

Trustees for Methodist Church Purposes  
Charity Registration Number 1136358

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Trustees Report & Accounts for the year ended 31 August 2020

## Trustees for Methodist Church Purposes

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## Office and Advisers

### **Office**

Central Buildings  
Oldham Street  
Manchester  
M1 1JQ

### **Bankers**

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

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

### **External Auditors**

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

### **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 Gerry Davis
The Revd Dr Keith Davies (resigned 31 <sup>st</sup> August 2020)	Mr Ralph Dransfield
The Revd Paul Davis	Dr Ian Harrison
The Revd Rodney Hill	Mr David James (appointed Conference 2020)
The Revd Jennifer A Impey	Mr John Jefferson
The Revd Simon Leigh (appointed Conference 2020)	Ms Alethea Siow
The Revd Gillian M Newton	Mr Ian C White (Chair)
The Revd Philip Wagstaff (appointed Conference 2020)	

### Changes in Office:

The Revd Simon Leigh, Revd Philip Wagstaff and Mr David James were appointed to the Board by Conference on 1<sup>st</sup> July 2020.

The Revd Dr Keith Davies served on the Board as Chair for a fixed 5 year appointment from October 2015 to August 2020 and the Board expresses its grateful thanks for his firm leadership and achievements during this period and for all his years of dedicated service as a Board member. He resigned from the Board with effect from 31<sup>st</sup> August 2020, having notified Conference accordingly.

Mr Ian White succeeded Keith as Chair of the Board and his appointment was confirmed by Conference on 1<sup>st</sup> July 2020.

## TMCP Staff

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

Martin Attfield	-	Assistant Chief Executive
Laura Carnall	-	Legal Manager
Janet Street	-	Finance Manager (to 30 <sup>th</sup> September 2020)

The organisation saw the retirement of Janet Street as Finance Manager after 46 years of dedicated service. Nicola Sivori has been appointed to act as Interim Finance Manager and is overseeing the review of Finance section processes and procedures as we move to a digitised way of working. The Chief Executive works in consultation with key management in a collaborative manner.

The team is working with the Executive Committee and external consultants to develop and implement new systems in order to monitor and assess the effectiveness of workflow and performance.

The measures taken by the Government in the UK to contain COVID-19, as from March 2020, have impacted the team and its ways of working during the latter part of the financial year. The team has worked remotely since March 2020 and management have implemented new ways of working and monitoring performance to accommodate this change in circumstances. The team has stepped up to meet these challenges despite the disruptive impact on their personal situations.

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

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

Staff training and professional development needs are identified through an appraisal process in order to plan an annual programme of training and continuing professional development which enhances roles and satisfies the requirements of individual professional bodies. The Board holds a 'season ticket' with an industry training provider to help facilitate this.

The pay grading of TMCP staff including key management personnel is set with reference to the Hays Pay and Grading Scale for charities and related professional organisations of a similar nature and size.

## 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 4,045 or so local Churches, 343 Circuits and 30 Districts, together with a number of properties used for Connexional purposes.

The Board is also custodian of the funds held in 5,885 separate trusts. These funds are held for Methodist purposes for the Managing Trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Some trusts, such as Circuit Model Trust Funds, are held on the Model Trusts. The trusts of other Funds, such as Permanent Endowments, are determined by the terms of the will or other settlement.

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

Activities of the Board include:-

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

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

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

The Board is pleased that, due to increased publicity across the Connexion and through the Property Development Committee, it paid property grants totaling £573,407 from these trusts during the last financial year to a wide variety of property projects.

## Public Benefit Requirement

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

This guidance sets out two key principles:

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

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

## Structure and Governance

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

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

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

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

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

- Die
- Become bankrupt
- Make an assignment for the benefit of their creditors
- Refuse or be unfit to act or be incapable of acting as a member of the Board
- Reside for twelve months outside of the United Kingdom
- Cease to be a member of the Methodist Church

- By notice in writing sent or delivered to the Secretary\* state their desire to resign from the Board

*\*In the Act the "Secretary" means "the Secretary of the Conference".*

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

The Board, which met on 9<sup>th</sup> October 2019, 19<sup>th</sup> February 2020 and 3<sup>rd</sup> June 2020, is responsible for all the functions of the Trustees for Methodist Church Purposes. In practice, much of the work of the Board is discharged through committees and by its staff. As well as meeting to discuss operational issues, the Board holds an annual strategy day to review policy and set goals for each year.

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

The Board is served by four committees:

#### **The Executive Committee**

There is currently a committee of three Board members, which met on 9<sup>th</sup> January 2020, 23<sup>rd</sup> July 2020 and 29<sup>th</sup> July 2020. The Executive Committee reports to the Board and:

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

#### **The Audit and Risk Committee**

This is a committee of three Board members, which met on 17<sup>th</sup> January 2020 and 23<sup>rd</sup> July 2020 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 one member plus the Chief Executive which meets annually with a member of the Central Finance Board in attendance. It met on 21<sup>st</sup> January 2020 to review:

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



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

### **The Grants Committee**

A new Grants Committee was established in 2019 to oversee the increasing number of grant requests received by TMCP. This committee comprises five members including three Board members, the Chief Executive and the Finance Manager, supported by other staff as needed. The committee met on 1<sup>st</sup> October 2019 and 4<sup>th</sup> February 2020 and allocates grants from the discretionary grant funds under delegated authority from the Board. The meeting dates are publicised in advance on the TMCP website.

### **Board Recruitment**

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

### **Board Training**

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

## **Outcomes**

In order to provide a flavour of the work performed by TMCP, included below is an outline of some of the tasks undertaken since the last Report. It should be noted that the investment being made in a new Matter Management System in the financial year ending 31<sup>st</sup> August 2021 will provide a more comprehensive outline of the work performed by the team:

### **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 2019/20 are as follows:

• Property proceeds received	£ 28.6m
• Payment requests processed	£ 49.4m
• Investments purchased	£ 3.2m
• Investments sold	£ 4.2m
• Payment requests processed via the Consents system	534

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 2020 there were 2,765 users (2019 – 2,797 users).

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

## **Legal**

TMCP works with Managing Trustees, the Connexional Team and their professional advisers to enable them to pursue mission in a number of different ways. This work includes the redevelopment of existing buildings, often creating multi-purpose worship space which facilitates the development of strong links with local communities by providing space to allow community activities. The Legal section enables Managing Trustees to advance these projects in compliance with the requirements of Charity Law and Methodist Law and policy.

In the Connexional Year 2019/20 the Legal section provided Managing Trustees with guidance on 27 new major redevelopment projects and helped in the processing of 163 property sales and 19 purchases of new property.

The Legal section prepared 158 Model Trust Directions and helped to release 10 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 120 non-residential leases and provided guidance and assistance on 172 new assured shorthold tenancies and 219 forms of licence agreement.

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

Again it should be noted that the outbreak of the COVID-19 virus has also impacted the work of the Legal section who worked closely with the Panel Solicitors and, in some circumstances, the Connexional Team to provide support to the wider Connexion in respect of specific COVID-19 guidance, such as AST concession guidance, Non-residential lease concession processes, "Test and Trace" guidance for churches and guidance on building contracts during COVID-19. It should also be noted that the "Stamp Duty Holiday" introduced by the Chancellor from the 8<sup>th</sup> July 2020 to some extent impacted the work of the Legal section.

## **Where TMCP Provide Support / Collaboration with the Connexional Team**

### **General Data Protection Regulations (GDPR)**

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

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 is necessary for the Connexional Team to have a separate Notification with the Information Commissioners Office ('ICO').

The separate registration ensures that the Connexional Team is a data controller for ICO to cover those data processing activities which fall outside TMCP's registration and for which they are solely responsible. Under the Connexional Team's registration, the issues which affect Managing Trustees are: safeguarding and complaints and discipline issues. This means that the Connexional Team is responsible for all data protection matters concerning safeguarding and, complaints and discipline issues for the whole Methodist Church.

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

In the financial year to 31<sup>st</sup> August 2020 TMCP organised five face-to-face data protection training days aimed at data champions and hosted by the Panel of Solicitor firms across the Connexion. The training days were held in Newcastle, Leeds, Birmingham, Cardiff and London between 16 September 2019 and 11 November 2019 with an average of 25 attendees per day.

TMCP continues to act as a point of reference on matters arising in respect of both registrations and also co-ordinated five Data Subject Access Requests (DSAR's) in the Connexional year 2019/20. In addition, TMCP was dealing with two DSARs received at the end of August 2019. Of these seven DSARs, TMCP dealt with four and helped/co-ordinated with the Connexional Team on three. The DSARs are recorded in TMCP's SAR Register.

### **News Hub Articles**

Articles are regularly published on the TMCP website 'News Hub', providing information to Managing Trustees and their professional advisers on updates to the website, guidance on changes in legislation, training events, availability of trust statements and other relevant information. During the year there have been 40 articles published, many of which have provided specific guidance on the rapidly changing situation with COVID-19, produced in co-ordination with the Connexional Team to complement the material available on the Methodist website. Managing Trustees are encouraged to sign up for the News Hub emails to be kept informed of current developments.

### **Panel Solicitors**

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

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

TMCP hold regular face to face monitoring meetings with each member of the Panel. Training events regularly take place and since March 2020, TMCP have completed a series of Guidance Notes and News Hub articles with Panel members to guide Managing Trustees through COVID-19 related property and GDPR matters.

## Copyright

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

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

## Moving Forward

### Service Level Partnership Agreement

The Board were extremely pleased that this Partnership Agreement was finalised and signed by the Methodist Council and the TMCP Board in July 2020.

The Agreement guides the relationship between the Board and the Methodist Council, outlining the protocols and parameters within which both work. The intention is to promote collaboration and maintain efficient and effective working relationships. The Agreement seeks to focus on optimising the support offered to Managing Trustees, ensuring a high quality of service which is outcome-focussed.

The Agreement outlines:

- The relationship between partners
- The key stakeholders
- The service agreement
- The method of reviewing and monitoring performance.

It was agreed that TMCP will maintain a Matter Management System which will allow for the monitoring of the service provided by the Team. As a consequence the Board have commissioned the scoping and development of this system and are heavily investing in a new Digital Transformation Project.

### Digital Transformation Project

During 2020 the TMCP Board engaged external consultants to undertake an IT strategy review. Following that review, TMCP has upgraded its IT estate to support digital transformation and this will, coincidentally, also meet the challenges presented by COVID-19.

Significant progress was made in the year to 31<sup>st</sup> August 2020 with a move towards completing the first phase of this programme. The infrastructure implementation has been completed and the migration of electronic files to new structures and locations is scheduled for early 2021.

The scoping of the Matter Management System was developed and completed during the financial year and the Team commenced the procurement process. The evaluation, selection and contract negotiation are scheduled for early 2021.

To underpin the new technology platforms and ways of working, the Board will also be looking at a revised IT support model.

### **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.

### **Corporate Shareholding**

The Board agrees that it will hold shares in 'Methodist' trading subsidiaries in its role as corporate body, if instructed by the Methodist Council. The Board agrees to hold the shares subject to a number of conditions being met. There may be occasions where circumstances dictate that any of the conditions could be altered. If this is the case, then before proceeding the Board will take advice to ensure it is still protected from liability and there is no conflict of interest between its role as custodian trustee and as a shareholder. The advice will be provided to the Board by the TMCP Legal Team.

## **Financial Review**

Total income for the year was £995,545 whilst total expenditure for the year was £1,180,080 and this resulted in a net operating deficit of £184,535 (2019: £257,626). In addition, there were losses on investment assets of £56,622 leading to a net reduction in funds of £241,157 (2019: £242,945).

The Statement of Financial Activities shows grant income of £44,558 received from the Stickler trust and this is matched against the first phase costs of the digitisation programme. This restricted income and expenditure is shown separately in order to distinguish it from the unrestricted income and expenditure streams.

The 2019/20 Budget, as agreed by the Board, had anticipated a budgeted operating deficit (before gains/losses on investment assets) of £270,606. Following the inclusion of net losses on investments the actual net movement in funds for the financial year to 31<sup>st</sup> August 2020 was £241,157. This deficit reduced funds held in reserves at the year end from £1,511,188 to £1,270,031.

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

In the first instance, the level of reserves needs to be restored to the required level in accordance with the current Reserves Policy. The intention is to achieve a balanced budget in 2021/22 by negotiating an appropriate charging structure for services provided to the Connexion.

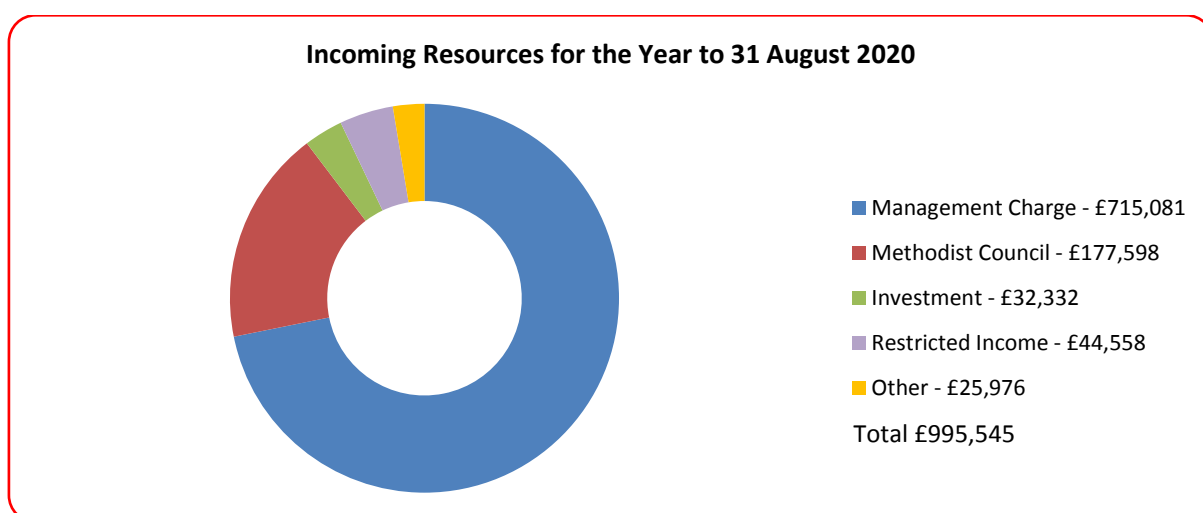
A Service Level Partnership Agreement between the Board and Methodist Council has been finalised and signed as at 1 July 2020 and the Board is keenly aware of the need, not only to secure viability in the immediate future, but for TMCP to provide efficient and effective services over the longer term. Discussions will be held with the Methodist Council in the forthcoming year to address this situation.

### Charitable Income

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

Income from charitable activities decreased by 1.09% to £892,849 (2019: £902,717). Investment Income decreased by 27% to £32,332 (2019: £44,092). Methodist Council income includes recovery of costs incurred in respect of Support Services staff accommodated in Manchester.

Restricted income is from the Stickler Trust (as noted in the overview above). Other income includes Coronavirus Job Retention Grant Scheme of £25,806.



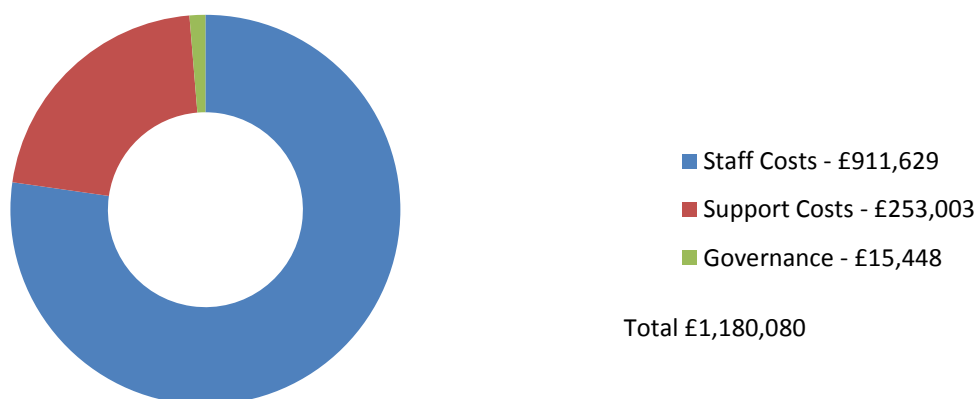
### Charitable Expenditure

The main categories of charitable expenditure are staffing and support costs. Resources expended in respect of charitable activities decreased to £1,164,632 (2019: £1,181,462). This included expenditure incurred in respect of the first phase of the digital transformation project.

Over the last five years, since 2015/16, there has been an aggregate deficit of £797,613. This is after adjusting for investment appreciation and exceptional items. Allowing for these items the level of reserves has moved over that period from £2,067,644 to £1,270,031.

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

### Outgoing Resources for the Year to 31 August 2020



### Utilisation of Reserves

	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Opening Balance</b>	<b>£1,511,188</b>	<b>£1,754,133</b>	<b>£1,926,553</b>	<b>£ 2,043,796</b>	<b>£ 2,067,644</b>
<b>Funds added to / (utilised from) reserves in the year</b>	<b>£(241,157)</b>	<b>£(242,945)</b>	<b>£(172,420)</b>	<b>£ (117,243)</b>	<b>£ (23,848)</b>
<b>Closing Balance</b>	<b>£1,270,031</b>	<b>£1,511,188</b>	<b>£1,754,133</b>	<b>£ 1,926,553</b>	<b>£ 2,043,796</b>

### Reserves Policy and Review

The current reserves policy was agreed in 2020. Quantified target reserves per the policy are £1.4m compared to actual free reserves of £1,259,332 (excluding tangible and intangible fixed assets).

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

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

The Audit and Risk Committee will look at the Policy annually, in the context of the budget and the final accounts, as a matter of good practice. A full review of the Reserves Policy is undertaken every

three years by the Board. Next date of review July 2023.

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

The Reserves could be used to:

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

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

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

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

## Investment Policy and Review

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

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

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

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



## Connected Organisations

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

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

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

- a) The Methodist Council, through the Connexional Team provides the Board with services in regard to payroll and pensions. The Board provides the Support Services in Manchester with accommodation and office services.
- b) The Central Finance Board of the Methodist Church (CFB) was set up by an Act of Parliament in 1960 to enable Methodist organisations to pool their assets and manage them efficiently. The CFB has its own fund management department enabling it to provide professional investment management. There are regular meetings with officers of the CFB to discuss matters of mutual interest.

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

	<b>2019</b>		
	<b>Income from connected organisation</b>	<b>Purchases from connected organisation</b>	<b>Amount owed by connected organisation at year-end</b>
Methodist Council	£174,186	£720	£9,525

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

### Other Connected Organisation Matters

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

The Board, as full trustee of the MCA Charitable Trust, holds 29.7% (2019: 29.7%) of the share capital of the Company. It holds these shares for the charitable purposes of the Methodist Church generally.

## Risk Management and Internal Controls

### Risk Management

The Board, through the Audit and Risk Committee, regularly reviews the risks to which its operations are subject and maintains appropriate arrangements to mitigate those risks. The primary risks are loss of premises, loss of data, loss of key staff, fraud, reputation, the volatility of the current investment market and financial resilience. The Board has taken into account COVID-19 and its implications across all of the risk categories.

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

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

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

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

### Internal Controls

The principal features of the systems of financial control include:

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

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

The risk management policy remains under continual scrutiny. Since the agreement of the Service Level Partnership Agreement (SLPA) with the Connexional Team, the risk management now also encompasses the monitoring of the Key Performance Indicators (KPI's), a function which will be assisted by the introduction of a Matter Management System during 2021 which will streamline processes and workflow.

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

## Statement of Trustees' Responsibilities

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

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the provisions of the trust deed and the Statement of Recommended Practice Accounting and Reporting by Charities. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## 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 17<sup>th</sup> February 2021 and signed on its behalf by:



**Mr Ian White**  
Chair of Trustees

**Date: 17<sup>th</sup> February 2021**

**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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity’s affairs as at 31 August 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the

financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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**

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

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

Date: 5 May 2021

## Trustees for Methodist Church Purposes

Statement of Financial Activities for the year ended 31<sup>st</sup> August 2020

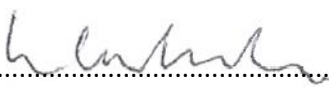
	Note	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020 £	Total Funds 2019 £
<b>Income and Endowments from:</b>					
Donations and legacies	3 (a)	25,806	44,558	<b>70,364</b>	2,000
Investment and other income	3 (b)	32,332	-	<b>32,332</b>	44,092
Charitable Activities	3 (c)	892,849	-	<b>892,849</b>	902,717
<b>Total Income</b>		<b>950,987</b>	<b>44,558</b>	<b>995,545</b>	<b>948,809</b>
<b>Expenditure on:</b>					
Charitable Activities	4(a), (b) & (c)	1,135,522	44,558	<b>1,180,080</b>	1,206,435
<b>Total Expenditure</b>		<b>1,135,522</b>	<b>44,558</b>	<b>1,180,080</b>	<b>1,206,435</b>
<b>Net Expenditure</b>		<b>(184,535)</b>	<b>-</b>	<b>(184,535)</b>	<b>(257,626)</b>
<b>Net (losses)/gains on investments</b>	8(a)	<b>(56,622)</b>	<b>-</b>	<b>(56,622)</b>	<b>14,681</b>
<b>Net movement in funds</b>	11	<b>(241,157)</b>	<b>-</b>	<b>(241,157)</b>	<b>(242,945)</b>
<b>Reconciliation of Funds</b>					
Fund balances brought forward at 1 <sup>st</sup> September		1,511,188	-	<b>1,511,188</b>	1,754,133
Fund balances carried forward 31 <sup>st</sup> August	11	1,270,031	-	<b>1,270,031</b>	1,511,188


The notes on pages 26 to 38 form an integral part of these accounts.

Balance Sheet as at 31<sup>st</sup> August 2020

	Note	2020 £	2019 £
<b>Fixed Assets</b>			
Tangible fixed assets	6	7,429	-
Intangible fixed assets	7	3,270	2,180
Investments	8	<u>1,126,720</u>	<u>1,488,342</u>
<b>Total Fixed Assets</b>		<u>1,137,419</u>	<u>1,490,522</u>
<b>Current Assets</b>			
Debtors	9	89,478	38,771
Cash at bank and in hand		<u>78,493</u>	<u>739</u>
<b>Total Current Assets</b>		<u>167,971</u>	<u>39,510</u>
<b>Liabilities</b>			
<b>Creditors</b>			
Amounts falling due within one year	10	<u>(35,359)</u>	<u>(18,844)</u>
<b>Net Current Assets</b>		<u>132,612</u>	<u>20,666</u>
<b>Net Assets</b>		<u>1,270,031</u>	<u>1,511,188</u>
<b>The Funds of the Charity</b>			
Unrestricted income funds	11	1,270,031	1,511,188
Restricted income funds	12	<u>-</u>	<u>-</u>
<b>Total Charity Funds</b>		<u>1,270,031</u>	<u>1,511,188</u>

The financial statements on pages 23 to 38 were approved by the Board and authorised for issue on: 17 February 2021 and signed on its behalf by

  
 ..... Board Member

  
 ..... Board Member

The notes on pages 26 to 38 form an integral part of these accounts.



Statement of Cash Flows for the year ended 31<sup>st</sup> August 2020

	Note	2020 £	2019 £
<b>Net cash (used in) operating activities</b>	16	<u>(245,164)</u>	<u>(293,692)</u>
<b>Cash Flows from Investing Activities</b>			
Dividends & interest	3 (b)	<b>32,332</b>	44,092
Addition: Tangible Fixed Asset	6	<b>(11,144)</b>	-
Addition: Intangible Fixed Asset	7	<b>(3,270)</b>	(3,270)
Proceeds from sale of investments	8 (a)	<b>220,022</b>	266,023
Net Transfers from/(to) Trustees Interest Fund	8 (a)	<b>84,978</b>	(63,522)
		<u><b>322,918</b></u>	<u>243,323</u>
<b>Changes in cash and cash equivalents in the year</b>		<b>77,754</b>	(50,369)
<b>Cash and cash equivalents brought forward</b>		<u><b>739</b></u>	<u>51,108</u>
<b>Cash and cash equivalents carried forward</b>		<u><u><b>78,493</b></u></u>	<u><u>739</u></u>

The notes on pages 26 to 38 form an integral part of these accounts.

**Notes to the Accounts for the Year Ended 31<sup>st</sup> August 2020****1. Trustees for Methodist Church Purposes (The Board)**

These accounts do not include investments of some **£346 million** (2019: £364 million) at market value held by the Board in its capacity as trustee or custodian trustee. These funds are held for Methodist purposes for the Managing Trustees who may be local Church Councils, Circuit Meetings or other bodies of trustees. Of the £346 million, approximately **£5.1 million** is in the form of trusts over which the Board has full discretion in accordance with the objects of the trusts. These trusts are segregated from the Charity's individual assets, being each identified as separately labelled funds. Any instructions for actions in respect of those funds are given by the Managing Trustees responsible for the funds and only acted upon when this authority is given. Regular reconciliations of these funds and investments held are performed and all processes are subject to scrutiny.

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

**2. Accounting Policies****(a) Basis of preparation and assessment of going concern**

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

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

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

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. In reaching this conclusion the Trustees have assessed the potential impact of COVID-19 on the charity's investments. There were no significant areas of adjustment and key assumptions that affect items in the accounts. With respect to the next reporting period, 2020-21, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets.

**(b) Statement of Cash Flows**

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

**(c) Tangible Fixed Assets**

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

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

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

**(d) Intangible Fixed Assets**

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

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

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

**(e) Taxation**

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

Since 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**

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

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

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

**(g) Income and Endowments**

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

**(h) Expenditure**

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

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

and include internal and external audit and trustees' expenses.

- All amounts include Value Added Tax.

**(i) Pension Costs**

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

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

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

**(j) Cash and cash equivalents**

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

**(k) Debtors**

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

**(l) Creditors**

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

**(m) Financial instruments**

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

**3. Income and endowments from:****3(a) Donations and legacies**

	<b>Unrestricted Funds 2020 £</b>	<b>Restricted Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Restricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>
Coronavirus Job Retention Grant Scheme	25,806	-	<b>25,806</b>	-	-	-
Grant from discretionary trust	-	44,558	<b>44,558</b>	-	-	-
Legacy	-	-	-	2,000	-	2,000
	<b>25,806</b>	<b>44,558</b>	<b>70,364</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>

**3(b) Investment and other income**

	<b>Unrestricted Funds 2020 £</b>	<b>Restricted Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Restricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>
Deposit Interest	2,044	-	<b>2,044</b>	1,733	-	1,733
Dividends	30,288	-	<b>30,288</b>	42,359	-	42,359
	<b>32,332</b>	<b>-</b>	<b>32,332</b>	<b>44,092</b>	<b>-</b>	<b>44,092</b>

**3(c) Charitable activities**

	<b>Unrestricted Funds 2020 £</b>	<b>Restricted Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Restricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>
Management Charge	715,081	-	<b>715,081</b>	728,131	-	728,131
Methodist Council Contribution	166,715	-	<b>166,715</b>	162,420	-	162,420
Support Services in Manchester Contribution	10,883	-	<b>10,883</b>	11,766	-	11,766
Other income and recovery of bank charges	170	-	<b>170</b>	400	-	400
	<b>892,849</b>	-	<b>892,849</b>	902,717	-	902,717

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

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Charitable Activities – Staff Costs	911,629	-	911,629	914,812	-	914,812
Charitable Activities – Support Costs	208,445	44,558	253,003	266,650	-	266,650
Governance costs (note 4 (c))	15,448	-	15,448	24,973	-	24,973
	<hr/>					
	1,135,522	44,558	1,180,080	1,206,435	-	1,206,435

4(b) Staff Costs

	2020 £	2019 £
Wages & Salaries	727,366	713,147
Social Security costs	76,116	77,610
Pension & Permanent Health Insurance costs	108,147	124,055
	<hr/>	<hr/>
	911,629	914,812
	<hr/>	<hr/>
Average number of employees (full time equivalent)	19	20

The full-time equivalent is calculated on the basis of a 35-hour week. The average number of employees (headcount) during the year was 21 (2019: 21) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

A provision of £15,000 has been included in the 2020 wages and salaries total in respect of potential holiday pay. A provision for this was not made in 2019.

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 £406,517 (2019: £ 386,219).

Two employees were paid £60k or more during the year (2019: 1 employee).

	2020 No. of employees	2019 No. of employees
£60,001 - £70,000	2	1

The Trustees do not receive any emoluments.

<b>4(c) Governance costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trustees Expenses (note 15)	<b>2,026</b>	4,745
Committee Expenses (sundry costs)	<b>1,068</b>	1,239
Auditors Remuneration:		
In their capacity as external auditors	<b>9,648</b>	7,861
Charges for other services: Internal audit	<b>1,865</b>	6,421
HR services	<b>396</b>	4,707
Independent Examination	<b>445</b>	-
	<u><b>15,448</b></u>	<u>24,973</u>
<b>5. Net movement in funds for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net movement in funds for the year is stated after charging:-		
Depreciation	<b>3,715</b>	-
Amortisation	<b>2,180</b>	1,090
Operating lease rentals	<b>3,403</b>	4,035
	<u><b>9,298</b></u>	<u>5,125</u>
<b>6. Tangible Fixed Assets</b>		
	<b>Computer Equipment £</b>	
<b>Cost</b>		
At 1 <sup>st</sup> September 2019	8,826	
Additions in the year	11,144	
<b>At 31<sup>st</sup> August 2020</b>	<u><u>19,970</u></u>	
<b>Depreciation</b>		
At 1 <sup>st</sup> September 2019	8,826	
Charge for the year	3,715	
<b>At 31<sup>st</sup> August 2020</b>	<u><u>12,541</u></u>	
<b>Net Book Values</b>		
<b>At 31<sup>st</sup> August 2020</b>	<b>7,429</b>	
At 31 <sup>st</sup> August 2019	-	



**7. Intangible Fixed Assets**

	<b>Website Development £</b>
<b>Cost</b>	
At 1 <sup>st</sup> September 2019	49,392
Additions in the year	3,270
<b>At 31<sup>st</sup> August 2020</b>	<u>52,662</u>
<b>Amortisation</b>	
At 1 <sup>st</sup> September 2019	47,212
Charge for the year	2,180
<b>At 31<sup>st</sup> August 2020</b>	<u>49,392</u>
<b>Net Book Values</b>	
<b>At 31<sup>st</sup> August 2020</b>	<b>3,270</b>
At 31 <sup>st</sup> August 2019	2,180

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

	<b>2020 £</b>	2019 £
Market value 1 <sup>st</sup> September	<b>1,488,342</b>	1,676,162
Disposal proceeds	<b>(220,022)</b>	(266,023)
Net Transfers (from)/to Trustees Interest Fund	<b>(84,978)</b>	63,522
Net (losses)/gains on investments	<b>(56,622)</b>	14,681
Market value at 31 <sup>st</sup> August	<u><b>1,126,720</b></u>	<u>1,488,342</u>

**8(b) Analysis of Investments**

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

	<b>2020 Market Value £</b>	2019 Market Value £
<b>Central Finance Board</b>		
Trustees Interest Fund	<b>55,612</b>	140,590
Overseas Investment Fund	<b>235,257</b>	296,184
UK Equity Fund	<b>435,746</b>	552,636
Short Fixed Interest Fund	<b>161,011</b>	209,132
Corporate Bond	<b>98,299</b>	141,262
Property Fund	<b>140,795</b>	148,538
	<u><b>1,126,720</b></u>	<u>1,488,342</u>

**9. Debtors**

	<b>2020</b>	2019
	£	£
Debtors	<b>4,564</b>	5,071
Amounts due from related party	<b>11,616</b>	9,525
Prepayments and accrued income	<b>73,298</b>	24,175
	<b><u>89,478</u></b>	<u>38,771</u>

**10. Creditors**

	<b>2020</b>	2019
	£	£
Trade creditors	<b>9,058</b>	5,302
Accruals	<b>26,301</b>	13,542
	<b><u>35,359</u></b>	<u>18,844</u>

**11. Unrestricted - Administration Fund**

	<b>2020</b>	2019
	£	£
Accumulated fund at 1 <sup>st</sup> September	<b>1,511,188</b>	1,754,133
Net movement in funds	<b>(241,157)</b>	(242,945)
At 31 <sup>st</sup> August	<b><u>1,270,031</u></b>	<u>1,511,188</u>

**12. Analysis of restricted fund movements**

	<b>Funds at 1 April 2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Funds at 31 August 2020</b>
	£	£	£	£
Restricted Fund	-	44,558	(44,558)	-
	<u>-</u>	<u>44,558</u>	<u>(44,558)</u>	<u>-</u>

**13. Analysis Net Assets Between Fund**

	<b>Unrestricted Funds 2020 £</b>	<b>Restricted Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
Tangible fixed assets	7,429	-	7,429	-
Intangible fixed assets	3,270	-	3,270	2,180
Investments	1,126,720	-	1,126,720	1,488,342
Cash at bank and in hand	78,493	-	78,493	739
Other net current assets	54,119	-	54,119	19,927
<b>Net assets at 31 August 2020</b>	<b>1,270,031</b>	<b>-</b>	<b>1,270,031</b>	<b>1,511,188</b>

**14. Pension Costs**

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

**FRS102 Disclosures**

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2020 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:-

	<b>31 August 2020 % pa</b>	<b>31 August 2019 % pa</b>
Discount rate	1.6	1.8
RPI inflation rate	3.1	3.2
CPI inflation rate	2.2	2.2
Rate of increase in pensionable earnings	2.2	2.2
Rate of increase in pension payments	2.1 / 3.0 / 5.0	2.2 / 3.1 / 5.0

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

	<b>31 August 2020 %</b>	<b>31 August 2019 %</b>
Equities	52	54
Corporate bonds	5	5
Property	9	7
Cash	9	9
Liability Driven Investment	20	20
Annuities	5	5

The following amounts at 31 August 2020 were measured in accordance with the requirements of FRS102.

	<b>£ million</b>
Total market value of assets	81.5
Present value of scheme liabilities	95.4
Net Defined Benefit Asset /(Liability)	<u>(13.9)</u>

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

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

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

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

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

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

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

The next full actuarial valuation is currently being carried out as at 1 September 2020.

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

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

Nature of transaction	2020 £	2019 £	2020 No	2019 No
Travel expenses reimbursed	2,026	4,745	13	18

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

	2020 £	2019 £
<b>Cash Flows from Operating Activities</b>		
Net Movement in funds	(241,157)	(242,945)
Add Depreciation charge	3,715	-
Add Amortisation provided	2,180	1,090
Add / Deduct losses / (Gains) on investments	56,622	(14,681)
Deduct Dividends & interest	(32,332)	(44,092)
(Increase) / Decrease in debtors	(50,707)	10,829
Increase / (Decrease) in creditors	16,515	(3,893)
<b>Net cash (used in) operating activities</b>	<b>(245,164)</b>	<b>(293,692)</b>

#### 17. Operating lease commitments

At 31<sup>st</sup> August 2020 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
<b>Leases which expire:</b>		
Not later than one year	3,265	3,160
Later than one year and not later than five years	9,860	4,030
Later than five years	242	-
	<b>13,367</b>	<b>7,190</b>

#### 18. Related Parties

There were no related party transactions during the year (2019: none) other than expenses paid to Trustees as disclosed in note 15. Transactions with connected organisations are reported in the Trustees' Report on page 17.

**19. Analysis of changes in net debt**

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash at bank and in hand	739	<b>77,754</b>	<b>78,493</b>
	<u>739</u>	<u><b>77,754</b></u>	<u><b>78,493</b></u>

**20. Financial instruments**

The charity had the following financial instruments:

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

	2020	2019
	£	£
Investments stated at market value	<b>1,126,720</b>	1,488,342