodist Council Contribution	174,384		174,384	170,821		170,821
Methodist Council Additional Work	5,110		5,110			
Support Services in Manchester Contribution	9,777		9,777	9,596		9,596
Other income and recovery of bank charges	128		128	500		500
	1,258,174	-	1,258,174	859,176	-	859,176

4. Expenditure on:

4(a) Analysis of Expenditure	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restrictede d Funds	Total Funds
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Charitable Activities – Staff Costs	900,318	38,449	938,767	966,169	8,940	975,109
Charitable Activities – Support Costs	192,425	67,721	260,146	222,293	82,109	304,402
Governance costs (note 4 (c))	28,447	-	28,447	23,701	-	23,701
	1,121,190	106,170	1,227,360	1,212,163	91,049	1,303,212

4(b) Staff Costs	2022	2021
	£	£
Wages & Salaries	733,465	762,269
Social Security costs	82,196	83,235
Pension & Permanent Health Insurance costs	123,106	<u>129,605</u>
	938,767	<u>975,109</u>
Average number of employees (full time equivalent)	20	20

The full-time equivalent is calculated on the basis of a 35-hour week. The average number of employees (headcount) during the year was 20 (2021: 20) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

A provision of £9,582 has been included in the 2022 wages and salaries total in respect of potential holiday pay. A provision for this was also made in 2021 (£15,000).

The Board considers its key management personnel comprise the Trustees, the Chief Executive and five senior managers. The total employment benefits including employer pension contributions of the key management personnel were £410,938 (2021: £ 427,410).

	2022	2021
	No. of employees	No. of employees
£60,001 - £70,000	1	1
£70,000-£80,000	1	1

The Trustees do not receive any emoluments.

4(c) Governance costs	2022	2021
	£	£
Trustees Expenses (note 15)	1,087	-
Committee Expenses (sundry costs)	450	-
Auditors Remuneration:		
In their capacity as external auditors	14,700	10,740
Charges for other services: Internal audit	4,434	7,230
HR services	6,426	5,256
Independent Examination	1,350	475
	<u>28,447</u>	<u>23,701</u>

5. Net movement in funds for the year	2022	2021
	£	£
Net movement in funds for the year is stated after charging:-		
Depreciation	3,715	3,715
Amortisation	1,090	2,180
Operating lease rentals	3,891	2,537
	<u>8,696</u>	<u>8,432</u>

6. Tangible Fixed Assets**Computer
Equipment**
£**Cost**At 1st September 2021

19,970

Additions in the year

-

At 31st August 202219,970**Depreciation**At 1st September 2021

16,255

Charge for the year

3,715**At 31st August 2022**19,970**Net Book Values****At 31st August 2022**

-

At 31st August 2021

3,715

7 Intangible Fixed Assets**Website
Development**
£**Cost**At 1st September 2021

52,662

Additions in the year

-

At 31st August 202252,662**Amortisation**At 1st September 2021

51,572

Charge for the year

1,090**At 31st August 2022**52,662**Net Book Values****At 31st August 2022**

-

At 31st August 2021**1,090**

8 Investments**8(a) Movement on Investments**

	2022	2021
	£	£
Market value 1 st September	1,249,020	1,126,720
Disposal proceeds	(3,980)	(230,015)
Transfers of CFB Units into Trust 17A & 5723A as per conference resolution		210,798
Transfer of CFB Units from 10885B	2,981	-
Cash Transfer from (17A)		17,840
Net Transfers from Trustees Interest Fund	(16,661)	(55,612)
Monies held as Debtor	(946)	
Net (losses)/gains on investments	(103,748)	179,289
Market value at 31 st August	<u>1,126,666</u>	<u>1,249,020</u>

8(b) Analysis of Investments

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

	2022	2021
	Market Value	Market Value
	£	£
Central Finance Board		
Trustees Interest Fund	236	17,843
Global Equity Fund	206,282	225,604
UK Equity Fund	458,138	515,409
Short Fixed Interest Fund	143,063	158,409
Corporate Bond	80,805	97,243
Property Fund	121,405	106,959
Managed Mixed Fund	96,519	106,037
Managed Fixed Interest Fund	20,218	21,516
	<u>1,126,666</u>	<u>1,249,020</u>

9 Debtors

	2022	2021
	£	£
Debtors	4,667	3,220
Amounts due from related party	22,289	45,233
Prepayments and accrued income	30,575	18,755
	<u>57,531</u>	<u>67,208</u>

10 Creditors	2022	2021
	£	£
Trade creditors	17,198	1,151
CFB Client Creditor	11,000	-
Accruals	30,290	29,322
	<u>58,488</u>	<u>30,473</u>

11 Unrestricted - Administration Fund	2022	2021
	£	£
Accumulated fund at 1 st September	1,373,592	1,270,031
Net movement in funds	61,832	103,561
	<u>1,435,424</u>	<u>1,373,592</u>
At 31 st August		

12 Analysis of restricted fund movements	Funds at 01-Sep-21	Income	Expenditure	Funds at 31-Aug-22
	£	£	£	£
Restricted Fund	-	106,170	(106,170)	-
	<u>-</u>	<u>106,170</u>	<u>(106,170)</u>	<u>-</u>

Income received from T10885B

13 Analysis Net Assets Between Fund	Unrestricted Funds 2022	Restricted Funds 2022	Total Funds 2022	Total Funds 2021
	£	£	£	£
Tangible fixed assets	-	-	-	3,715
Intangible fixed assets	-	-	-	1,090
Investments	1,126,666	-	1,126,666	1,249,020
Cash at bank and in hand	309,715	-	309,715	83,032
Other net current assets	(957)	-	(957)	36,735
	<u>1,435,424</u>	<u>-</u>	<u>1,435,424</u>	<u>1,373,592</u>
Net assets at 31 August 2021				

14 Pension Costs

The Board is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church (“the Scheme”), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2021 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:-

	31 August 2022	31 August 2021
	% pa	% pa
Discount rate	3.9	1.7
RPI inflation rate	3.5	3.5
CPI inflation rate	3.0	2.8
Rate of increase in pensionable earnings	3.0	2.8
Rate of increase in pension payments	2.3 / 3.4 / 5.0	2.3 / 3.3 / 5.0

The major categories of the Scheme’s assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows: -

	31 August 2022	31 August 2021
	%	%
Equities	12	44
Corporate bonds	37	5
Property	10	9
Cash	16	8
Liability Driven Investment	20	30
Annuities	5	4

The following amounts at 31 August 2021 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	70.0
Present value of scheme liabilities	66.9
Net overfunding in Scheme	<u>3.1</u>
Unrecognised assets	<u>(3.1)</u>
Net Defined Benefit Asset	<u><u>0.0</u></u>

The Scheme operated by the Methodist Church is a defined benefit scheme. However, the Board is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme have not been invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Board. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. The Board would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2020 by the Scheme Actuary. The valuation disclosed a past service deficit of £16.7m. It was agreed that the shortfall revealed at 1 September 2020 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £2,380,000 per annum each August, starting August 2021 up to and including August 2026; and
- Between £0 and £529,000 each December, starting December 2021 up to and including December 2026. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

An update of the funding position as at 1 September 2021 was carried out by the Scheme Actuary. This showed that the past service deficit had reduced from £16.7m to £1.6m

The next full actuarial valuation is currently being carried out as at 1 September 2023.

15 Transactions with Members of the Board and Connected Persons (Trustees)

Under the requirements of Accounting by Charities - Statement of Recommended Practice, it is necessary to disclose details of certain transactions with Trustees.

	2022	2021	2022	2021
Nature of transaction	£	£	No	No
Travel expenses reimbursed	1,087	-	20	-

16. Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	£	£
Cash Flows from Operating Activities		
Net Movement in funds	61,832	103,561
Add Depreciation charge	3,715	3,714
Add Amortisation provided	1,090	2,180
Add / Deduct Losses/ (Gains) on investments	103,748	(179,289)
Deduct Dividends & interest	(28,596)	(21,438)
Decrease in debtors	9,677	22,270
Increase/(Decrease) in creditors	28,015	(4,886)
Net cash from operating activities	179,481	(73,888)

17. Operating lease commitments

At 31st August 2022 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Leases which expire:		
Not later than one year	2,833	3,200
Later than one year and not later than five years	4,105	7,630
Later than five years	-	-
	6,938	10,830

18. Related Parties

There were no related party transactions during the year (2021: none) other than expenses paid to Trustees as disclosed in note 15.

Transactions with connected organisations are reported in the Trustees' Report on pages 16 and 17.

19. Analysis of changes in net debt	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	83,032	226,683	309,715
	83,032	226,683	309,715

20. Financial instruments

The charity had the following financial instruments:

Financial assets measured at fair value through the Statement of Financial Activities:	2022	2021
	£	£
Investments stated at market value	1,126,666	1,249,020