

## Trustees for Methodist Church Purposes Charity Registration Number 1136358

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Trustees Report & Accounts for the year ended 31 August 2018

## Trustees for Methodist Church Purposes

<b>TABLE OF CONTENTS</b>	
ADMINISTRATIVE DETAILS	2
BOARD MEMBERS	3
STAFF MEMBERS	4
AIMS AND PURPOSES OF THE TRUSTEES FOR METHODIST CHURCH PURPOSES	4
PUBLIC BENEFIT REQUIREMENT	5
STRUCTURE AND GOVERNANCE	6
OUTCOMES	8
AREAS WHERE TMCP PROVIDE SUPPORT	9
COLLABORATION WITH THE CONNEXIONAL TEAM	9
MOVING FORWARD	10
FINANCIAL REVIEW	11
RESERVES POLICY AND REVIEW	13
INVESTMENT POLICY AND REVIEW	14
RELATED PARTIES	14
RISK MANAGEMENT AND INTERNAL CONTROLS	15
STATEMENT OF TRUSTEES' RESPONSIBILITIES	17
RE-APPOINTMENT OF AUDITOR	17
INDEPENDENT AUDITOR'S REPORT	18
STATEMENT OF FINANCIAL ACTIVITIES	21
BALANCE SHEET	22
STATEMENT OF CASH FLOWS	23
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	24-34

## 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 E G Clarke	Mr John Bell
The Revd Dr Keith Davies (Chair)	Mr Graham Danbury
The Revd Paul Davis (appointed 5 <sup>th</sup> July 2018)	Mr Ralph Dransfield
The Revd Doreen C Hare	Dr Ian Harrison
The Revd Rodney Hill (appointed 5 <sup>th</sup> July 2018)	Mr John Jefferson
The Revd Jennifer A Impey	Mr Malcolm Pearson
The Revd Stephanie Jenner (resigned 26 <sup>th</sup> April 2018)	Mr Alan Pimlott (resigned 27 <sup>th</sup> April 2018)
The Revd Gillian M Newton	Ms Alethea Siow (appointed 5 <sup>th</sup> July 2018)
The Revd Kenneth Street (resigned 30 <sup>th</sup> September 2017)	Mr Ian C White

### Changes in Office:

The Revd Paul Davis, The Revd Rodney Hill and Ms Alethea Siow were appointed to the Board by Conference on 5<sup>th</sup> July 2018.

The Revd Kenneth Street resigned from the Board on 30<sup>th</sup> September 2017. The Board expresses its grateful thanks for his years of dedicated service, both as a Board member and as Chair of the Board and on other sub-committees.

Mr Alan Pimlott tendered his resignation from the Board on 27<sup>th</sup> April 2018. The Board thanks Alan for his years of dedicated service, both on the Board and other sub-committees.

The Revd Stephanie Jenner also resigned on 26<sup>th</sup> April 2018 following a short period of service on the Board.

## TMCP Staff

Mrs Anne Goodman, Chief Executive, oversees a professional team of 19. The Administration, Finance and Legal sections 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
Janet Street	-	Finance Manager

The team continues to work hard to fulfil all duties and the Board is grateful for everything they do. The effectiveness of the work performed is reviewed constantly. The Chief Executive works in consultation with key management to deliver this in a collaborative manner.

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 the 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.

## 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.

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 4,299 or so local Churches, 359 Circuits and 30 Districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the funds held in 6,192 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.t MCP.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.

## 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”.

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. 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 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 (increasing to four in the near future):

### The Executive Committee

There is currently a committee of five Board 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 Board members (currently one vacancy), 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.

### **The Grants Committee**

The Board is currently establishing new ways of working in respect of the processing and approval of grant applications. Details of how this committee is to be constituted will be finalised in the near future. In the meantime, the Board extends grateful thanks to the Revd Doreen Hare who has overseen the discretionary grants process.

### **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 a flavour of the work performed by TMCP, included below is an outline of some of the tasks undertaken since the last 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 2017/18 are as follows:

• Property proceeds received	£ 31m
• Payment requests processed	£ 49.6m
• Investments purchased	£ 11.8m
• Investments sold	£ 12.1m
• Payment requests processed via the Consents system	762

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 31<sup>st</sup> August there were 2,597 users (2017 – 2,631 users).

### Legal

TMCP works with Managing Trustees, the Connexional Team and their professional advisers to enable them to pursue mission in a number of different ways. This work includes the 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 2017/18 the Legal section provided Managing Trustees with guidance on 29 new major redevelopment projects and helped in the processing of 117 property sales and 25 purchases of new property.

The Legal section prepared 224 Model Trust Directions and helped to release 65 Permanent Endowments. They have also assisted Managing Trustees on various other Trust and bequest matters.

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

During the year, the Legal section assisted Managing Trustees to complete approximately 128 non-residential leases and provided guidance and assistance on 156 new assured shorthold tenancies and 115 forms of licence agreement.

## Areas where TMCP Provides Support

### Data Protection

Following a review of Data Protection matters, due to the introduction of the General Data Protection Regulations ('GDPR') and the Data Protection Act 2018 which came into force on 25 May 2018, it was agreed that it was necessary for the Connexional Team to have a separate Notification with the ICO.

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

The 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.

### 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.

### Website Development

The development of the TMCP website has continued to progress with new and updated content, standard documents and regular notification emails going out across the Connexion to those who have "signed up" highlighting the most recent News Hub articles.

Data Protection was the primary focus in the run up to GDPR coming into force on 25th May 2018. TMCP launched the "Data Protection Toolkit", a plain language leaflet together with specific policies and template record keeping tools.

## Collaboration with the Connexional Team

### Panel Solicitors

The TMCP Legal manager, in collaboration with the Connexional Team and with the help of a number of District Property Secretaries completed a thorough selection process which involved interested firms submitting a tender. Five firms were selected and they 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 and employment law.

A Framework Agreement has been finalised and signed by all Panel firms. This considers matters such as contract performance, prices for services, complaints handling and outline performance indicators. 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.

Managing Trustees are being encouraged to make use of the Panel, and there have been a number of key events since the official launch in May 2018.

TMCP and the Connexional Team have provided quite extensive training to the Panel. A feedback questionnaire is to be forwarded from the Panel firms to Managing Trustee bodies at the end of a transaction. TMCP will collate the feedback to ensure that Managing Trustees are receiving a high level of service and advice from the Panel firms. TMCP holds regular face to face monitoring and review meetings with Panel representatives as part of the ongoing process.

TMCP is working with the Panel and the Conference Office to develop webinars for Managing Trustees which will be available on the TMCP and Methodist websites. The first webinar proposed relates to trustee training.

There is a lot to be done in order to roll out this collaborative initiative and TMCP remains committed to this.

### **GDPR Working Party**

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. The Legal section invested time and resources into nine face to face training events held across the country this year. Filmed webinars will enable Managing Trustees who were unable to attend the face to face training to view the training sessions online.

## **Moving Forward**

### **Property Development Committee**

The Methodist Council annually appoints a Property Development Committee which works collaboratively with the Council and the Strategy and Resources Committee in developing and maintaining a Connexional property strategy. The Connexional property strategy articulates the mission imperative of the Methodist Church and ensures 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 takes 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 and its place on this Committee helps identify these opportunities.

### **Joint Working Party Report**

A report was submitted to the 2018 Methodist Conference outlining a number of recommendations following a review of the work of TMCP and the general level of support and advice available to Managing Trustees. The TMCP Board welcomed this initiative and agreed to work alongside the

Connexional Team to implement the recommendations in a reasonable timeframe. Recommendations included establishing a service level agreement, increasing accountability and clarifying the boundaries of TMCP's work. There was also a recommendation that the Methodist Council's financial contribution should be based on the work required by the service level agreement and revisited on a regular basis. If TMCP feels that it requires more (or less) legal staffing in order to complete the work required, negotiations must be held between the Methodist Council and the TMCP Board.

### **Legal and Property Support for Managing Trustees Implementation Group**

This group was formed after the submission of the Joint Working Party report to Conference. Its role is to oversee that the recommendations of the Working Party are implemented. The group is working with TMCP and the Conference Office to set priorities and timescales, ensuring that tasks are being moved along in a timely manner. The Steering Group is meeting regularly and receiving updates from the officers of each organisation.

### **Corporate Shareholding**

Discussions are ongoing regarding the role of TMCP as a corporate body and how this can be applied in the case of holding shares. The Property Development Committee has given its support to further exploration of this matter and risks are currently being fully assessed. This would add value to TMCP's role.

### **21<sup>st</sup> Century Fund**

The Connexional Treasurers are working closely with the Central Finance Board (CFB) to establish a fund with a five year life, established under the Methodist Church Funds Act 1960. This may be seen by Managing Trustees as an alternative to the deposit fund and it is hoped that it will give a better return on capital. TMCP is happy to help co-ordinate any resulting movement of funds and will work in close liaison with CFB whilst this option is being developed and rolled out across the Connexion.

## **Financial Review**

Total income for the year was £938,461 whilst total expenditure for the year was £1,193,177 and this resulted in a net operating deficit of £254,716. In addition there were gains on investment assets of £82,296 leading to a net negative movement in funds of £172,420 (2017: £117,243).

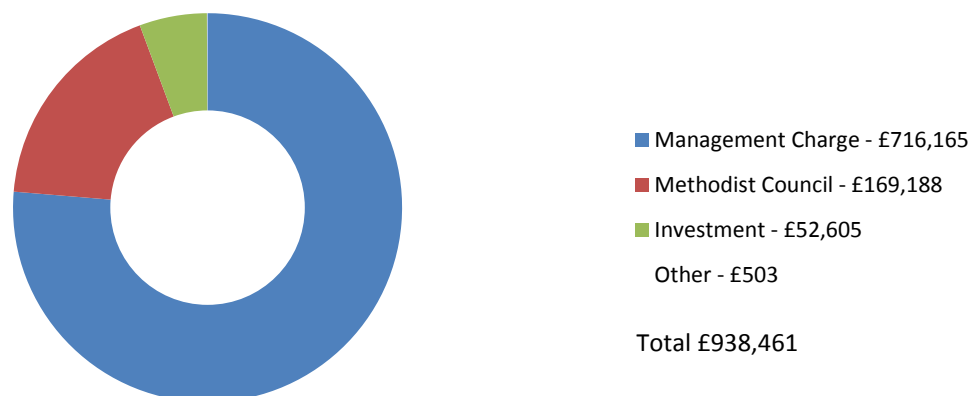
The Board utilises an annual draw-down of £130,000 from reserves to supplement operational income which is offset against this overall deficit. This deficit reduced funds held in reserves at the year end from £1,926,553 to £1,754,133. The 2017/18 Budget, as agreed by the Board, had anticipated a slightly greater 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 4.64% to £885,856 (2017: £846,604). Investment Income decreased slightly to £52,605 (2017: £52,670). 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 2018



### Charitable Expenditure

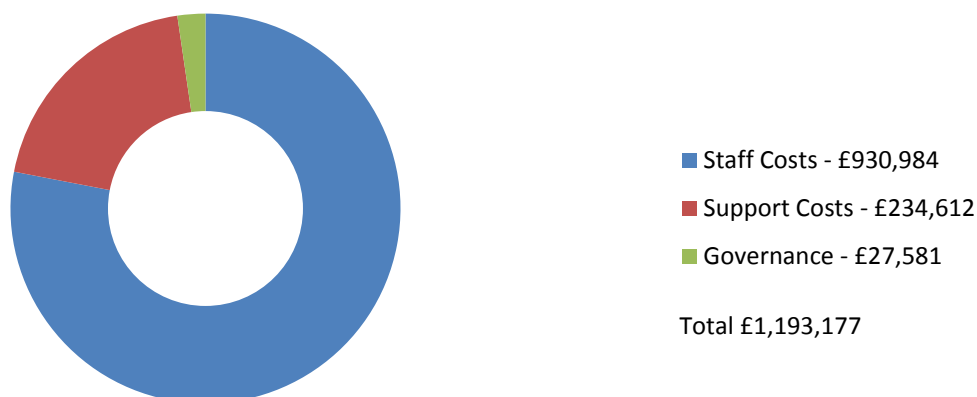
The main categories of charitable expenditure are staffing and support costs. Resources expended in respect of charitable activities increased to £1,165,596 (2017: £1,120,667). This was due in the main to additional temporary staff costs incurred in respect of maternity leave and a long term staff absence. There was also continued write-off of website development costs.

Over the last five years, since 2013/14, there has been an aggregate deficit of £59,509. This is after adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has moved over that period from £1,813,642 to £1,754,133.

Over recent years there has been the need for further investment in staffing and infrastructure. While reducing the level of reserves, 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 Board decided not to increase the management charge when signing off the 2017/18 and 2018/19 budgets, accepting that a contribution from reserves would be necessary in line with current Reserves Policy. It is recognised that a more robust financial model will now be required to ensure sustainability and prevent continued erosion of reserves.

### Outgoing Resources for the Year to 31 August 2018



**Utilisation of Reserves**

	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
<b>Opening Balance</b>	<b>£1,926,553</b>	<b>£ 2,043,796</b>	£ 2,067,644	£ 2,183,114	£ 1,813,642
<b>Funds added to / (utilised from) reserves in the year</b>	<b>£(172,420)</b>	<b>£ (117,243)</b>	£ (23,848)	£ (115,470)	£ 369,472
<b>Closing Balance</b>	<b>£1,754,133</b>	<b>£ 1,926,553</b>	<b>£ 2,043,796</b>	<b>£ 2,067,644</b>	<b>£ 2,183,114</b>

**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 and is scheduled to be considered again in the Financial Year ending 31 August 2019.

## 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 31<sup>st</sup> August 2018 are given as appropriate.

	<b>2018</b>		
	<b>Income from related party</b>	<b>Purchases from related party</b>	<b>Amount owed by related party</b>
Methodist Council	£169,188	£1,339	£20,593

	<b>2017</b>		
	<b>Income from related party</b>	<b>Purchases from related party</b>	<b>Amount owed by related party</b>
Methodist Council	£ 163,845	£ 2,217	£ 12,513

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**

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% (2017: 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 remains under continual scrutiny, in addition a more detailed review will be undertaken during the next connexional year.

## 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.

Approved by the Board on 27<sup>th</sup> February 2019 and signed on its behalf by:

**Revd Dr Keith Davies**  
**Chair of Trustees**

**Date:**

**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 2018 which comprise [the](#) Statement of Financial Activities, the Statement of Financial Position, 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).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the charity’s affairs as at 31 August 2018 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 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 trustees' report is inconsistent in any material respect with the financial statements;
- sufficient 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 Trustees' Responsibilities Statement set out on page 17, 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 website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with 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.

### **Beever and Struthers Statutory Auditor**

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

Date:

**Beever and Struthers is eligible for appointment 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.**

## Trustees for Methodist Church Purposes

Statement of Financial Activities for the year ended 31<sup>st</sup> August 2018

	Note	Unrestricted Funds 2018 £	Unrestricted Funds 2017 £
<b>Income and Endowments:</b>			
Investment and other income	3 (a)	52,605	52,670
Charitable Activities	3 (b)	<u>885,856</u>	<u>846,604</u>
<b>Total Income</b>		<b><u>938,461</u></b>	<b><u>899,274</u></b>
<b>Expenditure on:</b>			
Charitable Activities	4(a), (b) & (c)	<u>1,193,177</u>	<u>1,151,922</u>
<b>Total Expenditure</b>		<b><u>1,193,177</u></b>	<b><u>1,151,922</u></b>
<b>Net Expenditure</b>		<b>(254,716)</b>	<b>(252,648)</b>
<b>Net gains on investments</b>	8(a)	<u>82,296</u>	<u>135,405</u>
<b>Net movement in funds</b>	11	<b><u>(172,420)</u></b>	<b><u>(117,243)</u></b>
<b>Reconciliation of Funds</b>			
Fund balances brought forward at 1 <sup>st</sup> September		<u>1,926,553</u>	<u>2,043,796</u>
Fund balances carried forward 31 <sup>st</sup> August	11	<b><u>1,754,133</u></b>	<b><u>1,926,553</u></b>

The notes on pages 24 to 34 form an integral part of these accounts.

Statement of Financial Position as at 31<sup>st</sup> August 2018

	Note	2018 £	2017 £
<b>Fixed Assets</b>			
Tangible fixed assets	6	-	-
Intangible fixed assets	7	-	15,374
Investments	8	<u>1,676,162</u>	<u>1,898,866</u>
<b>Total Fixed Assets</b>		<u>1,676,162</u>	<u>1,914,240</u>
<b>Current Assets</b>			
Debtors and prepayments	9	49,600	39,407
Cash at bank and in hand		<u>51,108</u>	<u>3,481</u>
<b>Total current assets</b>		<u>100,708</u>	<u>42,888</u>
<b>Liabilities</b>			
<b>Creditors</b>			
Amounts falling due within one year	10	<u>(22,737)</u>	<u>(30,575)</u>
<b>Net Current Assets</b>		<u>77,971</u>	<u>12,313</u>
<b>Net Assets</b>		<u>1,754,133</u>	<u>1,926,553</u>
<b>The Funds of the Charity</b>			
Unrestricted income funds	11 & 12	<u>1,754,133</u>	<u>1,926,553</u>
<b>Total Charity Funds</b>		<u>1,754,133</u>	<u>1,926,553</u>

Approved by the Board and authorised for issue on: 27<sup>th</sup> February 2019 and signed on its behalf by

..... Board Member

..... Board Member

The notes on pages 24 to 34 form an integral part of these accounts.

## Statement of Cash Flows for the year ended 31<sup>st</sup> August 2018

	Note	2018 £	2017 £
<b>Net cash (used in) operating activities</b>	<b>16</b>	<b><u>(309,978)</u></b>	<b><u>(301,486)</u></b>
<b>Cash Flows from Investing Activities</b>			
Dividends & interest	<b>3 (a)</b>	<b>52,605</b>	52,670
Proceeds from investments	<b>8 (a)</b>	<b>253,010</b>	175,013
Net Transfers from Trustees Interest Fund	<b>8 (a)</b>	<b>51,990</b>	21,696
		<b><u>357,605</u></b>	<b><u>249,379</u></b>
<b>Changes in cash and cash equivalents in the year</b>		<b>47,627</b>	<b>(52,107)</b>
<b>Cash and cash equivalents brought forward</b>		<b><u>3,481</u></b>	<b><u>55,588</u></b>
<b>Cash and cash equivalents carried forward</b>		<b><u><u>51,108</u></u></b>	<b><u><u>3,481</u></u></b>

The notes on pages 24 to 34 form an integral part of these accounts.



## Notes to the Accounts for the Year Ended 31<sup>st</sup> August 2018

### 1. Trustees for Methodist Church Purposes (The Board)

These accounts do not include investments of some **£371 million** (2017: £365 million) at market value held by the Board in its capacity as trustee or custodian trustee. Of the £371 million, approximately **£8.3 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 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 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, 2018-19, 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.

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

The assets are now fully depreciated.

**(d) Intangible Fixed Assets**

Intangible Fixed assets purchased in the year are capitalised at cost and 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 33.3% on a straight line basis.

The asset is now fully amortised.

**(e) Taxation**

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

Since 1<sup>st</sup> June 2014, the Charity is no longer registered for Value Added Tax and as such 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, 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, 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:**

<b>3(a) Investment and other income</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deposit Interest	<b>1,066</b>	1,384
Dividends	<b>51,539</b>	51,286
	<b>52,605</b>	52,670
<b>3(b) Charitable activities</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Management Charge	<b>716,165</b>	682,559
Methodist Council Contribution	<b>169,188</b>	163,845
Legal income and recovery of bank charges	<b>503</b>	200
	<b>885,856</b>	846,604

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

	Staff costs	Support costs	<b>2018</b>	<b>2017</b>
	£	£	£	£
Charitable Activities	860,465	305,131	<b>1,165,596</b>	1,120,667
Governance costs (note 4(c))	-	27,581	<b>27,581</b>	31,255
	<b>860,465</b>	<b>332,712</b>	<b>1,193,177</b>	1,151,922

**4(b) Staff Costs**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages & Salaries	<b>659,468</b>	641,004
Social Security costs	<b>69,779</b>	65,141
Pension & Permanent Health Insurance costs	<b>131,218</b>	129,834
	<b>860,465</b>	835,979
Average number of employees	<b>19</b>	19

The average number of employees during the year was 19 (2017: 19) 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 five senior managers. The total employment benefits including employer pension contributions of the key management personnel were £367,720 (2017: £ 328,113).

One employee was paid £60k or more during the year (2017: 1 employee).

	<b>2018</b>	2017
	<b>No. of employees</b>	No. of employees
£60,001 - £70,000	<b>1</b>	1

The Trustees do not receive any emoluments.

<b>4(c) Governance costs</b>	<b>2018</b>	2017
	<b>£</b>	£
Trustees Expenses (note 14)	<b>2,880</b>	2,663
Committee Expenses (sundry costs)	<b>1,629</b>	4,970
Auditors Remuneration:		
In their capacity as external auditors	<b>10,236</b>	8,359
Charges for other services: Internal audit	<b>7,526</b>	9,737
HR services	<b>5,310</b>	3,906
Assistance	-	1,620
	<b>27,581</b>	31,255
	<b>27,581</b>	31,255
<b>5. Net movement in funds for the year</b>	<b>2018</b>	2017
	<b>£</b>	£
Net movement in funds for the year is stated after charging:-		
Depreciation	-	2,229
Amortisation	<b>15,374</b>	15,374
	<b>15,374</b>	17,603
	<b>15,374</b>	17,603
<b>6. Tangible Fixed Assets</b>		
	<b>Computer Equipment</b>	
	<b>£</b>	
<b>Cost</b>		
At 1 <sup>st</sup> September 2017	56,557	
<b>At 31<sup>st</sup> August 2018</b>	<b>56,557</b>	

**Depreciation**

At 1 <sup>st</sup> September 2017	56,557
Charge for year	-
<b>At 31<sup>st</sup> August 2018</b>	<b>56,557</b>

**Net Book Values**

At 31 <sup>st</sup> August 2017	-
<b>At 31<sup>st</sup> August 2018</b>	<b>-</b>

**7. Intangible Fixed Assets**

**Website  
Development  
£**

**Cost**

At 1 <sup>st</sup> September 2017	46,122
Additions in year	-
<b>At 31<sup>st</sup> August 2018</b>	<b>46,122</b>

**Amortisation**

At 1 <sup>st</sup> September 2017	30,748
Charge for year	15,374
<b>At 31<sup>st</sup> August 2018</b>	<b>46,122</b>

**Net Book Values**

At 31 <sup>st</sup> August 2017	<b>15,374</b>
<b>At 31<sup>st</sup> August 2018</b>	<b>-</b>

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

	<b>2018</b>	2017
	<b>£</b>	£
Market value 1 <sup>st</sup> September	<b>1,898,866</b>	1,960,170
Disposal proceeds	<b>(253,010)</b>	(175,013)
Net Transfers (from) Trustees Interest Fund	<b>(51,990)</b>	(21,696)
Net gains on investments	<b>82,296</b>	135,405
Market value at 31 <sup>st</sup> August	<b>1,676,162</b>	1,898,866

**8(b) Analysis of Investments**

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

	<b>2018</b>	2017
	<b>Market</b>	Market
	<b>Value</b>	Value
	<b>£</b>	£
<b>Central Finance Board</b>		
Trustees Interest Fund	<b>77,068</b>	129,058
Overseas Investment Fund	<b>360,599</b>	393,330
UK Equity Fund	<b>669,219</b>	753,463
Short Fixed Interest Fund	<b>224,810</b>	228,973
Corporate Bond	<b>152,389</b>	157,557
Property Fund	<b>192,077</b>	236,485
	<b><u>1,676,162</u></b>	<b><u>1,898,866</u></b>
<b>9. Debtors</b>		
	<b>2018</b>	2017
	<b>£</b>	£
Debtors and prepayments	<b>29,007</b>	26,894
Amounts due from related party	<b>20,593</b>	12,513
	<b><u>49,600</u></b>	<b><u>39,407</u></b>
<b>10. Creditors</b>		
	<b>2018</b>	2017
	<b>£</b>	£
Trade creditors	<b>8,560</b>	18,669
Accruals	<b>14,177</b>	11,906
	<b><u>22,737</u></b>	<b><u>30,575</u></b>
<b>11. Unrestricted - Administration Fund</b>		
	<b>2018</b>	2017
	<b>£</b>	£
Accumulated fund at 1 <sup>st</sup> September	<b>1,926,553</b>	2,043,796
Net movement in funds	<b>(172,420)</b>	(117,243)
At 31 <sup>st</sup> August	<b><u>1,754,133</u></b>	<b><u>1,926,553</u></b>
<b>12. Unrestricted Funds</b>		

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 2018 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:-

	<b>31 August 2018</b>	<b>31 August 2017</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	2.7	2.5
RPI inflation rate	3.3	3.6
CPI inflation rate	2.3	2.6
Rate of increase in pensionable earnings	2.3	3.6
Rate of increase in pension payments	2.2/3.2/5.0	2.3/3.5/5.0

The major categories of the Scheme’s assets as a percentage of the total Scheme assets, were as follows:-

	<b>31 August 2018</b>	<b>31 August 2017</b>
	<b>%</b>	<b>%</b>
Equities	54	52
Corporate bonds	5	13
Property	8	8
Cash	10	8
Liability Driven Investment	17	13
Annuities	6	6

The following amounts at 31 August 2018 were measured in accordance with the requirements of FRS102.

	<b>£ million</b>
Total market value of assets	76.9
Present value of scheme liabilities	76.3
Net overfunding in Scheme	0.6
Unrecognised assets	(0.6)
Net Defined Benefit Asset	0.0



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 7.0% 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 £1.902m (2017, £1.847m), of which the Board's contributions totalled £120,581 (2017, £120,293).

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 is higher than the employers' contribution rate of 24.1% of Pensionable Earnings currently being paid. However, part of the core Pension Reserve Fund contribution of £650,000 per annum represents the cost of future service benefits in excess of the current contribution rate over the period from 1 September 2017 to 31 August 2019. Therefore, employer contributions will remain at 24.1% of Pensionable Earnings until 31 August 2019. A consultation regarding the future of the Scheme is currently underway. If the benefit structure and member contribution rate are unchanged at 1 September 2019, the employers' future service contribution rate required will increase to 34.6% of Pensionable Earnings.

The next full actuarial valuation is due as at 1 September 2020, with interim updates of the funding position to be carried out as at 1 September 2018 and 2019.

#### 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	2018 £	2017 £	2018 No	2017 No
Travel expenses reimbursed	2,880	2,663	15	16

#### 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	2018 £	2017 £	2018 No	2017 No
Grants received	-	17,638	-	3
Grants paid	-	19,176	-	5

These amounts are not included in these financial statements.

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

	2018 £	2017 £
<b>Cash Flows from Operating Activities</b>		
Net Movement in funds	(172,420)	(117,243)
Add Depreciation charge	-	2,229
Add Amortisation provided	15,374	15,374
Deduct (Gains) on investments	(82,296)	(135,405)
Deduct Dividends & interest	(52,605)	(52,670)
(Increase) in debtors	(10,193)	(6,117)
(Decrease) in creditors	(7,838)	(7,654)
<b>Net cash (used in) operating activities</b>	<b>(309,978)</b>	<b>(301,486)</b>

#### 17. Operating lease commitments

	2018 £	2017 £
Not later than one year	3,192	3,411
Later than one year and not later than five years	4,102	3,672
	<u>7,294</u>	<u>7,083</u>

**18. Financial instruments**

The charity had the following financial instruments:

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

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Investments stated at market value	<b>1,676,162</b>	1,898,866

**Financial liabilities at amortised cost:**

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Trade creditors	<b>8,560</b>	18,669
Accruals	<b>14,177</b>	11,906
	<u>          </u>	<u>          </u>

**Financial assets at amortised cost:**

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Trade debtors	<b>26,740</b>	16,404
	<u>          </u>	<u>          </u>
Cash at bank and in hand	<b>51,108</b>	3,481
	<u>          </u>	<u>          </u>