

# **NOTTING HILL METHODIST CHURCH**

## **Trustees Annual Report For the year ended 31 August 2021**

The Trustees present their report with the financial statements of the charity for the year ended 31 August 2021. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Effective 1 January 2015)

### **Aims and organisation**

We see as the priorities of Notting Hill Methodist Church, in addition to the advancement of the Christian faith, as the need to maintain here in this part of London:

1. a regularly worshipping congregation,
2. a fellowship of people learning and growing in Christian faith
3. a community of service in the neighbourhood.,
4. a sharing in the mission of the wider Church to the whole world in challenging injustice and meeting human need
5. a company of those who bear witness to their faith in daily life and seek through evangelism to share their experience of Christ with others

The year has been dominated by continuing adjustment to the coronavirus pandemic and sporadic restrictions imposed on worship and other forms of church activity. Gradually since Easter the numbers of those attending worship in person has increased, although our Junior Church did not reopen.

Throughout this time the foodbank has continued to operate, though still clients are required to wait outside the church for food packages. The foodbank became a separate charity from the church in early 2021, but its operations remain unaffected by this change.

Both the church and the foodbank were significantly impacted by flash flooding which occurred in the North Kensington area during the afternoon of 12<sup>th</sup> July 2021. The basement was flooded and rendered inoperable; repairs will take many months to complete. The foodbank had to relocate to a vacant ground-floor office suite at the rear of the premises. This arrangement is far from ideal but has allowed the foodbank to continue operations, albeit in cramped conditions.

Four long-standing church members passed away during the year, bringing the church membership figure to below 60.

Revd Dr Michael Long  
Superintendent Minister and Chair of Trustees

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

#### **Finance**

##### *Basis of accounts preparation*

The financial statements have been prepared under the Charities Act 2011 in accordance with the 2014 version of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS102 – the Charities SORP (FRS102) and taking note of the Update Bulletin 1 issued in 2016.

##### *Income trends*

Church income is primarily drawn from lettings income from external users of the church

*Expenditure trends* buildings and church investment properties. This is augmented by Sunday collections and gift aid tax relief from members of the Church. Income reduced over the previous year by some £110,000 largely due to the effect of the pandemic on making new lettings. Total unrestricted income amounted to £589,642 (2020 - £669,332).

The major ongoing cost is for staff and related expenditure, including the annual assessment from the Notting Hill Circuit, which meets the Minister's stipend and some other staff costs and includes repairs to manses. Costs continued to arise for the managing and maintenance of church buildings and investment properties, and on grant giving.

A grant of £80,000 was made to the Denbigh Methodist Housing Association to enable it to continue to make housing available to those in need at social housing rent levels (2020 - £85,000).

Total expenditure amounted to £660,257 (2020 - £693,319), a decrease on the previous year in part due to a full year of Covid restrictions and less use of buildings, though grants made by the Church increased considerably.

##### *Fund balances*

The Church's net current assets at the year-end amounted to £292,453 (2020 - £281,180). After setting aside restricted reserves, a designated fund for major works of maintenance and the general reserve related to properties and other fixed assets, unrestricted funds of £115,387 remain.

##### *Investment Policy*

The investment of surplus funds is operated through the Central Finance Board (CFB) of the Methodist Church. 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

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

Methodist Church. The Church currently has its funds in a deposit account with CFB.

#### *Reserves policy and plans for 2021/21*

The Church's reserves policy takes account of its net current assets at the last Balance Sheet date, the budget for the current year 2021/22 and significant known items of property expenditure to be incurred in the near future. By 31 August 2022 free reserves excluding any designated provision set aside for future major works are estimated to be marginally increased at [*£121,000*].

The agreed reserves policy is to retain from the unrestricted resources available under the above calculation the equivalent of three months operating expenditure (approximately £65,000) to fund planned activities should normal revenue earning be suspended.

### **Structure, Governance and Management**

#### *Legal framework*

Notting Hill Methodist Church is the sole church in the Notting Hill Methodist Circuit.

The governing document for the Church is the Deed of Union (1932) and Methodist Church Act (1976). Detailed governance arrangements are outlined within the Constitutional Practice and Discipline of the Methodist Church (CPD), by order of the annual Methodist Church Conference.

The purposes of the Methodist Church are and shall be deemed to have been since the Date of Union the advancement of:

- The Christian faith in accordance with the doctrinal standards and discipline of The Methodist Church;
- Any charitable purpose for the time being of any Connexional, District, Circuit, local or other organisation of The Methodist Church;
- Any charitable purpose for the time being of any society or institution subsidiary or ancillary to The Methodist Church;
- Any purpose for the time being of any charity being a charity subsidiary or ancillary to The Methodist Church

#### *Reference and administrative details*

Name of charity: Notting Hill Methodist Church  
Charity registration number: 1127356  
Date of registration: 31 December 2008

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

The registered office and operational address of the Church is:  
240 Lancaster Road  
London W11 4AH

A full list of Church Council members and key lay employees is as shown below.

#### *Church Council members during 2020/21*

Revd Dr. Michael Long	Pauline Mullings	Esther Samuels
Gladwyn Samuels	Suzie Long	Portia Thaxter
Elaine Spence	Stacey Gerald	Audrey Jones
Wendy Yarde-Chase	Sonia Barnes	Elaine Brackett
Stephen Duckworth	Lynette Yarde	

#### *Senior lay staff*

Lorraine Ophelia – Facilities Manager  
Susannah Yarde – Youth and Family Worker

#### *Management*

Day to day management of the church is undertaken by the Church Leadership team along with the Minister.

Treasurer : Mrs Elaine Spence

Elaine Spence acted as the principal officer overseeing the day to day financial management and accounting for the Church during the year.

Auditors:  
Banks & Co. Limited  
1 Carnegie Road  
Newbury  
Berkshire RG14 5DJ

Solicitors:  
Colman Coyle LLP  
80 Upper Street  
London N1 0NU

Chartered Surveyors:  
Colliers International  
50 George Street  
London W1U 7GA

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

Bankers:

HSBC Bank  
Westminster Branch  
22 Victoria Street  
London SW1H 0NJ

CAF Bank Ltd.  
25 Kings Hill Avenue  
Kings Hill, Kent  
ME19 4JQ

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

#### *Governance*

The members of the Notting Hill Methodist Church Council are the Charity Trustees, membership being made up of Church and Circuit office holders, the Minister and up to eight representatives appointed by the Church at its Annual Church Meeting.

A range of guidance produced by the Methodist Connexion to support the effective running of the Church and the role of Trustees is given to the Church Trustees at various meetings and training sessions held throughout the year.

#### **Public benefit**

The trustees have due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 4 of the Charities Act 2011. This guidance sets out two key principles:

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

The Church exists to:

- increase awareness of God's presence and to celebrate God's love;
- help people to learn and grow as Christians, through mutual support and care; and
- be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

#### **Related parties**

The Church is the sole church in the Notting Hill Circuit, which is part of the London District and also accountable to the Methodist Conference.

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

The Church controls the membership of the Denbigh Methodist Housing Association which is a charitable housing association registered under the Cooperative and Community Benefit Societies Act 2014.

#### **Risk management**

The Trustees are responsible for identifying and mitigating the level of risk faced by the charity, taking professional advice as required. An annual review

process is to be undertaken, with documentation of the strategy to be employed for risk mitigation.

Major risks will continue to accrue from the condition of the properties of the church and a quinquennial report by a qualified surveyor was undertaken in 2020 to inform the Church's plans for maintenance of its properties. During Covid regular risk assessments were prepared and used.

#### **Safeguarding**

The Methodist Church, along with the whole Christian community, believes each person has a value and dignity which comes directly from God's creation in God's own image and likeness. Christians see this as fulfilled by God's re-creation of us in Christ. Among other things, this implies a duty to value all people as bearing the image of God and therefore to protect them from harm.

Notting Hill Methodist Church is committed to the safeguarding and protection of all children, young people and adults and affirms that the needs of children or of people when they are vulnerable and at risk are paramount.

Notting Hill Methodist Church recognises that it has a particular care for all who are vulnerable whether as a result of disabilities or reduction in capacities or by their situation. It is recognised that this increased vulnerability may be temporary or permanent and may be visible or invisible, but that it does not diminish our humanity and our wish to affirm the gifts and graces of all God's people.

This policy addresses the safeguarding of children, young people and vulnerable adults. It is intended to be a dynamic policy. It is intended to support the Church in being a safe supportive and caring community for children, young people, vulnerable adults, for survivors of abuse, for communities and for those affected by abuse.

#### **Church Council Members' Responsibilities**

The members of Church Council are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom

## **NOTTING HILL METHODIST CHURCH**

### **Trustees Annual Report (Continued...) For the year ended 31 August 2021**

Generally Accepted Accounting Practice. Legislation requires the Council members to prepare financial statements for each financial year, which give a true and fair view of the Church's state of affairs at the end of the year, and the result for the year then ended.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them on a consistent basis;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- prepare accounts on a going concern basis unless it is not appropriate to presume that the church will continue in existence.

The Council members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Church. They are also responsible for safeguarding the assets of the Church and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Church Council on 8 February 2022 and signed on their behalf by:

Revd.Dr.Jongikaya Zihle  
Chair of the London District of The Methodist Church and Acting Chair of Trustees

## **Independent Auditor's Report to the Trustees of Notting Hill Methodist Church**

### **Opinion**

We have audited the financial statements of Notting Hill Methodist Church (the 'charity') for the year ended 31 August 2021 which comprise a statement of financial activity, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other



information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 financial statements is inconsistent in any material respect with the trustees' report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 6, 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 responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of Trustees and those charged with governance around actual and potential litigation claims;
- Enquiry of Trustees in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statements disclosure and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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.

Banks & Co Limited  
Chartered Certified Accountants  
Statutory Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
1 Carnegie Road  
Newbury  
Berkshire  
RG14 5DJ

# NOTTING HILL METHODIST CHURCH

## Statement of Financial Activities (SOFA) for the year ended 31 August 2021

	General Fund (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds £	Total £
<b>Income</b>				
Offerings	6,416			6,416
Donations	1,845		32,718	34,563
Gift aid	2,133			2,133
Interest and investment income	309			309
Income from investment properties (note 2)	406,713			406,713
DMHA rental income (note 3)	113,860			113,860
Other charitable income (note 4)	58,366			58,366
<b>Total income</b>	<b>589,642</b>	<b>0</b>	<b>32,718</b>	<b>622,360</b>
<b>Expenditure</b>				
Circuit assessment or share (note 5)	59,974			59,974
Grants and donations (note 6)	177,210		41,495	218,705
Property maintenance (note 7)	135,663			135,663
Insurance, utilities etc.	28,829			28,829
Depreciation (note 9)	49,170			49,170
Ministry expenses (note 8)	72,407			72,407
Other expenditure (note 8)	95,509			95,509
<b>Total charitable expenditure</b>	<b>618,762</b>	<b>0</b>	<b>41,495</b>	<b>660,257</b>
Realised gains/(losses) on monetary investments	0			0
Realised gains/(losses) on disposal of investment properties	0			0
<b>Net income/(expenditure)</b>	<b>(29,200)</b>	<b>0</b>	<b>(8,777)</b>	<b>(37,897)</b>
Transfers between funds	(158,368)	158,368		0
Revaluation gains/(losses)	(2,323,000)			(2,323,000)
<b>Net movement in funds</b>	<b>2,510,488</b>	<b>158,368</b>	<b>(8,777)</b>	<b>(2,360,897)</b>
Total funds brought forward	20,382,825	10,617	16,858	20,410,300
<b>Total funds carried forward</b>	<b>17,872,337</b>	<b>168,985</b>	<b>8,081</b>	<b>18,049,403</b>

# NOTTING HILL METHODIST CHURCH

## Balance Sheet as at 31 August 2021

	Notes to the accounts	General Fund (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds £	Endowment Funds £	Totals 2021 £	Totals 2020 £
<b>Fixed Assets</b>							
Church building and other property	9	5,449,950				5,449,950	5,499,120
Investment properties	9	12,307,000				12,307,000	14,630,000
Investments							0
<b>Total fixed assets</b>		<b>17,756,950</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,756,950</b>	<b>20,129,120</b>
<b>Current Assets</b>							
Debtors and prepayments	10	102,846				102,846	77,186
Central Finance Board Deposits		162,002	168,985	35,322		366,309	224,723
Cash at Bank and in hand		74,629				74,629	115,046
<b>Total current assets</b>		<b>339,477</b>	<b>168,985</b>	<b>35,322</b>	<b>0</b>	<b>543,784</b>	<b>416,955</b>
<b>Current liabilities</b>							
Creditors (due in under 1 year)	11	113,934				113,934	50,162
Amounts due to/(from) Notting Hill Methodist Circuit		48,630				48,630	84,583
Grants payable within 2021/22		61,526		27,241		88,767	1,030
<b>Total current liabilities</b>		<b>224,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>251,331</b>	<b>135,775</b>
<b>Net current assets/liabilities</b>		<b>115,387</b>	<b>168,985</b>	<b>8,081</b>	<b>0</b>	<b>292,453</b>	<b>281,180</b>
<b>Total assets less current liabilities</b>		<b>17,872,337</b>	<b>168,985</b>	<b>8,081</b>	<b>0</b>	<b>18,049,403</b>	<b>20,410,300</b>

	Notes to the accounts	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Totals 2021	Totals 2020
		£	£	£	£	£	£
<b>Long term liabilities (due after more than one year)</b>						0	0
Grants payable after 2020/21		0				0	0
Loans to the Church		0				0	0
<b>Net assets</b>		<b>17,872,337</b>	<b>168,985</b>	<b>8,081</b>	<b>0</b>	<b>18,049,403</b>	<b>20,410,300</b>

#### Funds of the Church

General Fund (Unrestricted)		17,872,337				17,872,337	20,382,825
Designated Funds (Unrestricted)			168,985			168,985	10,617
<b>Total Unrestricted Funds</b>						<b>18,041,322</b>	<b>20,393,442</b>
Restricted Funds				8,081		8,081	16,858
Endowment Funds					0	0	0
<b>Total Funds</b>	17	<b>17,872,337</b>	<b>168,985</b>	<b>8,081</b>	<b>0</b>	<b>18,049,403</b>	<b>20,410,300</b>

Signed

Chair

Treasurer

## Notting Hill Methodist Church

### Cash flow statement for the year ended 31 August 2021

	2021	2020
Statement of cash flows	£	£
<b>Cash from operating activities</b>		
Net cash used in operating activities (Note 1)	<b>(425,870)</b>	<b>(564,534)</b>
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	520,882	581,746
Proceeds from the sale of property, plant and equipment	6,156	0
Purchase of property, plant and equipment	0	0
Purchase of intangible assets	0	0
Proceeds from the sale of investments	0	0
Purchase of investments	0	0
Other	0	0
<b>Net cash provided by investing activities</b>	<b>527,038</b>	<b>581,746</b>
<b>Cash flows from financing activities</b>		
New borrowing	0	0
Repayments of borrowing	0	0
<b>Net cash used in financing activities</b>	<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>101,168</b>	<b>17,212</b>
Cash and cash equivalents at the beginning of the reporting period	339,769	322,557
<b>Cash and cash equivalents at the end of the reporting period (Note 2)</b>	<b>440,938</b>	<b>339,769</b>

## Notting Hill Methodist Church

### Notes to cash flow statement for the year ended 31 August 2021

<b>Note 1:</b>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of net income to net cash flow from operating activities</b>	<b>£</b>	<b>£</b>
Net income for the reporting period (as per statement of financial activities)	(37,897)	9,870
<b>Adjustments for:</b>		
Depreciation and amortisation charges	49,170	49,170
Profit on the sale of fixed assets	(6,156)	0
Loss on the sale of fixed assets	0	0
Gains on investments	0	0
Dividends, interest and rents from investments	(520,882)	(581,746)
Decrease/(increase) in stocks	0	0
(increase)/decrease in debtors	(25,660)	(75,791)
increase/(decrease) in creditors	115,555	33,963
<b>Net cash used in operating activities</b>	<b>(425,870)</b>	<b>(564,534)</b>
	<b>2021</b>	<b>2020</b>
<b>Note 2:</b>		
<b>Analysis of cash and cash equivalent</b>	<b>£</b>	<b>£</b>
Cash in hand	74,629	115,046
Short term deposit (less than 3 months)	366,308	224,723
<b>Total cash and cash equivalents</b>	<b>440,937</b>	<b>339,769</b>



# **NOTTING HILL METHODIST CHURCH**

## **Notes to the financial statements For the year ended 31 August 2021**

### **1. Accounting Policies**

#### **a) Basis for preparing the financial statements**

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 with the Financial Reporting Standard applicable to the UK and the Republic of Ireland (FRS102) (Charities SORP (FRS102)) and the Charities Act 2011.

The Trustees consider that there are no material uncertainties about the entity's ability to continue as a going concern other than those noted below. There were no significant areas of adjustment or key assumptions that effect items in the accounts. With respect to the next reporting period, the most significant areas of uncertainty are the effects of the Covid pandemic on the extent of maintenance and major works carried out following the 2020 quinquennial report and also on the letting of the commercial properties and collection of their rents.

#### **b) Funds**

The funds held constitute: general funds held for any purpose of the Church which are unrestricted; designated funds which are also unrestricted but which are set aside for particular areas of future expenditure as decided by the trustees; and restricted funds which are subject to restrictions imposed by the donor and can only be used for specific purposes.

#### **c) Incoming resources**

Incoming resources are included in the Statement of Financial Activities (SOFA) when the Church becomes entitled to that income, and the trustees are reasonably certain they will receive the resources, and the amount can be quantified with reasonable accuracy.

#### **d) Resources expended**

Expenditure is recognised on an accruals basis when a liability is incurred or a constructive obligation arises that results in the payment being unavoidable. Liabilities are recognised as soon as an outflow of economic benefit is considered more likely than not under the legal or constructive obligation committing the Church to pay out resources.

#### **e) Grants**

Grants made by the Church from its own funds are recognised in full at the time of agreement or when the Church accepts that there is a legal or operational obligation to make the payment. When the grant is recurrent over more than one year the balance payable in future years is treated as a provision for future commitments in the Balance Sheet against the appropriate fund, the provision being released in future years as instalments are paid in accordance with the originally agreed terms.

#### **f) Taxation**

Notting Hill Methodist Church is recognised as exempt from income and Corporation tax on income derived from its charitable activities because of its charitable status. Since the Church is not VAT registered, all input VAT borne is charged with the expenses to which it refers.

## **NOTTING HILL METHODIST CHURCH**

### **Notes to the financial statements (Continued ...) For the year ended 31 August 2021**

#### **g) Tangible fixed assets**

The Land & Buildings disclosed in the accounts are legally owned by The Trustees for Methodist Church Purposes in its capacity as trustee or custodian Trustee.

The Church premises at Lancaster Road and Etheline Holder Hall and the pavilion at Kelfield Gardens have from the 2016/17 accounting year been valued based on their insurance valuation in 2017 with the intention that this be the deemed value under FRS 102. The building element of this for depreciation purposes is deemed to be 40% of the full value, given the high land costs in Kensington and Chelsea.

Commercial properties are treated as investment properties and have been assessed based on a valuation in September 2021 by PLW Morgan FRICS MCI Arb based on rental yields of 6.5% as they are held in perpetuity.

Residential rental properties are also treated as investment properties. Their valuations are based on vacant possession values reduced by one third to reflect their tenanted status.

#### **h) Depreciation**

It is the Church's policy to capitalise its non-building fixed assets, including vehicles, furniture and equipment assets, with costs over £5,000 and to charge depreciation on these. All building fixed assets are capitalised with only the building element depreciated.

Depreciation is charged as follows on building and non-building fixed assets:

Buildings (other than investment properties)	over 50 years
Organ	over 10 years
Furniture, equipment and vehicles	over 4 years

#### **2. Income from Investment Properties**

The income from lettings of £406,713 (2020 - £468,043) comes from the letting of five retail premises.

#### **3. Income from DMHA rentals**

The Church and Circuit lease their residential properties to Denbigh Methodist Housing Association (DMHA) to manage, with the expectation that for most of the properties social housing rent levels will be charged. The Church and Circuit are required to charge a market rental under the 7-year lease to DMHA. The rental is based on the market rents of the properties established in 2018, less an allowance for all the costs of management and maintenance other than major works.

#### **4. Other Charitable Income**

This income of £58,366 (2020 - £67,583) comes principally from the letting of space in Church properties.

#### **5. Circuit assessment or share**

The charge of £59,974 (2020 - £113,461) is borne by the Church for Ministry and manse expenses.

## NOTTING HILL METHODIST CHURCH

### Notes to the financial statements (Continued ...) For the year ended 31 August 2021

#### 6. Grants and donations

The grants and donations made from unrestricted funds went to charities under the following headings:

	2021 £	2020 £
Denbigh Methodist Housing Association	80,000	85,000
Local Charities	11,470	-
Methodist Charities	55,500	-
Overseas Charities	30,240	-
	<u>177,210</u>	<u>85,000</u>

The grant to Denbigh Methodist Housing Association is to assist the association to continue to charge social housing rents rather than market rents to most of its tenants.

#### 7. Property maintenance

Following the quinquennial survey undertaken in 2020 significant works are taking place over all the Church's properties. Expenditure on major works was £111,123 (2020 - £107,038)

#### 8. Salaries, NIC and Pension costs

Ministry expenses and Other expenditure include relevant staff employment costs.

The Church operates a payroll and recharges the relevant costs to the appropriate organisations.

The average number of staff employed by the Church during the year were 3.6 (full time equivalents) (2020 – 3.6)

The Church provides and administers a money purchase pension arrangement for all staff with TPT Retirement Solutions. During the year total employer's and employees' pension contributions before recharge totalled £11,589.

No employees are paid in excess of £60,000.

	2021 £	2020 £
Gross wages, salaries and benefits in kind	80,679	73,416
Employer's National Insurance costs	7,852	7,994
Employer's pension costs	4,308	4,027
	<u>92,839</u>	<u>85,437</u>

## **NOTTING HILL METHODIST CHURCH**

### **Notes to the financial statements (Continued ...) For the year ended 31 August 2021**

#### **9. Tangible Fixed Assets**

##### **9.1 Property fixed assets for the Church's own use**

The church in Lancaster Road was built in the late 19<sup>th</sup> Century and has been in continuous use by the Methodists since then. In 1994 work on a major refurbishment scheme included reducing the size of the church interior and creating ancillary offices. The works were completed in 1997 at a cost of £1,070,000, funded principally from the sale of proceeds of the church in Denbigh Road.

Etheline Holder Hall, a community hall built on a retained part of the Denbigh Road site, opened in 1992, at a cost of £215,000.

These church properties are insured for £6,199,000. Kelfield Garden is a private open space with pavilion gifted to the Church in the early 20<sup>th</sup> century. The pavilion is insured for **£106,500**.

##### **9.2 Property fixed assets for investment**

The freehold and leasehold of the Denbigh Estate were acquired by the Church in the 1890s. The estate is insured for £6,410,000. The value of the five shops included in the estate has been assessed based on a professional valuation in September 2021 using a rental yield of 6.5%. This has led to a substantial impairment recognised in the accounts, due primarily to the fall in the value of commercial premises following Covid 19. Residential properties have been valued by the Trustees on the basis of professional advice and the Trustees review of the market based upon current market yields.

##### **9.3 Depreciation**

Depreciation is charged on building and non-building fixed assets at the rates shown under Church Accounting Policies above.

**NOTTING HILL METHODIST CHURCH**

Tangible Fixed Assets	Church (non-investment) land and buildings £	Other non-investment land and buildings £	Investment properties (land and buildings) £	Other fixed assets including motor vehicles £	Fixtures, fittings and equipment £	Total £
Balance brought forward	5,567,000	98,000	14,630,000	114,556	38,500	20,448,056
Additions	-	-	-	-	-	-
Revaluations (+/-)	-	-	(2,323,000)	-	-	(2,323,000)
Disposals (-)	-	-	-	(22,583)	-	(22,583)
Transfers * (+/-)	-	-	-	-	-	-
Balance carried forward	5,567,000	98,000	12,307,000	91,973	38,500	18,102,473

**Accumulated depreciation**

Balance brought forward	178,160	3,120	-	114,556	23,100	318,936
Depreciation charge for year (-)	44,540	780	-	-	3,850	49,170
Revaluations (+/-)	-	-	-	-	-	-
Disposals (-)	-	-	-	(22,583)	-	-
Transfers* (+/-)	-	-	-	-	-	-
Balance carried forward	222,700	3,900	-	91,973	26,950	345,523

**Net book value**

Brought forward	5,388,840	94,880	14,630,000	-	15,400	20,129,120
Carried forward	5,344,300	94,100	12,307,000	-	11,550	17,756,950

## NOTTING HILL METHODIST CHURCH

### Notes to the financial statements (Continued ...) For the year ended 31 August 2021

#### 10. Debtors

	2021 £	2020 £
Rent in arrears	74,433	71,580
Other debtors and prepayments	28,414	5,606
	<u>102,847</u>	<u>77,186</u>

The rent in arrears include a substantial debt from a commercial tenant which has been unrecovered pending settlement of terms for a new lease with the tenant. These terms have been agreed in principle but not yet contractually, to include a large write off of debt related to periods when the tenant was affected by COVID-19 lockdowns.

#### 11. Creditors

	2021 £	2020 £
Rent in advance	24,208	24,208
Other creditors and accruals	89,725	25,954
	<u>113,934</u>	<u>50,162</u>

#### 12. Fees for audit of the accounts

The audit fee for the current year is anticipated as £5,400 (2020 - £5,400)

#### 13. Restricted Funds

During 2020/21 restricted funds of £14,100 were received in donations net of expenditure related to the Church's Food Bank. During the year, the Food Bank acquired charitable status as a Charitable Incorporated Organisation (CIO). As at 31 August 2021 the total due to the Kensington & Chelsea Foodbank totalled £27,241, and the funds have been transferred to the CIO since the year end.

During the year the Church also received a grant of £8,000 from the Royal Borough of Kensington and Chelsea to meet the costs of a Caribbean Heritage project which is currently underway.

#### 14. Related party transactions

During the year two Trustees were reimbursed a total of £270 (2020 - £662) by the Notting Hill Methodist Church in respect of expenses incurred in the day to day operations of the charity.

One other Trustee was reimbursed a total of £2,594 by the charity on behalf of both the Notting Hill Methodist Church and Circuit.

One trustee had a related interest during the year as a tenant of Denbigh Methodist Housing Association living in a Notting Hill Methodist Church property.

Grants totalling £9,500 were made in the year to organisations with which one Trustee has an association.

## NOTTING HILL METHODIST CHURCH

### Notes to the financial statements (Continued ...) For the year ended 31 August 2021

#### 15. Commitment under operating leases

At 31 August 2021 the Church had annual commitments under non-cancellable operating leases as follows:

	2021 £	2020 £
Expiry date: 31 December 2024		
Within one year	1,180	759
Between two and five years	2,850	-

#### 16. Capital commitments and contingent liabilities

##### 16.1 Capital commitments

The Church had capital commitments at the year-end of £142,000 (2020 - £8,000).

##### 16.2 Contingent liability

Subsequent to the year end the Trustees have, reluctantly, considered that the claim against the Royal Borough of Kensington and Chelsea, in respect of damages to the church building from trees in the near vicinity, should not be proceeded with.

The company that provided the initial advice has been placed in liquidation. The report that they provided can no longer be produced as evidence to the court. The Trustees have sought a further professional opinion which has been found to be at variance with the previous advice that formed part of the claim.

As a result, after discussions with the Church's insurers and lawyers, the Trustees have decided that the matter should not be pursued further and that a settlement should be negotiated.

It is not practical, at this stage to quantify the financial costs that may result when the matter is brought to a conclusion.

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2021

### 17. Movements on reserves

	General £	Designated £	Restricted £	Total £
Opening balance as at 01.09.2020	<b>20,382,825</b>	<b>10,617</b>	<b>16,858</b>	<b>20,410,300</b>
Income	589,642	-	32,718	622,360
Expenses	(618,762)	-	(41,495)	(660,257)
Transfers	(158,368)	158,368	-	-
Revaluation of Investment properties	(2,323,000)	-	-	(2,323,000)
Closing balance as at 31.08.2021	<b>17,872,337</b>	<b>168,985</b>	<b>8,081</b>	<b>18,049,403</b>

Included within the General reserve listed above are revaluation reserves related to property fixed assets totalling, £17,745,400 (2020 - £20,113,720)

Restricted funds	Opening balance £	Income £	Expenses £	Transfers £	Closing balance £
Benevolent Fund	2,245	10	(721)	547	2,081
Justice & Development Fund	-	526	(526)	-	-
Rosemary May Wills Trust	1,047	-	(500)	(547)	-
Caribbean Heritage Fund	-	8,000	(2,000)	-	6,000
Foodbank	13,142	24,182	(37,324)	-	-
Grenfell Support	424	-	(424)	-	-
	16,858	32,718	(41,495)	-	8,081

Prior year	General £	Designated £	Restricted £	Total £
Opening balance as at 01.09.2019 (as restated)	<b>20,612,437</b>	<b>27,655</b>	<b>20,338</b>	<b>20,660,430</b>
Income	669,332	-	33,857	703,189
Expenses	(552,224)	(107,038)	(34,057)	(693,319)
Transfers	(86,720)	90,000	(3,280)	-
Revaluation of Investment properties	(260,000)	-	-	(260,000)
Closing balance as at 31.08.2020	<b>20,382,825</b>	<b>10,617</b>	<b>16,858</b>	<b>20,410,300</b>

Included within the General reserve listed above are revaluation reserves related to property fixed assets totalling, £20,113,720 (2019 - £20,419,040)



# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2021

### 18. Statement of Financial Activities (SOFA) for the year ended 31 August 2020

	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	
<b>Income</b>				
Offerings	7,493			7,493
Donations	9,070		33,857	42,927
Gift aid	3,440			3,440
Interest and investment income	1,624			1,624
Income from investment properties (note 2)	468,043			468,043
DMHA rental income (note 3)	112,079			112,079
Other charitable income (note 4)	67,583			67,583
<b>Total income</b>	<b>669,332</b>	<b>0</b>	<b>33,857</b>	<b>703,189</b>
<b>Expenditure</b>				
Circuit assessment or share (note 5)	113,461			113,461
Grants and donations (note 6)	85,000		8,480	93,480
Property maintenance (note 7)	72,392	107,038		179,430
Insurance, utilities etc.	33,593			33,593
Depreciation (note 9)	49,170			49,170
Ministry expenses (note 8)	78,374		25,577	103,951
Other expenditure (note 8)	120,234			120,234
<b>Total charitable expenditure</b>	<b>552,224</b>	<b>107,038</b>	<b>34,057</b>	<b>693,319</b>
Realised gains/(losses) on monetary investments	0			0
Realised gains/(losses) on disposal of investment properties	0			0
<b>Net income/(expenditure)</b>	<b>117,108</b>	<b>(107,038)</b>	<b>(200)</b>	<b>9,870</b>
Transfers between funds	(86,720)	90,000	(3,280)	0
Revaluation gains/(losses)	(260,000)			(260,000)
<b>Net movement in funds</b>	<b>(229,612)</b>	<b>(17,038)</b>	<b>(3,480)</b>	<b>(250,130)</b>
Total funds brought forward (as restated)	20,612,437	27,655	20,338	20,660,430
<b>Total funds carried forward</b>	<b>20,382,825</b>	<b>10,617</b>	<b>16,858</b>	<b>20,410,300</b>