

Trustees for Methodist Church Purposes
Charity Registration Number 1136358

Trustees Report & Accounts for the year ended 31 August 2017

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

Auditors

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

Stockbrokers

Barclays Wealth
Tay House
300 Bath Street
Glasgow
G2 4LH

Solicitors

Brabners
Horton House
Exchange Flags
Liverpool
L2 3YL

Board Membership

The Revd Rosemarie Clarke

The Revd Dr Keith Davies (Chair)

The Revd Doreen C Hare

The Revd Jennifer A Impey

The Revd Stephanie J Jenner (appointed 29/6/17)

The Revd Gillian M Newton

The Revd Kenneth Street

Mr John Bell

Mr Graham Danbury

Mr Ralph Dransfield

Dr Ian Harrison

Mr John Jefferson

Mr David Moore (retired 29/06/17)

Mr Malcolm Pearson

Mr G Alan Pimlott

Mr Ian C White (appointed 29/6/17)

Changes in Office:

The Revd Stephanie J Jenner and Mr Ian C White were appointed to the Board on 29 June 2017 at Conference.

Mr David Moore stepped down from the Board on 29 June 2017. The Board thanks David for his many years of dedicated service, both on the Board and as a member of the Audit Committee.

TMCP Staff

Anne Goodman, Chief Executive, oversees a professional team of 19. The team is responsible for ensuring the Board's functions and responsibilities as trustees are discharged on a day to day basis. Anne 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
Janet Street	-	Finance Manager

The Administration, Finance and Legal sections continue to work hard to fulfil their duties and the Board is grateful for all they do. The effectiveness of the work performed is reviewed constantly and as a result appropriate changes to the structures of each section are implemented as necessary. Anne works in consultation with key management to deliver this in a collaborative manner.

The team continually builds on existing relationships with their colleagues in the Connexional team, Central Finance Board and the Methodist Church. All staff aim to promote a professional relationship between TMCP and any outside agencies with whom the organisation may be in contact.

All staff are encouraged through the appraisal process to embark on an annual programme of training and continuing professional development which both enhances their role and satisfies the requirements of their individual professional bodies. The Board holds a 'season ticket' with an industry training provider to help facilitate this.

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 we can. We are 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.

The Trustees for Methodist Church Purposes (TMCP) are the custodian trustees of all property held on the Model Trusts of the Methodist Church Act 1976, except for that in the Channel Islands or 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 4,410 or so local Churches, 375 Circuits and 31 Districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the funds held in 6,331 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 with authority 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 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.

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 applied and became a registered charity on 15 June 2010 (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.

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”.

The Board, which meets at least 3 times a year, 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.

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 Management 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 three committees:

The Executive Committee

There is currently a committee of four members, meeting at least three times a year. 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 Committee

This is a committee of three members, meeting at least twice a year 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 Trustees for Methodist Church Purposes 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 three members plus the Chief Executive, meeting at least once a year 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.

Board Recruitment

The Board has revised its process for recruitment and vacancies, where they arise, are assessed in terms of experience, skills and expertise. A skills audit is produced annually by the Chair in consultation with all Board members.

Board Training

All new trustees undergo 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 updates and are made aware of relevant events and training opportunities.

Outcomes

In order to provide a flavour of the work performed by TMCP, included below is an outline of some of the tasks undertaken since the last Report:

The Finance section supports the Board's role as custodian trustee by planning and performing all financial operations related to the receipts and payments of Model Trust monies as well as the investment of funds on behalf of Managing Trustees. The 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 are as follows:

- Property proceeds received £ 42.3m
- Payment requests processed £ 46.8m
- Investments purchased £ 8.5m
- Investments sold £ 12.5m

The Trust Information System, an online system which TMCP developed and rolled out in 2014 to provide online access to trust statements, balances and other information, is becoming more established as a resource and at the year ended 31st August there were 2,631 users (2016 – 2,269 users).

The Legal section continues to help Managing Trustees across the Connexion to secure income from their property to fund Mission including granting non-residential leases, residential tenancies and entering into licences and one-off booking forms.

In the Connexional Year 2016/17 the Legal section helped Managing Trustees to complete approximately 88 non-residential leases and provided guidance and assistance on 119 new assured shorthold tenancies and 121 forms of licence agreement. Since 1st September 2017, the section has helped Managing Trustees to get to the point of completion on a further 44 non-residential leases and are providing guidance and assistance on 55 new assured shorthold tenancies and 39 forms of licence agreement.

During the year, TMCP also assisted Managing Trustees with guidance on 13 new major redevelopment projects, approximately 111 property sales and 14 purchases of new property as well as various other trust matters, bequests and other queries.

TMCP works with Managing Trustees to enable them to pursue mission in a number of different ways. This work includes the redevelopment of existing buildings, creating multi-purpose worship space which enables the development of strong links with local communities by providing space to facilitate community activities.

Since 1st September 2017 TMCP have been notified of further development projects with a combined value in excess of £23 million. TMCP continues to work with Managing Trustees and their professional advisors to enable them to advance these projects in compliance with the requirements of Charity Law and Methodist Law and policy.

Financial Review

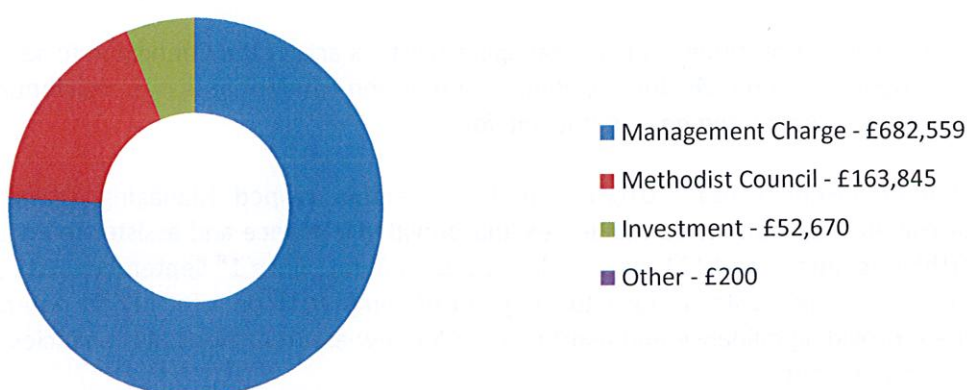
Total income for the year was £899,274, whilst total expenditure for the year was £1,151,922, this resulted in a net operating deficit of £252,648. In addition there were gains on investment assets of £135,405, leading to a net movement in funds of £117,243 (2016: £23,848). The Board utilises an annual indicative amount of £130,000 from reserves to supplement operational income which negates this overall deficit.

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.

Income from charitable activities increased by 2.92% to £846,604 (2016: £822,589). *Investment Income decreased to £52,670 (2015: £52,994).* Methodist Council income includes recovery of costs incurred in respect of Support Services staff accommodated in Manchester.

Incoming Resources for the Year to 31 August 2017



Charitable Expenditure

The main categories of charitable expenditure are staffing and support costs. Resources expended in respect of charitable activities increased to £1,120,667 (2016: £1,046,001). This was due in the main to recruitment costs to cover maternity leave, continued write-off of website development costs and office reconfiguration expenses.

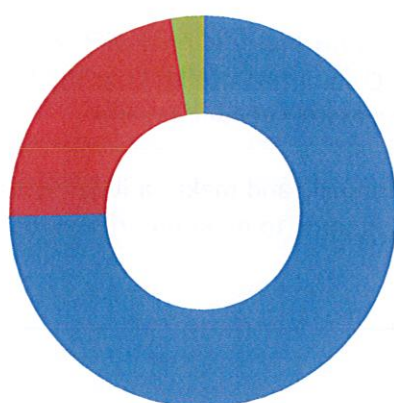
Over the last five years, since 2012/13, there has been an aggregate surplus of £181,094. This is after adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has moved over that period from £1,745,459 to £1,926,553.

The Board keeps a continual watch on the level of staffing required to fulfil the expectations of the Churches and Connexion and there has been a need to strengthen our resources in this regard. This

has resulted in a continual improvement in performance and the development of ongoing tools to assist the Connexion such as the TMCP website.

The Board is keen to emphasise that it carefully considers the costs of operations when calculating management charges made to the Connexion and Connexional Team. The annual budget sets the management charge at an acceptable level but in order to that a contribution from Reserves will also be made and this forms part of the current Reserves Policy.

Outgoing Resources for the Year to 31 August 2017



■ Staff Costs - £859,278
 ■ Support Costs - £261,389
 ■ Governance - £31,255

Total £1,151,922

Utilisation of Reserves

	2016/17	2015/16	2014/15	2013/14	2012/13
Opening Balance	£ 2,043,796	£ 2,067,644	£ 2,183,114	£ 1,813,642	£ 1,745,459
Funds added to / (utilised from) reserves in the year	£ (117,243)	£ (23,848)	£ (115,470)	£ 369,472	£ 68,183
Closing Balance	£ 1,926,553	£ 2,043,796	£ 2,067,644	£ 2,183,114	£ 1,813,642

The above table shows the change in reserves over the past five years.

Reserves Policy and Review

The Board is keenly aware of the need, not only to secure its viability in the immediate future, but to provide reliable services over the longer term. More specifically, its policy in respect of use of Reserves is to:-

- i. Subsidise the work of the Board and benefit the Managing Trustees.
- ii. Contribute to the cost of additional services which otherwise would be funded wholly by the Methodist Council or Districts.
- iii. Support and uphold the rights of trustees. It provides a safety net should the Board be called upon to meet additional obligations as part of its custodian trusteeship responsibilities.

It is considered prudent to ensure that no dependence is placed upon an annual increase in Reserves which may arise as a result of investment gains.

When the Annual Budget is prepared, the Reserves Policy is reviewed to ensure the appropriate allocation for the forthcoming year. The Audit Committee also looks at the Policy, in the context of the budget and the final accounts, each year as a matter of good practice.

The Board also reviews the level of Reserves annually and makes a judgment as to the level below which it should not fall in case the Board is called upon to meet unforeseen obligations as part of its custodian trusteeship responsibilities.

The current Reserves Policy was agreed in 2014.

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.

Related Parties

The various parts of the legal framework within which the Methodist Church is governed allow for

the setting up of separate bodies all reporting into the Methodist Conference to handle specific aspects of the Church's work and/or discharge a specific power of the Church.

- 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. The Chief Executive is currently a member of the CFB Council and Chair of the Audit Committee.

Details of transactions occurring during the year and amounts owing by or to the related party (the Methodist Council) at 31st August 2017 are given as appropriate.

	2017		
	Income from related party	Purchases from related party	Amount owed by related party
Methodist Council	£ 163,845	£ 2,217	£ 12,513
	2016		
	Income from related party	Purchases from related party	Amount owed by related party
Methodist Council	£ 160,184	£ 817	£ 12,044

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

Other Related Party Matters

One trustee of the Board, Mr Alan Pimlott, is the Chair and director of Methodist Chapel Aid Ltd (MCA). Anne Goodman, Chief Executive, is also a director of the Company.

The Board, as full trustee of the MCA Charitable Trust, holds 29.7% (2016: 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 Executive 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 and the volatility of the current investment market.

The Audit 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 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 is to be revisited during the next connexional year and this will include reviewing risk appetite.

Moving Forward

(i) Website

TMCP's website provides detailed, easy to use, up to date guidance and signposting for Managing Trustees and their professional advisers. The website has been designed as a high quality and user friendly resource for Managing Trustees to help them in their vital work.

Since its launch in 2016 new areas have become available including guidance on taking a lease from a third party and the introduction of the news hub. It is intended that the news hub will keep Managing Trustees, who have subscribed to the website, up to date with the latest developments in relation to managing property.

TMCP intends to continue to develop the website to maximise its features and potential to provide Managing Trustees with the best possible service. As part of its communication strategy TMCP continues to listen to Managing Trustees to ensure that the website achieves this aim.

(ii) Matter Management System

We have undertaken a detailed review of our systems, processes and procedures as part of our ongoing work on a matter management system and development of key performance indicators. This work is intended to enable us to improve the service we provide Managing Trustees. It is part of an ongoing process to ensure that we provide the most effective and efficient service we can. Management and staff continue to work hard to achieve this objective.

(iii) Joint Working Party

In 2016 the Methodist Conference directed the Methodist Council and invited the Board to appoint a joint working party to consider the "work of TMCP and the level of support and advice available to Managing Trustees".

TMCP is committed to supporting this initiative and over the last year the organisation has engaged with the working party as requested. The working party scheduled a number of joint meetings over the last year with Executive Committee members, the Chief Executive and the Legal Manager. The agendas have been focused and all who were asked to attend found them helpful. The Board is looking forward to receiving the recommendations of the group in Spring 2018.

(iv) Panel of Solicitors

The tendering process for the panel solicitors for use by Managing Trustees is now complete. After a thorough selection process which involved interested firms submitting a tender, this was followed by a shortlisting process and interview stage. This led to 5 firms being selected for the panel. The Firms are all experts in charity law and are able to provide a wide range of legal advice to Managing Trustees in most technical areas, including, property, charity law, and employment.

At present the Framework Agreement is being finalised and an introductory training session has taken place with the successful firms. TMCP is party to the Framework Agreement as the Methodist Church's corporate body and will oversee the management of the panel in conjunction with the Conference Office. The aim is to have the Framework Agreement, Management Information and KPIs agreed so that the panel will commence from 1st March 2018.

TMCP, the Conference Office and the firms will work together to promote the panel to the wider Connexion and continue to provide suitable training on the specific requirements of Standing Orders and other Methodist law and polity. TMCP is excited by the introduction of the panel as this should ensure that Managing Trustees receive good quality consistent legal advice with the firms working together with TMCP to ensure that projects are dealt with as efficiently and quickly as possible.

(v) Release of funds

Following the Conference decision to work alongside TMCP to help churches to release funds and endowments, meetings continue to be held with the Connexional team and an action plan has commenced. The Board recognises that this work is an integral part of TMCP's day to day duties.

There is also an additional initiative, running alongside this, to collaborate with the Central Finance Board and other partner organisations to identify and ensure that Model Trust funds are correctly identified and held in the appropriate way.

(vi) Property Development Committee

The Methodist Council, at its meeting in April 2016, agreed the terms of reference of the Property Development Committee. It was agreed that The Methodist Council will annually appoint a Property Development Committee which will work collaboratively with the Council and the Strategy and Resources Committee in developing and maintaining a connexional property strategy.

The connexional property strategy shall articulate the mission imperative of the Methodist Church and ensure that the resources of the church are used so as to give maximum effect to their value and missional opportunities.

TMCP continues to support this Committee by providing representation from the Board and also attendance from the staff team at their meetings. TMCP continues to take advantage of its unique position as a body corporate in a number of ways and is always looking for other cost saving opportunities for the Church.

(vii) Data Protection

Since the Year End and following a review of Data Protection matters due to the forthcoming General Data Protection Regulations ('GDPR') which will come into force on 25 May 2018, it was agreed that was necessary for the Connexional Team to have a separate Notification with the ICO.

This was to ensure that the Connexional Team was 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 with immediate effect, the Connexional Team will be responsible for all data protection matters concerning safeguarding and, complaints and discipline issues for the whole Methodist Church and these matters will no longer form part of TMCP's registration.

For all other Data Protection matters TMCP continues to act as the Data Controller for all 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). This will continue to be the case after the introduction of the GDPR.

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

(viii) 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 were declared to be 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 Council.

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;
- 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 business.

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

Re-Appointment of Auditor

A resolution proposing the re-appointment of Beever and Struthers as auditor to the charity will be put to the Board.

Beever and Struthers has indicated its willingness to continue in office.



Revd Dr Keith Davies
Chair of Trustees

Date: 28/2/18

Trustees for Methodist Church Purposes**INDEPENDENT AUDITOR'S REPORT TO THE BOARD**

We have audited the financial statements of Trustees for Methodist Church Purposes "the charity" for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

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.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2017 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'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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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;
- the charity has not kept sufficient accounting records; 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 Trustees' Responsibilities Statement set out on page 16, 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

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 web-site at <http://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.

Beever and Struthers

BEEVER & STRUTHERS
Chartered Accountants &
Statutory Auditor

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

28 February 2018

Beever and Struthers is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Trustees for Methodist Church Purposes

Statement of Financial Activities for the year ended 31st August 2017

	Note	Unrestricted Funds 2017 £	Unrestricted Funds 2016 £
Income and Endowments:			
Investment and other income	3 (a)	52,670	52,994
Charitable Activities	3 (b)	<u>846,604</u>	<u>822,589</u>
Total Income		<u>899,274</u>	<u>875,583</u>
Expenditure on:			
Charitable Activities	4(a), (b) & (c)	<u>1,151,922</u>	<u>1,078,317</u>
Total Expenditure		<u>1,151,922</u>	<u>1,078,317</u>
Net Expenditure		(252,648)	(202,734)
Net gains on investments	8(a)	<u>135,405</u>	<u>178,886</u>
Net movement in funds	11	<u>(117,243)</u>	<u>(23,848)</u>
Reconciliation of Funds			
Fund balances brought forward at 1 st September		<u>2,043,796</u>	<u>2,067,644</u>
Fund balances carried forward 31 st August	11	<u>1,926,553</u>	<u>2,043,796</u>


The notes on pages 24 to 33 form an integral part of these accounts.

Statement of Financial Position as at 31st August 2017

	Note	2017 £	2016 £
Fixed Assets			
Tangible fixed assets	6	-	2,229
Intangible fixed assets	7	15,374	30,748
Investments	8	<u>1,898,866</u>	<u>1,960,170</u>
Total Fixed Assets		<u>1,914,240</u>	<u>1,993,147</u>
Current Assets			
Debtors and prepayments	9	39,407	33,290
Cash at bank and in hand		<u>3,481</u>	<u>55,588</u>
Total current assets		<u>42,888</u>	<u>88,878</u>
Liabilities			
Creditors			
Amounts falling due within one year	10	<u>(30,575)</u>	<u>(38,229)</u>
Net Current Assets		<u>12,313</u>	<u>50,649</u>
Net Assets		<u>1,926,553</u>	<u>2,043,796</u>
The Funds of the Charity			
Unrestricted income funds	11 & 12	<u>1,926,553</u>	<u>2,043,796</u>
Total Charity Funds		<u>1,926,553</u>	<u>2,043,796</u>

Approved by the Board and authorised for issue on: 28th February 2018 and signed on its behalf by

.....  Board Member

.....  Board Member

The notes on pages 24 to 33 form an integral part of these accounts.

Statement of Cash Flows for the year ended 31st August 2017

	Note	2017 £	2016 £
Net cash (used in)/provided by operating activities	16	<u>(301,486)</u>	<u>(233,019)</u>
Cash Flows from Investing Activities			
Dividends & interest	3 (a)	52,670	52,994
Proceeds from investments	8 (a)	175,013	300,012
Net Transfers from/(to) Trustees Interest Fund	8 (a)	21,696	(41,820)
Cost of Website Development	7	<u>-</u>	<u>(46,122)</u>
		<u>249,379</u>	<u>265,064</u>
 Changes in cash and cash equivalents in the year		 (52,107)	 32,045
Cash and cash equivalents brought forward		<u>55,588</u>	<u>23,543</u>
Cash and cash equivalents carried forward		<u><u>3,481</u></u>	<u><u>55,588</u></u>

The notes on pages 24 to 33 form an integral part of these accounts.

Notes to the Accounts for the Year Ended 31st August 2017**1. Trustees for Methodist Church Purposes (The Board)**

These accounts do not include investments of some **£365 million (2016: £348 million)** at market value held by the Board in its capacity as trustee or custodian trustee. Of the £365 million, approximately **£5.7 million** is in the form of trusts over which the Board has full discretion in accordance with the objects of the trusts.

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 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 Trust constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. There were no significant areas of adjustment and key assumptions that affect items in the accounts. With respect to the next reporting period, 2017-18, 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.

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.

The rate of depreciation used during the year is as follows:

Computer Equipment 33.3 % on a straight line basis. The asset is now fully depreciated.

(d) Intangible Fixed Assets

Intangible Fixed assets purchased in the year are amortised over their useful life.

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 as 33.3% on a straight line basis.

(e) Taxation

The Trustees for Methodist Church Purposes is exempt from Income and Corporation Tax because of its charitable status.

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

(f) 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 Trust 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, are 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, 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.

(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) Investment and other income	2017 £	2016 £
Deposit Interest	1,384	1,349
Dividends	51,286	51,645
	52,670	52,994
3(b) Charitable activities	2017 £	2016 £
Management Charge	682,559	661,905
Methodist Council Contribution	163,845	160,184
Legal income and recovery of bank charges	200	500
	846,604	822,589

4. Expenditure on:**4(a) Analysis of Expenditure**

	Staff costs £	Support costs £	2017 £	2016 £
Charitable Activities	859,278	261,389	1,120,667	1,046,001
Other (note 4(c))	-	31,255	31,255	32,316
	859,278	292,644	1,151,922	1,078,317

4(b) Staff Costs

	2017 £	2016 £
Wages, Salaries and Agency costs	664,303	633,043
Social Security costs	65,141	63,178
Pension & PHI costs	129,834	109,523
	859,278	805,744
Average number of employees	19	18

The average number of employees during the year was 19 (2016: 18) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

The Board considers its key management personnel comprise the Trustees, the Chief Executive and four senior managers. The total employment benefits including employer pension contributions of the key management personnel were £328,113 (2016: £ 327,966).

One employee was paid £60k or more during the year (2016: 1 employee).

	2017 No. of employees	2016 No. of employees
£60,001-£70,000	1	1

The Trustees do not receive any emoluments.

4(c) Other	2017 £	2016 £
Trustees Expenses (note 14)	2,663	2,222
Committee Expenses (sundry costs)	4,970	633
Auditors Remuneration:		
In their capacity as external auditors	8,359	8,126
Charges for other services: Internal audit	9,737	17,564
HR services	3,906	2,871
Assistance	1,620	900
	<u>31,255</u>	<u>32,316</u>

5. Net movement in funds for the year	2017 £	2016 £
Net movement in funds for the year is stated after charging:-		
Depreciation	2,229	2,942
Amortisation	15,374	15,374
	<u>17,603</u>	<u>18,316</u>

6. Tangible Fixed Assets

	Computer Equipment £
Cost	
At 1 st September 2016	56,557
At 31 st August 2017	<u>56,557</u>
Depreciation	
At 1 st September 2016	54,328
Charge for year	2,229
At 31 st August 2017	<u>56,557</u>
Net Book Values	
At 31 st August 2016	2,229
At 31 st August 2017	<u>-</u>

7. Intangible Fixed Assets

	Website Development £
Cost	
At 1 st September 2016	46,122
Additions in year	-
At 31st August 2017	46,122
Amortisation	
At 1 st September 2016	15,374
Charge for year	15,374
At 31st August 2017	30,748
Net Book Values	
At 31 st August 2016	30,748
At 31st August 2017	15,374

8. Investments

8(a) Movement on Investments

	2017 £	2016 £
Market value 1 st September	1,960,170	2,039,476
Disposal proceeds	(175,013)	(300,012)
Net Transfers to/(from) Trustees Interest Fund	(21,696)	41,820
Net gains on investments	135,405	178,886
Market value at 31 st August	1,898,866	1,960,170

8(b) Analysis of Investments

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

	2017 Market Value £	2016 Market Value £
Central Finance Board		
Trustees Interest Fund	129,058	150,755
Overseas Investment Fund	393,330	440,187
UK Equity Fund	753,463	710,921
Short Fixed Interest Fund	228,973	266,466
Corporate Bond	157,557	162,725
Property Fund	236,485	229,116
	1,898,866	1,960,170

9. Debtors

	2017 £	2016 £
Debtors and prepayments	26,894	19,907
Amounts due from related party	12,513	13,383
	<u>39,407</u>	<u>33,290</u>
10. Creditors		
	2017 £	2016 £
Trade creditors	18,669	24,667
Amounts due to related party	-	1,339
Accruals	11,906	12,223
	<u>30,575</u>	<u>38,229</u>
11. Unrestricted - Administration Fund		
	2017 £	2016 £
Accumulated fund at 1 st September	2,043,796	2,067,644
Net movement in funds	(117,243)	(23,848)
At 31 st August	<u>1,926,553</u>	<u>2,043,796</u>

12. Unrestricted Funds

All funds are unrestricted. That is, they are expendable at the discretion of the Board in furtherance of the objects of the Trust.

13. 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 2017 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:-

	31 August 2017	31 August 2016
	% pa	% pa
Discount rate	2.5	2.1
RPI inflation rate	3.6	3.2
CPI inflation rate	2.6	2.2
Rate of increase in pensionable earnings	3.6	3.2
Rate of increase in pension payments	2.3/3.5/5.0	2.1/3.1/5.0

The major categories of the Scheme's assets as a percentage of the total Scheme assets,

were as follows:-

	31 August 2017	31 August 2016
	%	%
Equities	52	54
Gilts	0	3
Corporate bonds	13	17
Index linked bonds	0	3
Property	8	5
Cash	8	4
Liability Driven Investment	13	6
Annuities	6	8

The following amounts at 31 August 2017 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	72.8
Present value of scheme liabilities	<u>82.4</u>
Net Defined Benefit Liability	(9.6)

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 are not 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. Approximately 7.1% of the active membership of the Scheme are employees of the Board.

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 total employer contributions paid to the Scheme during the year were £1.847m (2016, £1.580m), of which the Board's contributions totalled £120,293 (2016, £103,333).

A full actuarial valuation of the Scheme was carried out at 1 September 2014 by the Scheme Actuary. The valuation disclosed a past service deficit of £0.3m. The Scheme Actuary recommended a contribution rate of 25.9% of pensionable earnings for the employers until 31 August 2015, reducing to 23.7% thereafter in line with the increase in the Scheme's normal retiring date with effect from 1 September 2015. The employers chose to maintain a contribution rate of 24.1% of pensionable earnings with 8% of pensionable earnings from members. In September 2015 a payment was made from the Connexional Pension Reserve Fund which was expected to eliminate the past service shortfall and the shortfall arising over 2014/15 due to contributions being below the future service rate from 1 September 2014 to 1 September 2015.

An update of the funding position as at 1 September 2016 was carried out by the Scheme Actuary. This showed that the shortfall had increased from £311,000 to £14,161,000. The next full actuarial valuation is due as at 1 September 2017.

14. Transactions with Members of the Board and Connected Persons

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

Nature of transaction	2017 £	2016 £	2017 No	2016 No
Travel expenses reimbursed	2,663	2,222	16	15

15. Landfill Grants

During the year, as part of the Board's custodian responsibilities, the following transactions took place with regard to landfill grants:

Nature of transaction	2017 £	2016 £	2017 No	2016 No
Grants received	17,638	51,406	3	3
Grants paid	19,176	50,242	5	4

These amounts are not included in these financial statements.

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

	2017	2016
	£	£
Cash Flows from Operating Activities		
Net Movement in funds	(117,243)	(23,848)
Add Depreciation charge	2,229	2,942
Add Amortisation provided	15,374	15,374
Deduct (Gains) on investments	(135,405)	(178,886)
Deduct Dividends & interest	(52,670)	(52,994)
(Increase)/decrease in debtors	(6,117)	870
(Decrease)/increase in creditors	(7,654)	3,523
Net cash (used in) operating activities	(301,486)	(233,019)

17. Operating lease commitments

	2017	2016
	£	£
Not later than one year	3,411	3,985
Later than one year and not later than five years	3,672	7,083
	7,083	11,068

18. Financial instruments

The charity had the following financial instruments:

Financial assets measured at fair value through profit or loss:

	2017	2016
	£	£
Investments stated at market value	1,898,866	1,960,170

Financial liabilities at amortised cost:

	2017	2016
	£	£
Trade creditors	18,669	26,006
Accruals	11,906	12,223

Financial assets at amortised cost:

	2017	2016
	£	£
Trade debtors	16,404	699
Cash at bank and in hand	3,481	55,588