

Trustees for Methodist Church Purposes Charity Registration Number 1136358

Trustees Report & Accounts for the year ended 31 August 2021

Trustees for Methodist Church Purposes

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Office and Advisers

Office

Central Buildings
Oldham Street
Manchester
M1 1JQ

Bankers

HSBC Plc
Belgravia Branch
The Peak
333 Vauxhall Bridge Road
London
SW1V 1EJ

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

External Auditors

Beever and Struthers
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

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
The Revd Rodney Hill	Dr Ian Harrison (resigned Conference 2021)
The Revd Jennifer A Impey (resigned Conference 2021)	Mr David James
The Revd Simon Leigh	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 Ian Harrison and Revd Jennifer Impey resigned from the Board with effect from 1st July 2021 (Conference 2021), having notified Conference accordingly. The Board is very grateful for their years of service on the Board and its sub-committees and acknowledges the great contribution they have made to the organisation.

TMCP Team

Mrs Anne Goodman, Chief Executive, oversees a professional team of 21. The Team 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 key management personnel include:

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

The Chief Executive and management team are working with the Executive Committee and external consultants to develop and implement new systems in order to help streamline systems and 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 through an appraisal process in order to plan an annual programme of training and continuing professional development which enhances roles and satisfies the requirements of individual professional bodies. The Board holds a 'season ticket' with an industry training provider to help facilitate this.

The pay grading of TMCP staff including key management personnel is set with reference to the Hays Pay and Grading Scale for charities and related professional organisations of a similar nature and size. The full implementation of a revised pay and grading policy, which includes an updated appraisal system, has been delayed unavoidably because of the ongoing pandemic. The Executive committee in liaison with the Chief Executive are fully implementing the new systems from 2022 onwards.

The measures taken by the Government in the UK to contain COVID-19, as from March 2020, continue to impact the team and its ways of working during the financial year to 31st August 2021. During this year the team adopted a hybrid way of working temporarily, both attending the office and working remotely. Management continue to develop and implement new ways of working and monitoring performance to accommodate this change in circumstances. The team has stepped up to meet these challenges despite the disruptive impact on their personal situations.

The Board acknowledges these challenges and is extremely grateful for the team continuing to show resilience in maintaining as effective a service as possible. The Board is monitoring the situation during the ongoing pandemic and will continue to prioritise the health and welfare of the team whilst maintaining service standards. The digitising of all records and processes will greatly assist towards this aim.

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 4,005 or so local Churches, 342 Circuits and 30 Districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the funds held in 5,705 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 £827,515 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 14th October 2020, 17th February 2021 and 11th May 2021, 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. Connexional Managing Trustees appointed by the Council are responsible for the area occupied by the Board and the Connexional team.

The Board is served by four committees:

The Executive Committee

There is currently a committee of six Board members, which met on 10th September 2020, 18th November 2020, 17th March 2021, 19th April 2021, 2nd June 2021 and 8th July 2021. 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 2020, 30th October 2020 and 4th February 2021 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 which meets annually with a member of the Central Finance Board in attendance. It met on 26th May 2021 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 five members including three Board members, the Chief Executive and the Finance Manager, supported by other staff as needed. The committee met on 25th November 2020 and 28th April 2021 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 comprehensive 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 2021 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 2020/21 are as follows:

• Property proceeds received	£ 49.1m
• Payment requests processed	£55.9m
• Investments purchased	£ 1.8m
• Investments sold	£ 7.9m
• Payment requests processed via the Consents system	454

The Trust Information System, an online system which TMCP developed to provide online access to trust statements, balances and other information, has become established as a resource and at the year ended 31st August 2021 there were 2,901 users (2020 – 2,765 users).

The outbreak of the COVID-19 virus has impacted on the workflow of the Finance section. The financial effects felt across the wider Connexion have continued to affect the need for withdrawal of Model Trust funds to bolster up local church, circuit and district finances. As a result, this continues to impact the workflow of the section substantially. The COVID-19 pandemic has also impacted the value of investments held across the Connexion.

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 redevelopment of existing buildings, often creating multi-purpose worship space which facilitates the development of strong links with local communities by providing space to allow 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 2020/21 the Legal section:

- provided Managing Trustees with guidance on 24 new major redevelopment projects and helped in the processing of 171 property sales and 29 purchases of new property.
- prepared 212 Model Trust Directions and helped to release 10 Permanent Endowments.
- assisted Managing Trustees on various other Trust and bequest matters.
- assisted Managing Trustees to complete approximately 130 non-residential leases and provided guidance and assistance on 175 new assured shorthold tenancies and 156 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.

It should be noted that the outbreak of the COVID-19 virus has also impacted the work of the Legal section who worked closely with the Panel Solicitors and, in some circumstances, the Connexional Team to provide support to the wider Connexion in respect of specific COVID-19 guidance. In addition, the continuing "Stamp Duty Holiday", originally introduced by the Chancellor from the 8th July 2020, increased the number of property transactions across the Connexion and impacted the work of the Legal section until the closure of the scheme in September 2021.

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).

Following the introduction of the General Data Protection Regulations ('GDPR') and the Data Protection Act 2018, it is necessary for the Connexional Team to 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.

Under the Connexional Team's registration, the issues which affect Managing Trustees are: safeguarding and complaints and discipline issues. This means that the Connexional Team is responsible for all data protection matters concerning safeguarding and, complaints and discipline issues for the whole Methodist Church.

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 2021 TMCP organised 2 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 to be 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 9 Data Subject Access Requests (DSAR's) in the Connexional year 2020/21. In addition, TMCP was dealing with 1 DSAR received at the end of August 2020. Of these 9 DSARs, TMCP dealt with 5 and helped/co-ordinated with the Connexional Team on 4. The DSARs are recorded in TMCP's SAR 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, availability of trust statements and other relevant information. During the year there have been 30 articles published, many of which have provided specific guidance on the rapidly changing situation with COVID-19, produced in co-ordination with the Connexional Team to complement the material available on the Methodist website. 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, to ensure Managing Trustees had the opportunity to meet with them.

Anthony Collins and Sintons have held Legal Clinics for Managing Trustees to attend which were appreciated by Managing Trustees and the firms confirm they received positive feedback regarding the same. Blake Morgan are facilitating legal clinics in the near future.

The Legal Managers have met with all the firms to discuss the implementation of the new streamlining process and agree the set documentation to be used. 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

IT Strategy (in progress)

- Configuration and implementation of the Matter Management System
- Implementation of new telephone systems using Microsoft 365 Platform
- Procurement of a new Managed Service Provider for on-going IT Support
- 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

- 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
- Improved ways of communication with Managing Trustees (MTs)
- Panel of solicitors for Scotland
- More guidance and training for MTs – for example ecumenical website pages, 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

- 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
- 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

- Role / Salary review against market
- Implementation of a performance review policy
- Building a culture in which the team feel valued

In Summary

The above is a brief outline and there are detailed project plans in place relating to each area of development. In summary, the following observations should be noted:

- As has been the case for us all this year, as a result of the pandemic, it has been a very challenging 12 months
- TMCP has 'stress-tested' business processes during this time
- Our strategic objectives have been delivered together with some unforeseen tactical ones
- Where weaknesses have been identified they have been addressed
- There is more to do and TMCP has the plans in place to deliver
- Due to the continuing streamlining of services, TMCP's capacity has increased without increased on-costs
- Investment in technology and improvements in processes have proven beneficial
- The continued support of all our connexional partners will drive more efficiency and deliver greater outcomes

Financial Review

Total income for the year was £1,227,484 while total expenditure for the year was £1,303,212 and this resulted in a net operating deficit of £75,728 (2020: £184,535). In addition, there were gains on investment assets of £179,289 leading to a net increase in funds of £103,561 (2020: net decrease in funds £241,157).

The Statement of Financial Activities shows grant income of £91,049 received from the Stickler and Dore Trusts and this is matched against the second phase costs of the digitalisation programme. This restricted income and expenditure is shown separately in order to distinguish it from the unrestricted income and expenditure streams.

The Statement of Financial Activities also shows grant income from Trust 17A Extraordinary Property Fund (£124,585) and Trust 5723A William Tattershall (£104,053), the Resolution to transfer these funds back to TMCP was agreed at the Methodist Conference 2021.

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.

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.

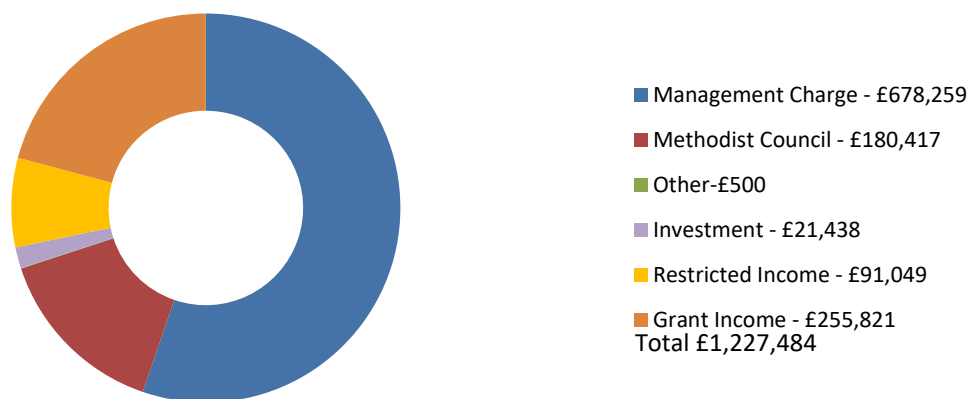
Charitable Income

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 decreased by 3.77% to £859,176 (2020: £892,849). Investment Income decreased by 33.7% to £21,438 (2020: £32,332). Methodist Council income includes recovery of costs incurred in respect of Support Services staff accommodated in Manchester.

Restricted income is from both the Stickler and Dore Trusts £91,049 (as noted in the overview above). Other income includes Coronavirus Job Retention Grant Scheme of £27,183 and Grant income of £228,638.

Incoming Resources for the Year to 31 August 2021



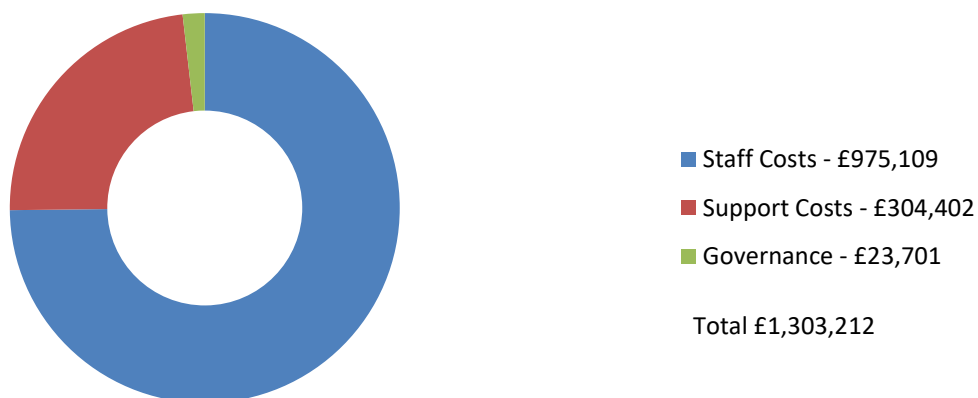
Charitable Expenditure

The main categories of charitable expenditure are staffing and support costs. Resources expended in respect of charitable activities increased to £1,279,511 (2020: £1,164,632). This included expenditure incurred in respect of the second phase of the digital transformation project.

Over the last five years, since 2016/17, there has been an aggregate deficit of £671,078. This is after adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has moved over that period from £2,043,796 to £1,373,592.

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 2021



Utilisation of Reserves

	2020/21	2019/20	2018/19	2017/18	2016/17
Opening Balance	£1,270,031	£1,511,188	£1,754,133	£1,926,553	£ 2,043,796
Funds added to / (utilised from) reserves in the year	£103,561	£ (241,157)	£(242,945)	£(172,420)	£ (117,243)
Closing Balance £	£1,373,592	£1,270,031	£1,511,188	£1,754,133	£ 1,926,553

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 will be 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 on an annual basis.

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.

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

	2020		
	Income from connected organisation	Purchases from connected organisation	Amount owed by connected organisation at year-end
Methodist Council	£177,598	£1,339	£11,616

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% (2020: 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 loss of premises, loss of data, loss of key staff, fraud, reputation, the volatility of the current investment market and financial resilience. The Board has taken into account COVID-19 and its implications across all of the risk categories.

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 2021 which will streamline processes and workflow.

TMCP have also been closely assessing and monitoring the risks linked to the COVID-19 situation. Much time and energy has been invested in modifying existing processes where needed for remote working, whilst maintaining the necessary controls and ensuring that staff welfare is also taken into full consideration.

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.
- 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 20th October 2021. Moore and Smalley have accepted the appointment.

Approved by the Board on 24th February 2022 and signed on its behalf by:



Mr Ian White
Chair of Trustees

Date: 24th February 2022

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 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 charity's affairs as at 31 August 2021 and of its 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 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 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 to you 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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 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 trustees' report is inconsistent in any material respect with the financial statements;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 19, 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's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud

or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the charitable company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Companies Act 2006, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Trustees and reviewed correspondence and Trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Trustees have in place to prevent and detect fraud. We enquired of the Trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: the recognition of income in the correct period including the correct treatment of the accrual and deferral of income.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws.

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.

Beaver and Shuttles

**Beever and Struthers
Statutory Auditor**

Beever and Struthers 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.

St George's House
215/219 Chester Road
Manchester M15 4JE

Date: 21 March 2022

Statement of Financial Activities for the year ended 31st August 2021

	Note	Unrestricted Funds 2021	Restricted Funds 2021	Total Funds 2021 £	Total Funds 2020 £
Income and Endowments from:					
Donations and legacies	3 (a)	255,821	91,049	346,870	70,364
Investment and other income	3 (b)	21,438	-	21,438	32,332
Charitable Activities	3 (c)	859,176	-	859,176	892,849
Total Income		1,136,435	91,049	1,227,484	995,545
Expenditure on:					
Charitable Activities	4(a), (b) & (c)	(1,212,163)	(91,049)	(1,303,212)	1,180,080
Total Expenditure		(1,212,163)	(91,049)	(1,303,212)	1,180,080
Net Expenditure		(75,728)	-	(75,728)	(184,535)
Net gains/(losses) on investments	8(a)	179,289	-	179,289	(56,622)
Net movement in funds	11	103,561	-	103,561	(241,157)
Reconciliation of Funds					
Fund balances brought forward at 1 st September		1,270,031	-	1,270,031	1,511,188
Fund balances carried forward 31 st August	11	1,373,592	-	1,373,592	1,270,031

The notes on pages 27 to 39 form an integral part of these accounts

Statement of Financial Position as at 31st August 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible fixed assets	6	3,715	7,429
Intangible fixed assets	7	1,090	3,270
Investments	8	<u>1,249,020</u>	<u>1,126,720</u>
Total Fixed Assets		<u>1,253,825</u>	<u>1,137,419</u>
Current Assets			
Debtors	9	67,208	89,478
Cash at bank and in hand		<u>83,032</u>	<u>78,493</u>
Total Current Assets		<u>150,240</u>	<u>167,971</u>
Liabilities			
Creditors			
Amounts falling due within one year	10	<u>(30,473)</u>	<u>(35,359)</u>
Net Current Assets		<u>119,767</u>	<u>132,612</u>
Net Assets		<u><u>1,373,592</u></u>	<u><u>1,270,031</u></u>
The Funds of the Charity			
Unrestricted income funds	11	1,373,592	1,270,031
Restricted income funds	12	<u>-</u>	<u>-</u>
Total Charity Funds		<u><u>1,373,592</u></u>	<u><u>1,270,031</u></u>

The financial statements on pages 24 to 39 were approved by the Board and authorised for issue on: 24 February 2022 and signed on its behalf by

.....  Board Member

.....  Board Member

The notes on pages 27 to 39 form an integral part of these accounts.

Statement of Cash Flows for the year ended 31st August 2021

	Note	2021 £	2020 £
Net cash (used in) operating activities	16	<u>(73,886)</u>	<u>(245,164)</u>
Cash Flows from Investing Activities			
Dividends & interest	3 (b)	21,438	32,332
Addition: Tangible Fixed Asset	6	-	(11,144)
Addition: Intangible Fixed Asset	7	-	(3,270)
Proceeds from sale of investments	8 (a)	230,015	220,022
Transfers of CFB units as per Conference Resolutions	8 (a)	(210,798)	
Net Transfers from Trustees Interest Fund	8 (a)	37,772	84,978
		<u>78,427</u>	<u>322,918</u>
 Changes in cash and cash equivalents in the year		 4,539	 77,754
Cash and cash equivalents brought forward		<u>78,493</u>	<u>739</u>
Cash and cash equivalents carried forward		<u><u>83,032</u></u>	<u><u>78,493</u></u>

The notes on pages 27 to 39 form an integral part of these accounts

Notes to the Accounts for the Year Ended 31st August 2021

1 Trustees for Methodist Church Purposes (The Board)

These accounts do not include investments of some **£381 million** (2020: £346 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 £381 million, approximately **£5 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, 2021-22, 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 Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Coronavirus Job Retention Grant Scheme	27,183		27,183	25,806		25,806
Grant from discretionary trust		91,049	91,049		44,558	44,558
Legacy	228,638		228,638			-
	255,821	91,049	346,870	25,806	44,558	70,364
3(b) Investment and other income	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Deposit Interest	425		425	2,044		2,044
Dividends	21,013		21,013	30,288		30,288
	21,438		21,438	32,332		32,332
3(c) Charitable activities	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Management Charge	678,259		678,259	715,081		715,081
Methodist Council Contribution	170,821		170,821	166,715		166,715
Support Services in Manchester Contribution	9,596		9,596	10,883		10,883
Other income and recovery of bank charges	500		500	170		170
	859,176	-	859,176	892,849	-	892,849

4. Expenditure on:

4(a) Analysis of Expenditure	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Charitable Activities – Staff Costs	966,169	8,940	975,109	911,629	-	911,629
Charitable Activities – Support Costs	222,293	82,109	304,402	208,445	44,558	253,003
Governance costs (note 4 (c))	23,701	-	23,701	15,448	-	15,448
	1,212,163	91,049	1,303,212	1,135,522	44,558	1,180,080

4(b) Staff Costs	2021	2020
	£	£
Wages & Salaries	762,269	727,366
Social Security costs	83,235	76,116
Pension & Permanent Health Insurance costs	<u>129,605</u>	<u>108,147</u>
	<u>975,109</u>	<u>911,629</u>
Average number of employees (full time equivalent)	20	19

The full-time equivalent is calculated on the basis of a 35-hour week. The average number of employees (headcount) during the year was 21 (2020: 21) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

A provision of £15,000 has been included in the 2021 wages and salaries total in respect of potential holiday pay. A provision for this was also made in 2020.

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 £427,410 (2020: £ 406,517).

Two employees were paid £60k or more during the year (2020: 2 employee).

	2021	2020
	No. of employees	No. of employees
£60,001 - £70,000	1	2
£70,000-£80,000	1	-

The Trustees do not receive any emoluments.

4(c) Governance costs	2021	2020
	£	£
Trustees Expenses (note 15)	-	2,026
Committee Expenses (sundry costs)	-	1,068
Auditors Remuneration:		
In their capacity as external auditors	10,740	9,648
Charges for other services: Internal audit	7,230	1,865
HR services	5,256	396
Independent Examination	475	445
	23,701	15,448

5. Net movement in funds for the year	2021	2020
	£	£
Net movement in funds for the year is stated after charging:-		
Depreciation	3,715	3,715
Amortisation	2,180	2,180
Operating lease rentals	2,537	3,403
	8,432	9,298

6. Tangible Fixed Assets**Computer
Equipment**
£**Cost**At 1st September 2020

19,970

Additions in the year

-

At 31st August 202119,970**Depreciation**At 1st September 2020

12,541

Charge for the year

3,714**At 31st August 2021**16,255**Net Book Values****At 31st August 2021****3,715**At 31st August 2020

7,429

7 Intangible Fixed Assets**Website
Development**
£**Cost**At 1st September 2020

52,662

Additions in the year

-

At 31st August 202152,662**Amortisation**At 1st September 2020

49,392

Charge for the year

2,180**At 31st August 2021**51,572**Net Book Values****At 31st August 2021****1,090**At 31st August 2020

3,270

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

	2021	2020
	£	£
Market value 1 st September	1,126,720	1,488,342
Disposal proceeds	(230,015)	(220,022)
Transfers of CFB Units into Trust 17A & 5723A as per conference resolution	210,798	-
Net Transfers (from) Trustees Interest Fund	(55,612)	(84,978)
Net gains/(losses) on investments	179,289	(56,622)
Market value at 31 st August	1,249,020	1,126,720

8(b) Analysis of Investments

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

	2021	2020
	Market Value	Market Value
	£	£
Central Finance Board		
Trustees Interest Fund	17,843	55,612
Overseas Investment Fund	225,604	235,257
UK Equity Fund	515,409	435,746
Short Fixed Interest Fund	158,409	161,011
Corporate Bond	97,243	98,299
Property Fund	106,959	140,795
Managed Mixed Fund	106,037	-
Managed Fixed Interest Fund	21,516	-
	1,249,020	1,126,720

9 Debtors

	2021	2020
	£	£
Debtors	3,220	4,564
Amounts due from related party	45,233	11,616
Prepayments and accrued income	18,755	73,298
	67,208	89,478

10 Creditors	2021	2020
	£	£
Trade creditors	1,151	9,058
Accruals	29,322	26,301
	<hr/>	<hr/>
	30,473	35,359
	<hr/>	<hr/>

11 Unrestricted - Administration Fund	2021	2020
	£	£
Accumulated fund at 1 st September	1,270,031	1,511,188
Net movement in funds	103,561	(241,157)
	<hr/>	<hr/>
At 31 st August	1,373,592	1,270,031
	<hr/>	<hr/>

12 Analysis of restricted fund movements	Funds at 01-Sep-20	Income	Expenditure	Funds at 31-Aug-21
	£	£	£	£
Restricted Fund	-	91,049	(91,049)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	91,049	(91,049)	-
	<hr/>	<hr/>	<hr/>	<hr/>

13 Analysis Net Assets Between Fund	Unrestricted Funds 2021	Restricted Funds 2021	Total Funds 2021	Total Funds 2020
	£	£	£	£
Tangible fixed assets	3,715	-	3,715	7,429
Intangible fixed assets	1,090	-	1,090	3,270
Investments	1,249,020	-	1,249,020	1,126,720
Cash at bank and in hand	83,032	-	83,032	78,493
Other net current assets	36,735	-	36,735	54,119
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at 31 August 2021	1,373,592	-	1,373,592	1,511,188
	<hr/>	<hr/>	<hr/>	<hr/>

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 2021	31 August 2020
	% pa	% pa
Discount rate	1.7	1.6
RPI inflation rate	3.5	3.1
CPI inflation rate	2.8	2.2
Rate of increase in pensionable earnings	2.8	2.2
Rate of increase in pension payments	2.3 / 3.3 / 5.0	2.1 / 3.0 / 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 2021	31 August 2020
	%	%
Equities	44	53
Corporate bonds	5	5
Property	9	9
Cash	8	8
Liability Driven Investment	30	20
Annuities	4	5

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

	£ million
Total market value of assets	95.1
Present value of scheme liabilities	96.4
Net Defined Benefit Asset /(Liability)	(1.3)

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 2017 by the Scheme Actuary. The valuation disclosed a past service deficit of £3.5m. It was agreed that the shortfall revealed at 1 September 2017 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £650,000 per annum each August, starting August 2018 up to and including August 2022; and
- Between £0 and £447,000 each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

The employers' share of the cost of providing future service benefits on 1 September 2017 amounted to 34.6% of Pensionable Earnings. This was higher than the employers' contribution rate of 24.1% of Pensionable Earnings that was paid up to 31 May 2019. However, this shortfall was incorporated into the Pension Reserve Fund core contributions and therefore employer contributions remained at 24.1% of Pensionable Earnings until 31 May 2019, when the Scheme closed to future accrual.

An update of the funding position as at 1 September 2019 was carried out by the Scheme Actuary. This showed that the past service deficit had increased from £3.5m to £8.8m.

A full actuarial valuation is currently being carried out as at 1 September 2020 and is due to be completed by 30 November 2021.

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.

	2021	2020	2021	2020
Nature of transaction	£	£	No	No
Travel expenses reimbursed	-	2,026	-	13

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

	2021 £	2020 £
Cash Flows from Operating Activities		
Net Movement in funds	103,561	(241,157)
Add Depreciation charge	3,714	3,715
Add Amortisation provided	2,180	2,180
Deduct / Add (Gains)/ losses on investments	(179,289)	56,622
Deduct Dividends & interest	(21,438)	(32,332)
Decrease/ (Increase) in debtors	22,270	(50,707)
(Decrease)/ Increase in creditors	(4,886)	16,515
Net cash (used in) operating activities	(73,888)	(245,164)

17. Operating lease commitments

At 31st August 2021 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Leases which expire:		
Not later than one year	3,200	3,265
Later than one year and not later than five years	7,630	9,860
Later than five years	-	242
	10,830	13,367

18. Related Parties

There were no related party transactions during the year (2020: 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 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	78,493	4,539	83,032
	78,493	4,539	83,032

20. Financial instruments

The charity had the following financial instruments:

Financial assets measured at fair value through the Statement of Financial Activities:

	2021	2020
	£	£
Investments stated at market value	1,249,020	1,126,720