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NAMES AND ADDRESSES

CONFERENCE OFFICE

The address of the "office of the Conference" for the purposes of the Methodist Church Act 1976 and any other legislation is:

The Methodist Church
 General Secretary's Office
 Methodist Church House
 25 Marylebone Road
 London NW1 5JR
 Tel: 020 7486 5502

CUSTODIAN TRUSTEES:

Trustees for the Methodist
 Connexional Funds
 (Registered)
 4th Floor,
 Friendly House
 52/58 Tabernacle Street
 London
 EC2A 4PL

Trustees for Methodist
 Church Purposes
 Central Buildings
 Oldham Street
 Manchester
 M1 1JQ

Methodist Missionary Trust
 Association
 Methodist Church House
 25 Marylebone Road
 London
 NW1 5JR

BANKERS:

HSBC plc
 Westminster Branch
 22 Victoria Street
 London
 SW1H 0NJ

AUDITORS:

PricewaterhouseCoopers LLP
 1 Embankment Place
 London
 WC2N 6NN

SOLICITORS:

Pothecary & Barratt
 Talbot House
 Talbot Court
 Gracechurch Street
 London
 EC3V OBS

TRUSTEES' REPORT for year ended 31 August 2004**STRUCTURE, GOVERNANCE AND MANAGEMENT**

In line with the decision of the Methodist Council, the annual report and accounts for the year ended 31 August 2004 are presented under the new name, "The Methodist Council Consolidated Accounts". Previous reports and accounts were presented under the name, "The Methodist Church Fund".

The Methodist Church does not currently need to register as a charity by the combined effects of Sec. 46(4)(a) of the Charities Act 1993 and Para. 4(2)(c) of the Charities (Exception from Registration) Regulations 1996 as amended by Statutory Instrument 2002 No.1598.

Under the Methodist Church Act 1976, the government and discipline of the Methodist Church and the management and administration of its affairs is vested in the Conference. This is a representative body of 384 members comprising ministers, deacons and lay persons from the 33 districts of the Methodist Church of Great Britain as well as other bodies of the Church. Each of the 33 districts comprises a number of circuits, each made up of a number of churches within a geographically defined area.

Meeting annually in three sessions (Representative, Ministerial and Diaconal), Conference each year appoints a President and Vice President of Conference to oversee its meetings the following year as well as acting as ambassadors, spokespersons and leaders for the Church. The Conference also appoints the General Secretary of the Church (who is also formally the Secretary of the Conference) and other key officers.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**THE METHODIST COUNCIL**

Conference appoints each year, the Methodist Council from a wide spectrum of the membership of the Church and seeks to draw in a variety of skills, expertise and experience. The Methodist Council is authorized to act on behalf of Conference between the close of one Conference and the opening of the next, providing that such action is not contrary to the Deed of Union or to any subsisting Resolution of the Conference. Acting collectively, the members of the Methodist Council are the Trustees of the Methodist Council Consolidated Accounts and have the responsibility for approving these financial statements. The 66 members have been listed individually here and their names are recorded each year in the Minutes of Conference.

Mr Harvey Allen	Revd David G Deeks	Mr Barry Natton
Ms Jane Allin *	Mrs Jennifer H Easson	Miss Gail Nichol
Revd Ian Anderson	Revd David R Emison *	Mr Geoffrey Pickford *
Revd Alan Ashton *	Deacon Jacqueline Fowler	Mr G Alan Pimlott
Revd Desmond Bain	Ms Katherine Fox *	Deacon Myrtle Poxon
Mr Michael Bamford	Revd David Gamble	Revd Stephen J Poxon
Mr Peter Barley *	Revd Christine Gillespie	Revd Keith A Reed *
Ms Ruby Beech	Mr Brian Ham	Revd Harvey S Richardson
Mr John A Bell	Mrs Anna Hillman *	Revd Dr Neil G Richardson
Mrs Christine Bellamy	Revd Andrew J L Hollins *	Revd Stephen E Robinson
Revd John C Best	Professor Peter D Howdle *	Dr Malcolm Stevenson
Revd Christopher Blake	Dr Glyn Tegai Hughes *	Revd Peter G Sulston
Revd Peter A Brown	Mrs Judy M Jarvis	Mr David Taylor
Mr Stuart H Brown *	Revd Richard D C Jones *	Revd Martin H Turner
Mr Ronald Calver	Revd Jonathan W Kerry	Mr John Unsworth
Revd R Graham Carter	Dr Joy Leitch *	Mrs Lys Vaughan
Mr Steven Cooper	Dr Ian Lovecy	Dr Richard M Vautrey *
Revd Peter Cornick	Mr Brian D F Mansfield	Revd Rachel D Walton
Mr Peter G Cotgrove *	Dr Judith May-Parker	Revd Martin Wellings
Ms Anthea Cox	Revd William Morrey	Mr G Peter White *
Mr Roger Dawe	Mr Naboth Muchopa	Revd Ian T White *
Mr Brian Dawson *	Revd Rosamy Murphy *	Ms Helen Woodall

**indicates those who had completed their period of Trusteeship at the end of the connexional year 2003/2004.*

The undernoted persons were appointed to serve as Trustees from the beginning of the 2004/2005 connexional year:

Mr David Andrews	Mrs Rosalind Innes	Mrs Alethea Siow
Mr Dudley Coates	Revd Roger A Jones	Revd Thomas J Stuckey
Revd David F Coote	Ms Lucy Kallender	Revd Graham Thompson
Mr Peter Davis	Mrs Susan Millman	Mr Michael Tolson
Revd Kenneth C Howcroft	Revd Jeffrey C Moles	Revd Michael J Townsend
Ms Rachel Howcroft	Mr Andrew Moore	Mr Kenvyn Wales
Mr Ronald Hughes	Dr Jane Rajan	Revd Paul H Wilson

Some of the governance work of the Council is exercised through standing committees of Conference and Council, each looking at specific aspects of the work and reporting to Council and/or Conference with recommendations.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**THE STRATEGY AND RESOURCES COMMITTEE**

Conference also appoints annually the Strategy and Resources Committee, a subcommittee of the Methodist Council, to advise the Council in relation to all its functions. The Committee, which met six times in the year, has specific responsibility for detailed review and reporting to the Council of the following aspects of the work.

- ◆ Annual Budgets for the work of the Connexional Team
- ◆ Annual Trustees' Report and Consolidated Financial Statements
- ◆ Identification and management of risks

The current members of the Strategy and Resources Committee and those who served in 2003/2004 are listed below:

VOTING MEMBERS

Mr Roger Dawe (Chairman)
 Mr Michael Bamford
 Mr John A Bell
 Mr Ronald Calver
 Revd R Graham Carter
 Mr Dudley Coates (from 1 Sept 04)
 Mr Peter G Cotgrove (to 31 Aug 04)
 Revd Richard D C Jones (to 31 Aug 04)
 Dr Joy Leitch (to 31 Aug 2004)
 Mrs Susan Millman (from 1 Sept 2004)
 Mr Andrew Moore (from 1 Sept 2004)
 Deacon Myrtle Poxon
 Dr Jane Rajan (from 1 Sept 2004)
 Revd Martin H Turner
 Revd Rachel D Walton
 Mr G Peter White (to 31 Aug 2004)
 Ms Helen Woodall

NON-VOTING MEMBERS

Ms Ruby Beech
 Ms Anthea Cox
 Revd David G Deeks
 Revd David Gamble
 Revd Kenneth Howcroft (from 1 Sept 04)
 Revd Jonathan W Kerry
 Revd Keith A Reed (to 31 Aug 2004)
 Revd Peter G Sulston

THE CONNEXIONAL TEAM

There is a Connexional Team whose members work collaboratively to provide a coherent and effective service on behalf of the Conference. The Connexional Team is led by the Joint Secretaries Group consisting of the General Secretary/Secretary of Conference and 6 Co-ordinating Secretaries (one of whom is designated Assistant Secretary of Conference and one of whom is the ecumenical officer of the Methodist Church). The overall task of the Connexional Team is to further the purposes of the Methodist Church, in particular enabling it better to fulfill its calling of responding to God's love in Christ and working out its discipleship in mission and worship.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)

OBJECTIVES AND ACTIVITIES

Since Conference 2000 the "Our Calling" process has provided four interconnected themes within which all parts of the Church (Connexion) may review their life in fulfillment of its purpose. Thus the Church exists

- ◆ to increase awareness of God's presence and to celebrate God's love (worship)
- ◆ to help people to grow and learn as Christians through mutual support and care (learning and caring)
- ◆ to be a good neighbour to people in need and to challenge injustice (service)
- ◆ to make more followers of Jesus Christ (evangelism)

Much of the work of the Connexional Team is undertaken through

- ◆ grants in support of a number of training colleges and centres providing Biblical, theological and pastoral training for the Methodist Church as well as acting as regional training centres for the wider Church;
- ◆ the development of training programmes for people coming into ministry as well as continuing development of persons already in ministry;

- ◆ grants to individuals accepted for ministerial training in the home districts and ecumenical partners overseas;
- ◆ grants to circuits and churches for property schemes aimed at making church buildings adaptable, accessible to everyone, and properly expressive of our heritage and ethos. A particular priority at the present time is to support improved accessibility for people with disabilities;
- ◆ grants to partner churches and ecumenical organizations overseas and to home districts, circuits and local churches in aid of their ministry and outreach efforts within their communities;

- ◆ the development of resource materials for all areas of the Church's work;
- ◆ support to workers and office holders in the Church including Local Preachers, workers with children and young people, Lay Workers, Chaplains;
- ◆ organisation or support of worship celebrations and training events;

- ◆ the provision of a network of regional Training and Development Officers to advise on and to facilitate training provision of all kinds to meet the needs of churches and Circuits and their communities;
- ◆ fostering partnerships and closer working with others in pursuing the purposes of the Methodist Church;
- ◆ advising on emerging developments in politics, social and economic life both within the UK and abroad, as well as
- ◆ a general advisory and support service to districts, circuits and local churches in areas such as payroll, gift aid, employment and tax.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**ACHIEVEMENTS & PERFORMANCE**

In the year to 31 August 2004, 3,723 grants amounting to approx. £10.5 million were made. The main areas benefiting were

- ◆ Foundation and pre-ordination training benefiting from total grants allocation of £2.1 million. Most of this grant went towards the formation, oversight and training of ministers and deacons. As a result, 61 new ministers were received into full Connexion and 62 candidates were accepted for training for presbyteral and diaconal ministries of the Church. All in all, the training grants programme supported a total of 130 students in Foundation Training, 105 students in ministerial and diaconal training and 139 probationer ministers and deacons.
- ◆ The World Church Programme under which £3.2 million went out in the form of direct grants to overseas partner churches and ecumenical organisations, and £0.4 million by way of scholarship awards for nominees of overseas partners with the rest going towards the support of 79 mission partners, 14 short-term volunteers and 5 special partners all involved in various projects overseas, and
- ◆ The Resourcing Mission Programme – Here a further £1.75 million went to circuits and local churches including property schemes aimed at making our church buildings more accessible and more adaptable and also for Mission and Ministry grants within the home districts.

Notes 7 and 8 to the accounts provide a full breakdown of grants by area as well as of the top 50 grant beneficiaries.

During the year, attention also focused on initiatives encouraged by the Conference including - Engaging with Young Adults and IT and the Methodist Church (Phase 2). Using a variety of methods, including structured conversation with a sample of 20 – 30 year olds from within and outside the life of the Church, the Connexional Team carried out research into the spiritual implications of the film choices made by 20 – 40 year olds and gathered information from the published research findings into this age group. Under the Engaging with Young Adults initiative, the Team aimed to develop new and effective ways of engaging with this age group. One direct outcome of this work was the well publicised "11th Commandment Writing Competition".

Phase 2 of IT and the Methodist Church also saw the redesign of the Methodist Church website to improve accessibility and its use as a tool for mission, the development of online resources including Property Office information leaflets and schedules providing better information on our Resourcing Mission Grants programme, "E-News" – an electronic resource for local churches linked to Our Calling as well as the start of a number of pilot projects areas such as multi-media worship, text messaging, website development and the use of technology in youth and children's work, particularly in rural areas.

Much work still needs to be done, and will be prioritised and progressed as time and resources permit.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**FINANCIAL REVIEW AND POLICIES**

The Methodist Council ended the year to 31 August 2004 with net incoming resources before transfers and revaluations of £0.530 million (£0.722 million last year).

Total incoming resources for the year were £27.6 million, up £1.1m on the previous year. A 4 percent fall in voluntary giving was more than compensated for by increases in other income from operational activities, as well as net gains on disposal of tangible fixed assets. Donations (including the Connexional Assessment), legacies and similar incoming resources remained the main income source accounting for 60 percent of incoming resources in the year.

Total resources expended went up by 5 percent to £27.1 million. The increase came mainly from grants payments by the Fund for World Mission and the Auxiliary Fund, increased operational activities by the self accounting entities and increases in stipends and basic salaries as well as employer's pension contributions.

The various types of expenditure as a percentage of the total expenditure were as follows:-

	<u>2004</u>	<u>2003</u>
	%	%
Grants payable	38.8	37.9
Operational activities	13.3	12.0
Support costs	44.5	46.2
Management and administration	3.0	3.4
Fund raising	0.4	0.5
	<u>100.0</u>	<u>100.0</u>

The recovery in the investment market also continued with net gains on revaluation and disposals of investment assets of £3.0 million, compared to only £0.8 million last year.

The Church thus ended the year with a net increase in reserves of £3.51 million, bringing net assets to £104.8 million (£101.3m – 31 Aug 2003).

INTERNAL FINANCIAL CONTROLS

The Methodist Council has overall responsibility for ensuring that there is in place an appropriate system of controls, financial and otherwise, to provide reasonable confidence and assurance that

- ◆ the Church's administration is operating effectively and efficiently
- ◆ the assets of the Church are properly safeguarded against unauthorised loss or damage
- ◆ proper records are maintained and information produced for management control, fiscal and statutory reasons
- ◆ the Church complies with the relevant laws and guidelines.

This responsibility is delegated to the Audit Committee, who are appointed by the Conference, and the officers of the Church. The Audit Committee generally meets three times a year and examines the effectiveness of the systems of internal control by reviewing:-

- ◆ the nature and scope of the external audit and any matters that may have been raised by the auditors for the attention of management. Any significant findings or risks identified are examined so that appropriate action can be taken.
- ◆ the Policies and Procedures manual, which describes the operational guidelines to be followed by all officers of the Church.

RESERVES POLICY

The definition of 'Reserves' is:-

'Income which becomes available to the Charity and is to be expended at the Trustees' discretion in furtherance of the Charity's objects, but which is not yet spent, committed or designated'.

This definition therefore excludes restricted funds, designated funds, and funds already invested in fixed assets.

The agreed reserves policy for Methodist Council Consolidated Accounts is to hold the equivalent

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**FINANCIAL REVIEW AND POLICIES (Cont.)**

of the relevant annual expenditure plus an estimate of any known likely fluctuation. These reserves might be held either in a specific related fund or within the Methodist Church Fund. Of the main restricted funds only the Auxiliary Fund and the Fund for World Mission currently hold reserves above the agreed levels. The other funds have either an amount reflecting the policy or less funds than it suggests. The Council is taking steps, as part of the annual budgeting exercise, to bring all funds within the agreed level.

GRANT MAKING POLICY

Grants are made by Committees of the Council based on applications or funding requests received through the Connexional offices in London and Manchester. In a few limited cases where the grant making decisions are delegated to specific officers of the Connexional Team within particular criteria, there is a requirement for periodic reporting to the appropriate Committee of grants made. Beneficiaries of the grants are in the main, local Methodist churches, circuits and similar bodies, individual Methodist Church members training for and/or within authorised ministries according to need, training institutions as well as World Church partners and their nominees. All grants are made in furtherance of the Church's calling.

INVESTMENT POLICY

The investment of surplus funds is operated via the Central Finance Board of the Methodist Church, which is a separate body reporting directly to the Conference. The Policies and Procedures adopted by the Central Finance Board (CFB) are agreed by the Conference. Most of the investments are in Managed Fund Units administered by the Central Finance Board (CFB). CFB aims to provide a high quality investment service, seeking above average returns for long term investors, whilst ensuring that the securities held by all its funds are in line with the ethical policy of the Methodist Church.

The CFB Annual Report 2003 states that over a five year period its long term performance has been consistently above market averages. Their statement is based on externally verified figures produced by Russell Mellon/Combined Actuarial Performance Services (CAPS).

Investments in properties are made in the main to accommodate ministers, deacons and their families during their services to the Church. In addition, the London Mission have also invested in the past in some properties with a view to generating income by letting these premises. Currently, however, any surplus funds are channelled through the Central Finance Board.

RISK MANAGEMENT

The Church's risk management policy is designed to identify and analyse operational and other risks facing the Church and where at unacceptable levels, to take steps to mitigate the risks. The Strategy and Resources Committee and the Audit Committee review and monitor these risks and report to the Council. The main risks the Church faces can be categorised as:-

1. Strategic and Reputational Risks
2. Financial Risks
3. Compliance Risks
4. Operational Risks

The review and monitoring for the year to 31 August 2004 showed that proper controls are in place for monitoring and mitigating these risks.

ACCOUNTING AND REPORTING RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Methodist Council as trustees to prepare financial statements for each financial year, which give a true and fair view of the Church's financial activities during the year and of its financial position at the end of the year.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**FINANCIAL REVIEW AND POLICIES (Cont.)**

In preparing the financial statements, the Trustees should follow best practice and:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards and the Statement of Recommended Practice 2000, Accounting and Reporting by Charities have been followed;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that activities will continue.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Methodist Council and which will enable them to ensure that the financial statements comply with the Standing Orders of the Methodist Church and the Charities Act 1993. They are also responsible for taking reasonable steps to safeguard the assets of the Church and to prevent and detect fraud and other irregularities.

TRUSTEES' REPORT for year ended 31 August 2004 (Cont.)**PLANS FOR FUTURE PERIODS**

Under the draft new Charities Bill, the Church's exception from registration status is set to be withdrawn, meaning alternative arrangements would now need to be made to register all parts of the Connexion with the Charity Commission. This is likely to significantly impact the way we work and already a working group within the Connexional Team is reviewing the impact of the legislative change and hopes to bring forward a proposal for consultation within the Church.

After extensive consultations within the church under the title, "Where are we heading", the Methodist Conference 2004 adopted the following set of priorities to guide the work of the Church at connexional, district, circuit and local church levels in the coming years.

"In partnership with others wherever possible, the Methodist Church will concentrate its prayers, resources, imagination and commitments on this priority:

- ◆ to proclaim and affirm its conviction of God's love in Christ, for us and for all the world, and renew confidence in God's presence and action in the world and in the Church.

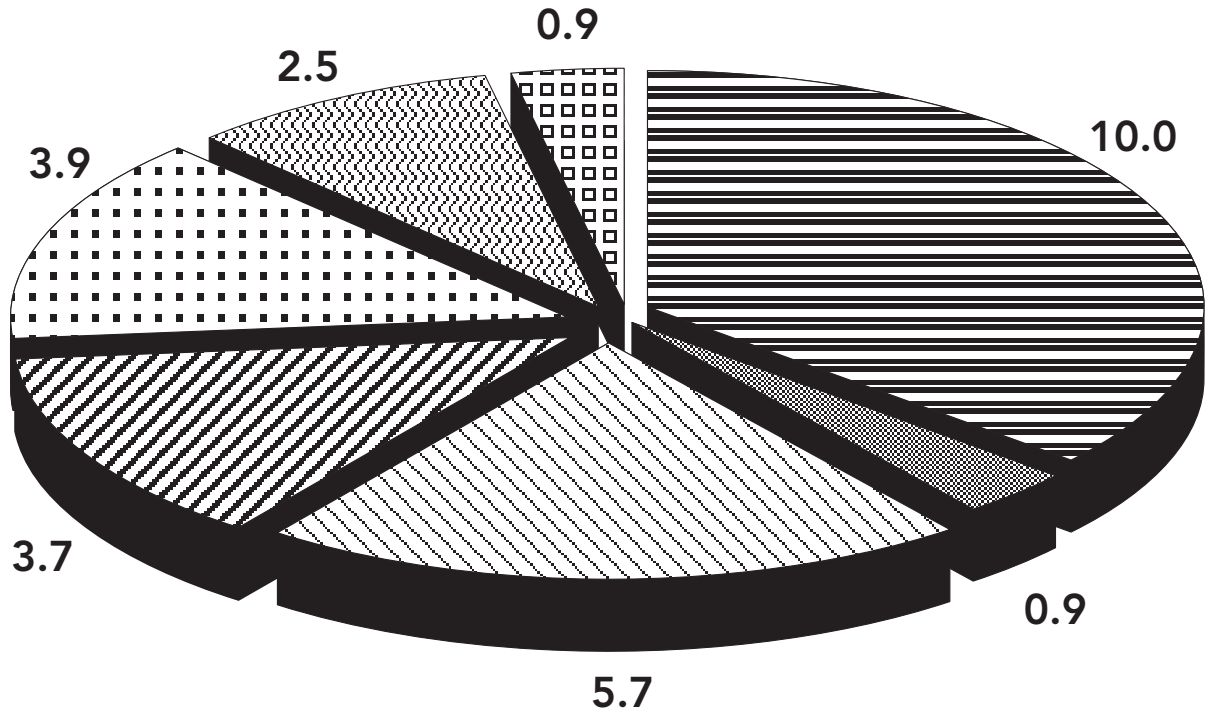
As ways towards realizing this priority, the Methodist Church will give particular attention to the following:

- ◆ Underpinning everything we do with God-centred worship and prayer;
- ◆ Supporting community development and action for justice especially among the most deprived and poor – in Britain and worldwide;
- ◆ Developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved;
- ◆ Encouraging fresh ways of being Church (without restricting ourselves to a Church building), and
- ◆ Nurturing a culture in the Church, which is people-centred and flexible.





The priorities are a vision for change and for hope in the Church and the expectation is that all sections of the Church will pull together in moving forward these priorities with imagination and courage. To that end, the Connexional Team has been assigned the task of drawing up a new strategic plan to focus its work in the period 2005/6 to 2007/8.

Ruby Beech, Co-ordinating Secretary
20 January 2005

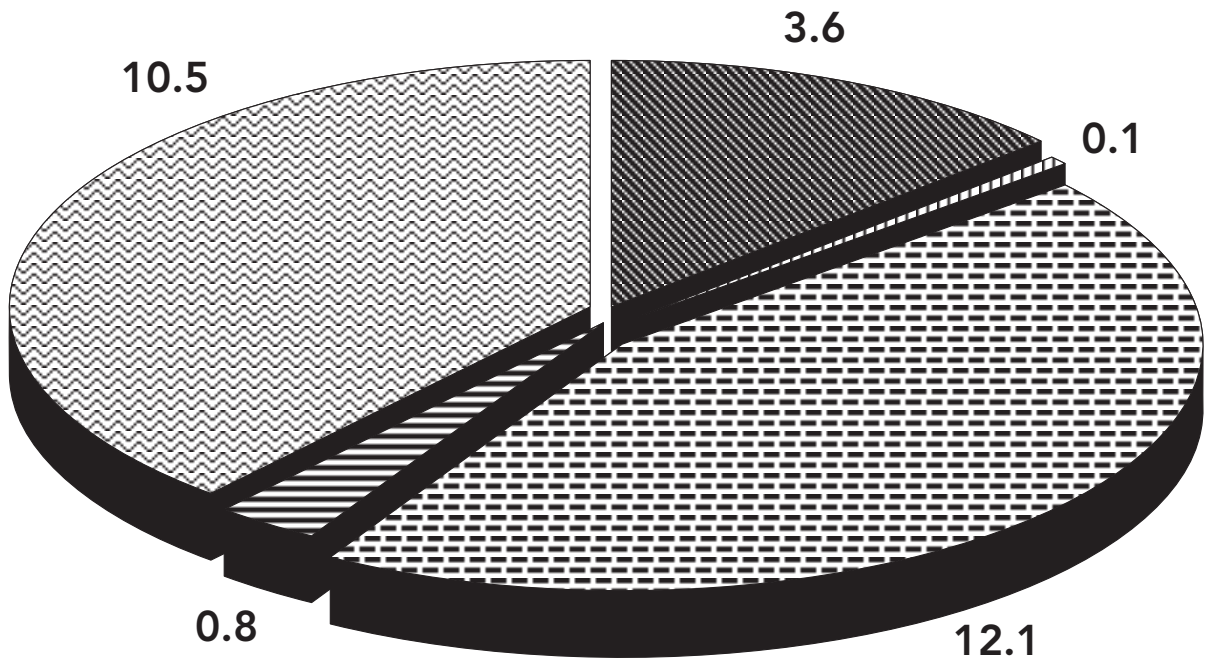
INCOMING RESOURCES (£M) for year ended 31 August 2004



TOTAL: £27.6 million

-  Assessment
-  Gains on Disposals
-  Donations
-  Operational Activities
-  Investment Income
-  Other
-  Legacies

EXPENDITURE (£M) for year ended 31 August 2004



Operational Activities



Fund Raising



Support Costs

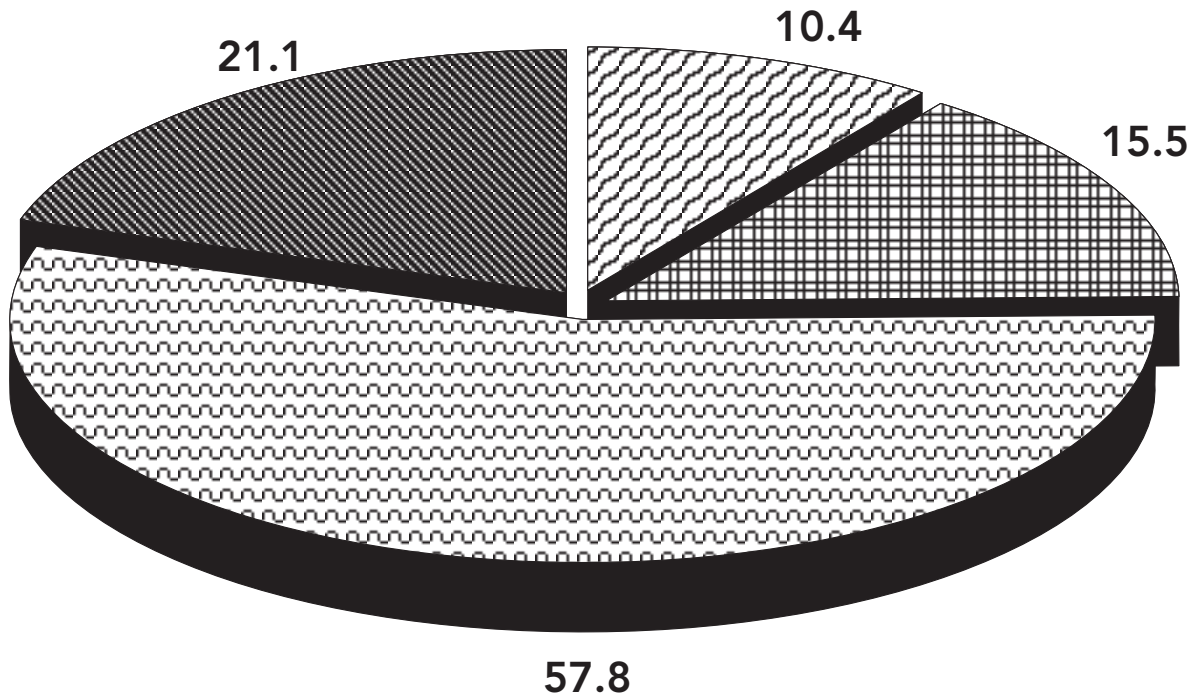


Management/Admin



Grants

TOTAL: £27.1 million

SUMMARY OF FUNDS as at 31 August 2004 (£m)

Designated



Unrestricted



Restricted



Endowment

TOTAL: £104.8 million

AUDITORS' REPORT TO THE METHODIST COUNCIL

INDEPENDENT AUDITORS' REPORT TO THE METHODIST COUNCIL

We have audited the financial statements which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

The Council's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of trustees' responsibilities.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the trustees in accordance with paragraph 6(2) of the 1995 Regulations (as amended by the 2000 Regulations) made

under Part VI, Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the trustees' report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant

estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Methodist Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of the Methodist Council's affairs at 31 August 2004 and of its consolidated net incoming resources and consolidated cash flows for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6NN

7 February 2005

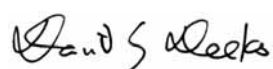
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for year ended 31 August 2004

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2004 Total £000	2003 Total £000
INCOMING RESOURCES						
Donations, legacies and similar incoming resources	2	10,489	6,103	-	16,592	17,297
Activities in furtherance of the charity's objects:						
Grants receivable		374	186	-	560	434
Operational activities	3	229	3,516	-	3,745	3,059
Rental income		4	424	-	428	527
Training income		97	602	-	699	684
Investment income and interest	4	939	2,644	290	3,873	3,769
Other incoming resources:						
Net gain on disposal of tangible fixed assets		52	810	-	862	285
Other income	5	651	195	-	846	426
TOTAL INCOMING RESOURCES		12,835	14,480	290	27,605	26,481
LESS: COST OF GENERATING FUNDS						
Fund raising costs	6	48	55	-	103	131
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE APPLICATION		12,787	14,425	290	27,502	26,350
CHARITABLE EXPENDITURE						
Costs of activities in furtherance of The objects of the charity:						
Grants payable	7,8	2,805	7,705	-	10,510	9,764
Operational activities	3	226	3,368	-	3,594	3,094
Support costs	9	2,936	9,112	-	12,048	11,910
Management and administration	10	376	444	-	820	860
TOTAL CHARITABLE EXPENDITURE		6,343	20,629	-	26,972	25,628
TOTAL RESOURCES EXPENDED	11	6,391	20,684	-	27,075	25,759
NET INCOMING RESOURCES BEFORE TRANSFERS	12	6,444	(6,204)	290	530	722
Transfers between funds	20-22	(2,580)	2,619	(39)	-	-
NET INCREASE IN RESOURCES BEFORE REVALUATIONS & INVESTMENT ASSET DISPOSALS		3,864	(3,585)	(251)	530	722
Gains and losses on revaluations and disposals of investment assets		416	1,595	1,024	3,035	808
Net movement in funds		4,280	(1,990)	1,275	3,565	1,530
Total funds brought forward at 1 September		21,564	59,887	19,885	101,336	100,610
Changes to entities consolidated	24	-	(72)	20	(52)	(804)
Total funds carried forward at 31 August		25,844	57,825	21,180	104,849	101,336

CONSOLIDATED BALANCE SHEET as at 31 August 2004

	Notes	Connexional Team £000	Self-Accounting Entities £000	2004 Total £000	2003 Total £000
FIXED ASSETS					
Tangible assets	15	10,818	7,298	18,116	17,291
Investments	16	70,667	4,036	74,703	72,167
		81,485	11,334	92,819	89,458
CURRENT ASSETS					
Stocks		3	87	90	97
Debtors	17	2,513	1,146	3,659	3,350
Short term deposits		12,300	1,035	13,335	13,478
Cash at bank and in hand		1,760	282	2,042	883
		16,576	2,550	19,126	17,808
LESS: LIABILITIES					
Amounts falling due within 1 year	18	(3,351)	(1,386)	(4,737)	(4,769)
Bank overdrafts		(266)	(22)	(288)	(171)
		(3,617)	(1,408)	(5,025)	(4,940)
NET CURRENT ASSETS		12,959	1,142	14,101	12,868
TOTAL ASSETS LESS CURRENT LIABILITIES		94,444	12,476	106,920	102,326
CREDITORS					
Amounts falling due after more than 1 year	19	-	(2,071)	(2,071)	(990)
TOTAL NET ASSETS		94,444	10,405	104,849	101,336
FUNDS:					
INCOME FUNDS					
Unrestricted	20	25,200	644	25,844	21,564
Restricted	21	48,064	9,761	57,825	59,887
CAPITAL FUNDS					
Endowments	22	21,180	-	21,180	19,885
		94,444	10,405	104,849	101,336

Approved by the Methodist Council on 7 February 2005



Revd David G Deeks – General Secretary
& Secretary of Conference



Ron Calver
Connexional Treasurer

The notes on pages 19 to 35 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW for year ended 31 August 2004

	Notes	2004		2003	
		£000	£000	£000	£000
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(a) below		(3,317)		(2,776)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Deposit interest received		727		727	
Investment income		<u>3,146</u>		<u>3,042</u>	
			3,873		3,769
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(1,489)		(933)	
Receipts from sales of tangible fixed assets		1,333		670	
Purchase of fixed asset investments		<u>(10,386)</u>		<u>(11,734)</u>	
Disposal of fixed asset investments		<u>10,885</u>		<u>12,216</u>	
			<u>343</u>		<u>219</u>
NET CASH INFLOW IN THE PERIOD			899		1,212
NET CASH RESOURCES AT 1 SEPTEMBER 2003			<u>14,190</u>		<u>12,978</u>
NET CASH RESOURCES AT 31 AUGUST 2004	(b) below		<u>15,089</u>		<u>14,190</u>

NOTES TO CONSOLIDATED CASH FLOW STATEMENT**(a) RECONCILIATION OF SURPLUS INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2004	2003
	£000	£000
Net incoming resources for the year	530	722
Gain on disposal of tangible fixed assets	(862)	(285)
Investment income	(3,873)	(3,769)
Depreciation	193	185
Decrease in stocks	7	51
(Increase)/Decrease in debtors	(309)	(302)
Increase/(Decrease) in creditors	1,049	1,426
Transferred to entities unconsolidated	(52)	(804)
Net cash (outflow) from operating activities	<u>(3,317)</u>	<u>(2,776)</u>

(b) ANALYSIS OF NET CASH RESOURCES

	Cash Flow		
	At 31.8.03	2004	At 31.8.04
	£000	£000	£000
Cash in hand, at bank	883	1,159	2,042
Overdrafts	(171)	(117)	(288)
Short term deposits	13,478	(143)	13,335
TOTAL	<u>14,190</u>	<u>899</u>	<u>15,089</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

1. ACCOUNTING POLICIES

a) Basis of accounting

The consolidated accounts of the Methodist Council have been prepared under the historical cost convention, except for investments which are stated at market value, and are in accordance with applicable accounting standards and the Statement of Recommended Practice 2000 (SORP), Accounting and Reporting by Charities and the Charities Act 1993.

b) Basis of preparation

The following self-accounting entities, for which the Methodist Council is responsible to the Methodist Conference, have been brought in, based on the view of the Council.

Cliff College (a separately registered charity) Guy Chester Centre Hartley Victoria College Methodist International Centre Stipends Administration Tax Recovery Section Wesley College Bristol Wesley Study Centre Durham.

The Guy Chester Centre now includes North Bank Estate Facilities and the Guy Chester Centre Programme Office, both formerly integral to the Methodist Council Connexional accounts.

This area is reviewed annually to ensure that the Consolidated Accounts incorporate any new

governance changes in the number of bodies which are accountable to the Council.

c) Basis of consolidation

The self-accounting entities have been accounted for as 'branches' in accordance with the SORP.

Methodist International Centre Limited, Cliff College Outreach Limited and Cliff (Methodist) Developments Limited, which are separately registered trading companies, have been consolidated as subsidiaries in accordance with FRS2 and the SORP. See note 29 for details of the accounts of these companies.

d) District assessment

The District Assessment is accounted for on a receivable basis.

e) Donations, contributions and legacies

Donations, contributions and legacies are accounted for on a receivable basis. In accordance with this policy, legacies are included when advice has been received from the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

f) Grants

Incoming grants are accounted for on a receivable basis. Expended grants are accounted for on a payable basis. Grants payable are included in the Statement of Financial Activities when approved. The value of such grants unpaid at the end of the year is accrued, unless there are unfulfilled conditions attached to them. In such cases these grants are treated as contingent liabilities.

g) Investment income and interest, operational activities income and other income

Investment income and interest, operational activities income and other income are accounted for on an accruals basis.

h) Funds

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Council and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

The aim and use of each designated fund is set out in the notes to the financial statements.

NOTES for year ended 31 August 2004 (Cont.)

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Council for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of the major restricted funds is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

i) **Basis of apportionment of expenditure**

All expenditure incurred in connection with the Units for Church Life, Church & Society and Inter Church & Other Relationships has been treated as Support Costs. Expenditure incurred by Central Services and Conference Office has been allocated to either Support Costs or Management and Administration Costs as applicable.

j) **Gains/(losses) on investments**

Realised and unrealised capital gains and losses on investments are dealt with in the Statement of Financial Activities in the year in which they arise, based on the brought forward valuations or cost of subsequent additions.

k) **Tangible fixed assets**

Properties are stated at cost. It is the Methodist Council's policy to maintain properties in a state of sound repair. The Methodist Council therefore considers that the lives of the properties are so long and their residual values so high based on prices prevailing at the time of acquisition that the annual depreciation charge and accumulated depreciation is not material. Accordingly, no depreciation is provided on freehold or long leasehold properties used for charitable activities. If there were to be any impairment in the value of such properties it would be charged to the Statement of Financial Activities when appropriate.

In line with FRS 15, requirement the managing trustees of the various entities have examined their land and buildings and have certified that the market value exceeds the book value of the assets.

Assets having an initial cost of £1,000 or less are written off on acquisition. Furniture & fittings, computer equipment and motor vehicles having an initial cost greater than £1,000 are stated at cost less depreciation.

Furniture & fittings and motor vehicles depreciation is provided at the rate of 20% per annum on a straight line basis, whilst computer

equipment similarly is depreciated at the rate of 33^{1/3}% per annum.

l) **Investments**

Investment properties are stated at professional valuation as at 31 August 2002 by Cluttons, Chartered Surveyors. These properties are revalued triennially. The market value of quoted securities is based on the middle market quotation on the relevant Stock Exchange. Investments which are held in units in the Central Finance Board are stated at the Board's published valuations. Investments in William Leech (Investments) Ltd are stated at the underlying value of the investments based on the company's audited Balance Sheet at 31 March 2004, updated by the value of any share acquisitions up to 31 August 2004.

m) **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

NOTES for year ended 31 August 2004 (Cont.)**2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES**

	Unrestricted	Restricted	Endowment	2004	2003
	£000	£000	£000	Total	Total
				£000	£000
District assessment	10,044	-	-	10,044	9,813
Donations and contributions	366	5,306	-	5,672	5,904
Legacies	79	797	-	876	1,580
TOTAL	10,489	6,103	-	16,592	17,297

3. OPERATIONAL ACTIVITIES INCOME AND EXPENDITURE

	Unrestricted	Restricted	Endowment	2004	2003
	£000	£000	£000	Total	Total
				£000	£000
Sales	-	-	-	-	90
Other operational activities	221	3,516	-	3,737	2,957
Advertising	8	-	-	8	12
Total operational activities income	229	3,516	-	3,745	3,059
Goods purchased for operating	7	572	-	579	453
Printing and publishing	50	4	-	54	71
Other production costs	38	108	-	146	156
Salary costs	-	841	-	841	733
Depreciation	-	77	-	77	75
Other costs	131	1,766	-	1,897	1,606
	226	3,368	-	3,594	3,094
NET (EXPENDITURE)/ INCOME FROM OPERATIONAL ACTIVITIES	3	148	-	151	(35)

NOTES for year ended 31 August 2004 (Cont.)**4. INVESTMENT INCOME AND INTEREST**

	Unrestricted £000	Restricted £000	Endowment £000	2004 Total £000	2003 Total £000
Investment properties	-	147	-	147	151
Central Finance Board investments	398	1,713	108	2,219	2,194
William Leech (Investments) Ltd.	-	477	166	643	630
Deposit interest and other investment income	541	307	16	864	794
TOTAL	939	2,644	290	3,873	3,769

5. OTHER INCOME

	Unrestricted £000	Restricted £000	Endowment £000	2004 Total £000	2003 Total £000
Contributions from districts towards costs of regional staff	-	-	-	-	13
Miscellaneous	651	195	-	846	413
TOTAL	651	195	-	846	426

6. FUNDRAISING COSTS

	Unrestricted £000	Restricted £000	Endowment £000	2004 Total £000	2003 Total £000
Advertising costs	9	30	-	39	49
Display, exhibitions and conferences	19	14	-	33	54
Other advocacy expenses	20	11	-	31	28
TOTAL	48	55	-	103	131

NOTES for year ended 31 August 2004 (Cont.)**7. GRANTS PAYABLE**

	No. of grants made	Unrestricted £000	Restricted £000	Endowment £000	2004 Total £000	2003 Total £000
FROM MAIN FUNDS						
Auxiliary Fund	1,618	-	919	-	919	389
Home Mission	90	-	739	-	739	699
Mission Alongside the Poor	22	-	157	-	157	152
Property	385	-	852	-	852	1,085
Training	146	1,904	234	-	2,138	2,208
World Mission	398	-	3,974	-	3,974	3,450
SUB TOTAL	2,659	1,904	6,875	-	8,779	7,983
FROM OTHER FUNDS						
Archives & History	3	28	-	-	28	27
Auxiliary (Special Purposes)	5	-	19	-	19	11
Business & Economic Affairs	7	42	-	-	42	48
Contingency grants	26	151	-	-	151	145
Diaconal Order Ben & Hol Funds	224	-	27	-	27	50
Ecumenical	10	281	-	-	281	310
Epworth Fund	12	(1)	-	-	(1)	229
Evangelism grants	5	16	-	-	16	26
Higher Education Chaplaincies	16	27	-	-	27	22
Initial grants	43	64	-	-	64	62
Invalid Ministers' Rest Fund	49	-	24	-	24	21
London Committee	99	-	316	-	316	264
Ministerial sabbaticals	164	-	80	-	80	80
Ministers' Children's Education	48	-	21	-	21	15
Racial Justice	41	99	-	-	99	85
Supernumeraries' Removals	11	15	-	-	15	1
World Methodist Committee	2	22	-	-	22	44
Others	299	157	343	-	500	341
TOTAL	3,723	2,805	7,705	-	10,510	9,764

NOTES for year ended 31 August 2004 (Cont.)**8. THE TOP 50 GRANT BENEFICIARIES OF THE METHODIST CHURCH CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2004 WERE:**

GRANTS TO OVERSEAS CHURCHES AND INSTITUTIONS		£
Methodist Church in the Caribbean and the Americas	(6 grants)	233,640
Methodist Church Kenya	(5 grants)	145,870
Methodist Church Sierra Leone	(5 grants)	123,700
Church of South India	(2 grants)	103,000
United Church of Zambia	(5 grants)	79,717
Methodist Church in Zimbabwe	(2 grants)	73,000
Methodist Church Ghana		53,000
Methodist Church Nigeria		53,000
Methodist Church The Gambia	(3 grants)	49,000
The Methodist Church, Upper Myanmar		49,000
Methodist Church in Benin	(3 grants)	46,600
Methodist Church of Chile	(5 grants)	43,085
Church of North India		43,000
Methodist Church of Mozambique	(2 grants)	41,000
Methodist Church Argentina	(2 grants)	37,000
Methodist Church Germany	(3 grants)	34,012
Matthew Ruskie Home, Harare, Zimbabwe		30,000
Methodist Church of Togo		29,000
Theological College Porto Novo, Benin		25,000
FOR MINISTERIAL TRAINING		
The Queen's Foundation, Birmingham		214,178
Wesley House, Cambridge		170,275
Southern Theological Education Training Scheme		97,476
Luther King House, Manchester		91,835
South West Ministerial Training Course		72,381
York Institute for Community Theology		64,906
East Anglia Ministerial Training Course		58,049
South East Institute for Theological Education		52,248
Urban Theology Unit, Sheffield		50,647
East Midlands Ministry Training Course		46,059
North Thames Ministerial Training Course		35,368
St Michael's Llandaff		34,600
Westminster College, Oxford		30,952
West of England Ministerial Training Course		26,300
GRANTS TO CHURCHES, CIRCUITS AND DISTRICTS		
Locking Castle Church, Weston-Super-Mare		50,000
Lerwick and Walls Circuit		44,000
West Yorkshire District		37,500
Bristol (South) Circuit	(3 grants)	35,250
Ealing Trinity Circuit		32,947
Mid-Glamorgan Mission Circuit		31,872
Millersgate Manse, Preston		30,000
Green Street Church, Mid-Glamorgan		29,954
London Mission (Plumstead) Circuit		28,200
OTHER GRANTS		
Methodist Ministers' Housing Society		500,000
Churches Together in Britain & Ireland	(2 grants)	255,184
World Methodist Council		100,000
Christians Abroad	(7 grants)	62,000
Methodist Fund for Mission in Europe		45,000
World Council of Churches	(2 grants)	41,050
All Africa Conference of Churches 8th General Assembly		35,000
John Rylands University Library, Manchester		26,279

NOTES for year ended 31 August 2004 (Cont.)**9. SUPPORT COSTS**

	Unrestricted	Restricted	Endowment	2004	2003
	£000	£000	£000	Total	Total
				£000	£000
Stipend and salary costs	2,037	6,134	-	8,171	7,703
Other staff costs	139	747	-	886	1,195
Office accommodation	32	809	-	841	946
Meetings, committees & conferences	365	210	-	575	465
Travel	36	378	-	414	495
Education and publicity	74	166	-	240	173
Printing, stationery, post, telephone	153	284	-	437	426
Equipment repairs & renewals	80	150	-	230	203
Depreciation	13	95	-	108	105
Miscellaneous expenses	7	139	-	146	199
TOTAL	2,936	9,112	-	12,048	11,910

10. MANAGEMENT AND ADMINISTRATION

	Unrestricted	Restricted	Endowment	2004	2003
	£000	£000	£000	Total	Total
				£000	£000
Stipend & salary costs	175	234	-	409	376
Other staff costs	19	2	-	21	61
Office accommodation	1	-	-	1	1
Meetings, committees & conferences	27	2	-	29	30
Travel	5	1	-	6	6
Printing, stationery, post, telephone	31	7	-	38	32
Equipment, repairs & renewals	27	1	-	28	18
Depreciation	7	1	-	8	8
Professional fees	57	121	-	178	228
Miscellaneous expenses	27	15	-	42	46
Interest payable	-	60	-	60	54
TOTAL	376	444	-	820	860

NOTES for year ended 31 August 2004 (Cont.)**11. TOTAL RESOURCES EXPENDED**

	Grants Payable £000	Opera- tional Activities £000	Support Costs £000	Manage- ment & Adminis- tration £000	Fund Raising & Publicity £000	2004 Total £000	2003 Total £000
Grants	10,510	-	-	-	-	10,510	9,764
Stipend & salary costs (Note 13)	-	841	8,171	409	-	9,421	8,812
Other staff costs	-	-	886	21	-	907	1,256
Goods purchased for resale	-	579	-	-	-	579	453
Printing and publishing	-	54	-	-	-	54	71
Other production costs	-	146	-	-	-	146	156
Office accommodation	-	-	841	1	-	842	947
Meetings, committees and conferences	-	-	575	29	-	604	495
Travel	-	-	414	6	-	420	501
Fund raising costs	-	-	-	-	103	103	131
Education and publicity	-	-	240	-	-	240	173
Printing, stationery, post, telephone	-	-	437	38	-	475	458
Equipment repairs and renewals	-	-	230	28	-	258	221
Depreciation	-	77	108	8	-	193	188
Professional fees	-	-	-	178	-	178	228
Miscellaneous expenses	-	1,897	146	42	-	2,085	1,851
Interest payable	-	-	-	60	-	60	54
TOTAL	10,510	3,594	12,048	820	103	27,075	25,759

12. NET INCOMING RESOURCES BEFORE TRANSFERS

	2004 £000	2003 £000
This is stated after charging auditors' remuneration in respect of services for the year ended 31 August as follows:		
Audit fees	53	56
Taxation and other advice	28	44
TOTAL	81	100

NOTES for year ended 31 August 2004 (Cont.)**13. STIPEND & SALARY COSTS**

The Methodist Council appointed or employed an average of 190 (2003 – 192) people during the year, calculated on a full time equivalent basis, and a further 71 (2003 – 71) people were appointed locally, all of whose costs were chargeable to the Methodist Council Consolidated Accounts as follows:

	Operational Activities £000	Other Activities £000	2004 Total £000	2003 Total £000
Stipends and salaries	764	7,070	7,834	7,438
Social Security costs	48	596	644	610
Pension costs (Note 14)	29	914	943	764
TOTAL	841	8,580	9,421	8,812

The number of higher paid employees was:

	2004 No.	2003 No.
£50,000 - £60,000	1	-
£60,000 - £70,000	1	-

14. PENSION COSTS

The annual consolidated accounts for the Methodist Council continue to be prepared in accordance with Accounting Standard SSAP 24 'Accounting for Pension Costs'. Additional disclosure is given in this note in accordance with the new accounting standard FRS 17 'Retirement Benefits'. SSAP 24 and FRS 17 utilise different accounting and actuarial principles.

The Methodist Council operates two defined benefit pension schemes – the Methodist Ministers' Pension Scheme for ministers and the Pensions and Assurance Scheme for Lay Employees of the Methodist Church. The assets of the two schemes are held separately from the Methodist Council Consolidated Accounts in independently administered funds.

Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the Methodist Council. The costs are determined by an independent actuary on the basis of triennial valuations using the Attained Age Method

The total pension cost of the two schemes for the year to 31 August is as set out in Note 13 above. There are no outstanding or prepaid contributions at the balance sheet date.

METHODIST MINISTERS' PENSION SCHEME

The last full actuarial valuation of the whole scheme was carried out as at 1 September 2002 by an independent actuary. This valuation showed that the market value of the scheme's assets was £212.2m and that the value of these assets represented 101% of the benefits that had accrued to members after allowing for expected increases in earnings. The assumptions which have the most significant effect on the results of the valuation are those referring to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 7% pa, salary increases would average 5% pa and that past and future pensions would increase at either 5% or 3% depending on whether guaranteed or linked to inflation respectively.

The contributions by the Methodist Council as "employer" went up to 13.5% from 10% at the beginning of the year ended 31 August 2004.

Cash costs for the next two years are expected to be 13.5% of stipend.

The pension charge for the year was £0.06m (2003 £0.04m).

NOTES for year ended 31 August 2004 (Cont.)**14. PENSION COSTS (Continued)****PENSIONS AND ASSURANCE SCHEME FOR LAY EMPLOYEES OF THE METHODIST CHURCH**

The Methodist Church Fund is the principal employer, but not the only employer, contributing to this defined benefit scheme for Lay Employees.

The last full actuarial valuation of the whole scheme was carried out at 1 September 2002 by an independent actuary. This valuation showed that the market value of the scheme's assets was £8.8m and that the actual value of these assets represented 73% of the benefits that had accrued to members after allowing for expected increases in earnings. The assumptions, which have the most significant effect on the results of the valuation, are those referring to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 6.1% pa, salary increases would average 3.9% pa and that past and future pensions would increase at either 5.0% or 2.4% depending on whether guaranteed or linked to inflation respectively.

The contributions by the Methodist Council and the scheme members contributions of the scheme went up to 20.6% and 7% of pensionable pay (from 16.7% and 6%) respectively effective from 1 September 2003 with the intention of removing the deficit over the estimated average remaining service lives of employees.

Cash costs for the next two years are expected to be 20.6% of salary.

The pension charge for the year was £0.65m (2003 £0.49m).

FRS 17 DISCLOSURES:

Both schemes are considered multi-employer schemes, as it is not possible to identify on a consistent and reasonable basis, the share of the underlying assets and liabilities of the individual schemes attributable to the Methodist Council Consolidated Accounts. For reporting purposes then, the two schemes have been accounted for here as though they are defined contribution schemes in accordance with accounting standard FRS 17 "Retirement Benefits". Information for the scheme as a whole is set out below.

The deficit in the whole Lay Pension Scheme as at 31 August 2004, calculated using an FRS 17 basis was £5.98m (2003 £5.88m).

The key assumptions used to calculate the FRS 17 liability are as follows:

	At 31/08/2004	At 31/08/2003
Rate of increases in salaries	4.40%	4.20%
Rate of increases in pensions in payment (LPI increases)	2.80%	2.60%
Rate of increase in pensions in payment (Fixed 5%)	5.00%	5.00%
Discount rate	5.50%	5.40%
Inflation assumption	2.90%	2.70%

NOTES for year ended 31 August 2004 (Cont.)**15. TANGIBLE ASSETS**

	Freehold Land & Buildings £000	Furniture & Fittings £000	Computer Equipment £000	Motor Vehicles £000	2004 Total £000	2003 Total £000
COST:						
At 1 September	16,861	847	1,017	29	18,754	18,206
Additions during year	1,333	81	70	5	1,489	933
Disposals	(471)	-	-	-	(471)	(385)
TOTAL	17,723	928	1,087	34	19,772	18,754
DEPRECIATION:						
At 1 September	-	529	907	27	1,463	1,278
Charge for year	-	78	113	2	193	188
Disposals	-	-	-	-	-	(3)
TOTAL	-	607	1,020	29	1,656	1,463
NET TANGIBLE ASSETS	17,723	321	67	5	18,116	17,291

The net book amount of £17.723m for freehold land and buildings represents the cost of properties used for:

	2004 £000	2003 £000
CHARITABLE PURPOSES		
- College training	4,366	3,717
- Guesthouse & hostels	5,571	5,489
- Manses	4,391	4,260
- Accommodation for retired missionaries	122	122
- Others	3,273	3,273
TOTAL	17,723	16,861

NOTES for year ended 31 August 2004 (Cont.)**16. FIXED ASSET INVESTMENTS**

	2004 Total £000	2003 Total £000
Market value at 1 September	72,167	71,841
Additions at cost	10,386	11,734
Disposals	(10,502)	(12,332)
Net unrealized investment gains (losses)	2,652	924
MARKET VALUE AT 31 AUGUST	74,703	72,167
	Market Value 2004 £000	Market Value 2004 £000
THE INVESTMENTS COMPRISE:		
Investment properties	2,829	2,861
Central Finance Board units	60,879	58,678
Central Finance Board deposit funds	1,786	1,960
William Leech (Investments) Ltd.	7,040	6,349
Other investments	2,169	2,319
TOTAL	74,703	72,167

Some of the Central Finance Board Units held were realised and with the proceeds other fund units with the Central Finance Board purchased. These are shown below:

NO OF CFB UNITS 2003/2004	Purchase	Disposal
Managed Equity	177,649	167,103
Managed Fixed Interest Fund	1,396,755	94,081
UK Equity Fund	20,826	100,712
Short Fixed Interest Fund	575,337	263,349
Gilt Fund	534,263	167,365
Corporate Bond Fund	363,687	203,038

Investment properties are valued every three years, the last valuation being 31 August 2002.

The holdings in William Leech (Investments) Ltd. represented 20% (2003- 20%) of the company's issued share capital.

17. DEBTORS

	2004 £000	2003 £000
Prepayments & accrued interest	945	890
Other debtors	2,714	2,460
TOTAL	3,659	3,350

Included in other debtors are amounts totalling £0.771m (2003 - £0.904m) full settlement of which will not take place within one year. These amounts mainly comprise ministerial and mortgage loans.

NOTES for year ended 31 August 2004 (Cont.)**18. LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £000	2003 £000
Tax and social security	164	149
Accruals	930	834
Loans	-	120
Other creditors	3,643	3,666
TOTAL	4,737	4,769

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £000	2003 £000
Methodist International Centre mortgage loan	2,071	990

The Methodist International Centre loan is secured on the property Euston House, 81-103 Euston Street, London, NW1 2EZ. The loan is for up to £2.93m and is for twenty years at 1.25% above base rate.

20. UNRESTRICTED FUNDS

	Balance 1.9.03 £000	Movement in Resources		Transfers Between Funds £000	Gains/ (losses) on Investments £000	Balance 31.8.04 £000
		Incoming £000	Outgoing £000			
Designated	8,924	5,736	(55)	(4,597)	373	10,381
Other	12,640	7,099	(6,336)	2,017	43	15,463
TOTAL	21,564	12,835	(6,391)	(2,580)	416	25,844

The total of the designated funds is made up as follows:

	Balance 1.9.03 £000	Movement in Resources		Transfers Between Funds £000	Gains/ (losses) on Investments £000	Balance 31.8.04 £000
		Incoming £000	Outgoing £000			
Connect/Flame Magazine	175	8	(27)	-	-	156
Epworth Fund	7,243	332	(1)	9	358	7,941
Legal costs	71	2	-	-	3	76
World Methodist Conferences	1	-	-	-	-	1
Connexional Travel Fund	204	9	(27)	(6)	12	192
Training Assessment	1,230	5,385	-	(4,600)	-	2,015
TOTAL	8,924	5,736	(55)	(4,597)	373	10,381

NOTES

Epworth Fund. This designated fund is utilised to make grants for special projects.

Connexional Travel Fund. This fund is used to pay grants to ministers on long-term sick leave to compensate them for the lack of business mileage payments.

Training Assessment. This fund is designated from the amounts received from District Assessments to meet expenses of training ministers, deacons etc.

NOTES for year ended 31 August 2004 (Cont.)**21. RESTRICTED FUNDS**

	Balance 1.9.03	Trans- ferred out	Movement in Resources		Transfers Between Funds	Gains/ (losses) on Invest- ments	Balance 31.8.04
	£000	£000	Incoming £000	Outgoing £000	£000	£000	£000
Auxiliary	4,662	-	515	(921)	(50)	349	4,555
Home Mission	3,181	-	921	(2,446)	127	22	1,805
Mission Alongside the Poor	1	-	57	-	(56)	-	2
Property	2,062	-	849	(1,403)	(5)	294	1,797
Training	2,226	-	110	(235)	135	5	2,241
World Mission	19,433	-	4,660	(7,102)	73	1,346	18,410
Other restricted funds	28,322	(72)	7,471	(8,680)	2,395	(421)	29,015
TOTAL	59,887	(72)	14,583	(20,787)	2,619	1,595	57,825

NOTES.

Auxiliary Fund. This fund is to provide assistance to ministerial supernumeraries, to the widows or widowers of ministers and ministerial probationers who are in need, as well as to ministers and probationers who are in need as a result of illness or impairment for the purpose of enabling them to resume or continue the active work or probation. In addition, the Auxiliary Fund makes grants to the Methodist Ministers' Housing Society.

Home Mission. This is the ring fenced Fund for Home Mission.

Mission Alongside the Poor. This fund is to provide grants for personnel or property schemes, primarily to Local Churches and Circuits, in areas of relative poverty whether in an urban or a rural setting and where there is a Commitment to work alongside the poor and disadvantaged.

Property. This is the ring fenced fund to enable grants to be made to Property schemes.

Training. Since training costs have been paid centrally since September 2000, this fund now represents mainly the fixed Assets belonging to the ring fenced Fund for Training.

World Mission. This is the ring fenced Fund for World Mission.

Other Restricted Funds. These comprise 114 funds that can only be applied for particular purposes within their objects and include the following funds in excess of £500k:

	£000
Lay Missionaries' Superannuation Fund	2,732
Kingsmead College Sale Proceeds	1,199
Special Extension Fund	752
North Bank Capital Fund	3,073
North Bank Maintenance Fund	1,125
Invalid Ministers Rest Fund	829
Cliff College	2,265
Methodist International Centre	2,760
London Committee	7,248
Forces Chaplaincy	551
Long Term Renewals Fund	844

The transfers between funds include amounts transferred with the approval of the Methodist Council and the Charity Commission.

NOTES for year ended 31 August 2004 (Cont.)**22. ENDOWMENT FUNDS**

	Balance 1.9.03 £000	Trans- ferred out £000	Movement in Resources		Transfers Between Funds £000	Gains/ (losses) on Invest- ments £000	Balance 31.8.04 £000
			Incoming £000	Outgoing £000			
Permanent	19,805	20	290	-	(39)	1,020	21,096
Expendable	80	-	-	-	-	4	84
TOTAL	19,885	20	290	-	(39)	1,024	21,180

The transfers between funds comprise amounts transferred in accordance with the approval of the Methodist Council and the Charity Commission.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2004 £000	Total Funds 2003 £000
Tangible fixed assets	3,299	14,817	-	18,116	17,291
Investments	11,065	42,358	21,280	74,703	72,167
Current assets less liabilities	11,480	650	(100)	12,030	11,878
TOTAL	25,844	57,825	21,180	104,849	101,336

24. CHANGES TO ENTITIES FUNDS CONSOLIDATED

	£000
Endowment Funds received	25
Endowment Funds released	(5)
Restricted Funds released	(31)
Asbury Overseas House deconsolidated	(35)
Other self accounting entity adjustments	(6)
	(52)

25. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Grants promised, subject to certain conditions, but not paid at 31 August 2004 totalled £2.425m (2003 - £2.308m). There were no other contingent liabilities or material contractual commitments.

26. EXPENSES REIMBURSED TO MEMBERS OF THE METHODIST COUNCIL

	2004	2003
Travel and Other Expenses Reimbursed £000's	25.8	28.4
Number of Members Reimbursed	67	67

NOTES for year ended 31 August 2004 (Cont.)**27. CENTRAL STIPENDS ADMINISTRATION**

Stipends and allowances paid to Ministers, Deacons and Lay Workers totalling £40.656m (2003 - £35.696m) and reimbursements from circuits and other funds totalling the same amount are not included in the Statement of Financial Activities other than in respect of the administration costs relating to the stipends and allowances of those appointed to serve the Methodist Council (Note 13).

The administration costs amounting to £0.088m (2003 - £0.124m) and interest receivable amounting to £0.086m (2003 £0.065m) relating to the central payment of stipends are included in the Statement of Financial Activities.

28. TRUSTEES AND CONNECTED PERSONS

There were 17 trustees (2003 - 17) and no connected persons (2003 - 0) who were appointed or employed by the Methodist Council as listed below. Their aggregate total emoluments including pension contributions amounted to £0.549m (2003 - £0.453m). Their appointments as trustees are in accordance with Standing Order No. 210 of the Methodist Church.

TRUSTEES:

Ms Ruby Beech	Mr Naboth Muchopa
Revd Christopher Blake	Mr Alan Pimlott
Revd R Graham Carter	Revd Stephen J Poxon
Mrs Anthea Cox	Revd Keith A Reed
Revd David G Deeks	Revd Harvey S Richardson
Revd David Emison	Revd Dr Neil G Richardson
Revd David Gamble	Revd Peter G Sulston
Mrs Judy M Jarvis	Revd Ian White
Revd Jonathan Kerry	

There are many bodies which report to the Methodist Council and Methodist Conference. It is difficult to ascertain with which of these bodies common control exists.

The principal related party transactions include the management of the Church's investment portfolio by the Central Finance Board which is a separate body reporting directly to Conference.

NOTES for year ended 31 August 2004 (Cont.)**29. SUBSIDIARY COMPANIES**

PROFIT AND LOSS ACCOUNT	Methodist International Centre Ltd £	Other Subsidiary Companies £	2004 Total £	2003 Total £
Turnover	1,555,279	822,472	2,377,751	1,370,904
Cost of Sales	(636,886)	(770,530)	(1,407,416)	(468,475)
Gross Profit	918,393	51,942	970,335	902,429
Administrative expenses	(479,991)	(49,360)	(529,351)	(478,435)
Profit for the year before gift aid donation	438,402	2,582	440,984	423,994
Gift aid donation to MIC	(438,402)	-	(438,402)	(423,994)
Profit on ordinary activities before taxation	-	2,582	2,582	-
Tax on profit on ordinary activities	-	-	-	-
Profit on ordinary activities after taxation	-	2,582	2,582	-
 BALANCE SHEET	 Methodist International Centre Ltd £	 Other Subsidiary Companies £	 2004 Total £	 2003 Total £
Current assets				
Debtors and stock	160,720	48,829	209,549	250,193
Cash on deposit at bank and in hand	78,290	110,382	188,672	27,755
	239,010	159,211	398,221	277,948
Creditors: amounts falling due within one year	(238,985)	(156,629)	(395,614)	(277,923)
Total assets less current liabilities	25	2,582	2,607	25
Capital and reserves				
Called up share capital	25	-	25	25
Restricted fund	-	2,582	2,582	-
	25	2,582	2,607	25

NOTE**Methodist International Centre Limited**

The principal activity of the company is providing conference and hotel facilities at the Methodist International Centre premises at Euston Street, London. The Methodist Council is the majority shareholder of the company.

Other Subsidiary Companies

This column reflects the combined figures of Cliff College Outreach Ltd and Cliff College Developments Ltd. Separate figures are not provided as, in the context of these financial statements, the individual amounts are insignificant.

