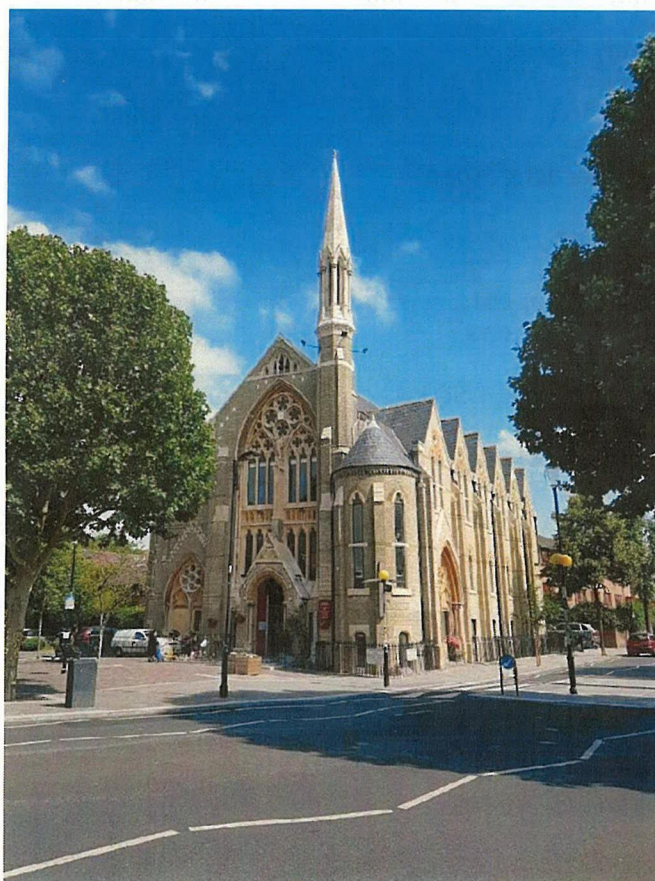


NOTTING HILL METHODIST CHURCH

REGISTERED CHARITY NUMBER 1127356



REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

NOTTING HILL METHODIST CHURCH

Trustees	Sonia Barnes Wendy Chase Stephen Duckworth Stacey Gerald Revd. Dr. Michael Long (Chair) Esther Samuels Elaine Spence
Secretary	Wendy Chase
Charity number	1127356
Registered Office	240 Lancaster Road London W11 4AH
Auditors	Banks & Co. Ltd. 1 Carnegie Road Newbury Berkshire RG14 5DJ
Solicitors	Colman Coyle LLP 80 Upper Street London N1 0NU
Bankers	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
Chartered Surveyors	Colliers International 50 George Street London W1U 7GA

NOTTING HILL METHODIST CHURCH

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their report with the financial statements of the charity for the year ended 31 August 2022. 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

The priorities of Notting Hill Methodist Church are, in addition to the advancement of the Christian faith, the need to maintain 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 seen the church attain a steady state level of activities and worship following the end of coronavirus lockdown restrictions. Of greater impact has been the extensive repair work to our basement following the flood in July 2021. The basement reopened at Easter 2022, the foodbank having had to relocate in another part of the church premises for an extended period.

No Junior Church or youth activities took place during the year, though a strategy for tackling this emerged at the end of the year in question. Bible studies resumed in the summer months but have not attained their pre-pandemic level.

As the year began the superintendent minister announced his intention to ask for a curtailment in summer 2023. This was agreed at a meeting of the circuit invitation committee in July 2022. During the early part of 2022 the minister spent three months' sabbatical leave in Sri Lanka, during which time pastoral care was provided by an adjacent minister and Sunday services were covered by a variety of lay and ordained persons.

The church was able to enjoy its annual summer barbecue and seaside excursion for the first time since the pandemic.

The newly-formed Eco-group has stimulated the church on a number of environmental aspects and attained a bronze award from A Rocha.

With the help of a grant from the Royal Borough of Kensington and Chelsea, the church published 'The Caribbean Contribution – Stories from Notting Hill Methodist Church', including much oral history from church members of the 1960s and 70s.

NOTTING HILL METHODIST CHURCH

Trustees Annual Report (Continued...) For the year ended 31 August 2022

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).

Income and expenditure trends

Income is primarily drawn from lettings income from external users of the church, and from lettings of investment properties. This is augmented by Sunday collections and gift aid tax relief from members of the Church. Total unrestricted income amounted to £546,501 (2021 - £589,624).

Expenditure is primarily related to church buildings and the church's investment properties. The other 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.

A grant of £115,000 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 (2021 - £80,000).

Total unrestricted expenditure amounted to £827,322 (2021 - £618,762). The increase on the previous year is largely due to the major works which began in 2021 and completed this year. There is a dispute with a contractor and provision has been made for all sums, including related legal fees, which the Church believes are payable. Fees were also incurred in settling a legal case with the Royal Borough of Kensington and Chelsea referred to in note 16.2 of the 2021 Financial Statements.

Fund balances

The Church's net current assets at the year-end amounted to £56,350 (2021 - £292,453). The designated funds have largely been released and after setting aside restricted reserves, unrestricted funds of £53,268 remain, being the sum of the net current assets of the general and designated funds.

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

Reserves policy and plans for 2022/23

The Church's reserves policy takes account of its net current assets at the last Balance Sheet date, the budget for the current year 2022/23 and significant known items of

NOTTING HILL METHODIST CHURCH

Trustees Annual Report (Continued...) For the year ended 31 August 2022

property expenditure to be incurred in the near future. By 31 August 2023 free reserves excluding any designated provision set aside for future major works are estimated to be increased at £90,000.

The agreed reserves policy is to retain from the unrestricted resources available under the above calculation the equivalent of three months operating expenditure (approximately £76,000) to fund planned activities should normal revenue earning be suspended. The unrestricted reserves of £53,268 at the year end thus fell somewhat short of this level.

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

A full list of senior lay staff is below:

Ken Asiedu – Facilities Manager
Susannah Yarde – Youth and Family Worker/ Foodbank Manager (until June 2022)

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.

NOTTING HILL METHODIST CHURCH

Trustees Annual Report (Continued...) For the year ended 31 August 2022

Governance

The members of the Notting Hill Methodist Church Council are the Charity Trustees, membership being made up of Church and Circuit office holders appointed annually and selected for their skills or experience, the Minister and up to eight representatives appointed by Church members at the 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. 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 being 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.

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

Trustees Annual Report (Continued...) For the year ended 31 August 2022

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.

The Church's 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

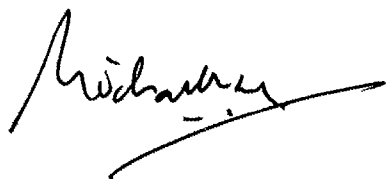
Generally Accepted Accounting Practice. Legislation requires the Council members to prepare financial statements for each financial year, which give a true and fair view of the Church's state of affairs at the end of the year, and the result for the year then ended.

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 *28 Feb* 2023 and signed on their behalf by:



Revd Dr Michael Long
Superintendent Minister and Chair of Trustees

NOTTING HILL METHODIST CHURCH

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 2022 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 2022, 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.

Conclusion 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

NOTTING HILL METHODIST CHURCH

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.

NOTTING HILL METHODIST CHURCH

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.

NOTTING HILL METHODIST CHURCH

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 Ltd, Statutory Auditor
Chartered Certified Accountants
1 Carnegie Road
Newbury
Berkshire
RG14 5DJ

28/2/ 2023

Banks & Co Ltd is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

NOTTING HILL METHODIST CHURCH

Statement of Financial Activities for the year ended 31 August 2022

	Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Total
		£	£	£	£
Income					
Offerings		9,372	-	-	9,372
Donations		2,305	-	43,491	45,796
Gift aid		273	-	-	273
Interest and investment income		672	-	-	672
Income from investment properties	2	345,804	-	-	345,804
DMHA rental income	3	116,190	-	-	116,190
Other charitable income	4	71,885	-	-	71,885
Total income		546,501	-	43,491	589,992
Expenditure					
Circuit assessment or share	5	56,795	-	-	56,795
Grants and donations	6	150,100	-	47,943	198,043
Property maintenance	7	321,685	-	-	321,685
Insurance, utilities etc.		35,285	-	-	35,285
Depreciation	9	49,170	-	-	49,170
Ministry expenses	8	77,740	-	-	77,740
Other expenditure	8	136,547	-	-	136,547
Total charitable expenditure		827,322	-	47,943	875,265
Net income/(expenditure)		(280,821)	-	(4,452)	(285,273)
Transfers between funds		168,985	(168,438)	(547)	-
Net movement in funds		(111,836)	(168,438)	(4,999)	(285,273)
Total funds brought forward		17,872,337	168,985	8,081	18,049,403
Total funds carried forward		17,760,501	547	3,082	17,764,130

For details of comparative figures refer to note 18

NOTTING HILL METHODIST CHURCH

Balance Sheet as at 31 August 2022

	Notes	General Fund	Designated Funds	Restricted Funds	Total 2022	Total 2021
		£	£	£	£	£
Fixed Assets						
Church building and other property	9	5,400,780	-	-	5,400,780	5,449,950
Investment properties	9	12,307,000	-	-	12,307,000	12,307,000
Total fixed assets		17,707,780	-	-	17,707,780	17,756,950
Current Assets						
Debtors and prepayments	10	90,535			90,535	102,846
Central Finance Board Deposits		158,252			158,252	366,309
Cash at Bank and in hand		76,660	547	3,082	80,289	74,629
Total current assets		325,447	547	3,082	329,076	543,784
Current liabilities						
Creditors (due in under 1 year)	11	161,979			161,979	113,934
Amounts due to/(from) Notting Hill Methodist Circuit		100,747			100,747	48,630
Grants payable		10,000			10,000	88,767
Total current liabilities		272,726	-	-	272,726	251,331
Net current assets/liabilities		52,721	547	3,082	56,350	292,453
Total assets less current liabilities		17,760,501	547	3,082	17,764,130	18,049,403
Funds of the Church						
General Fund (Unrestricted)		17,760,501			17,760,501	17,872,337
Designated Funds (Unrestricted)			547		547	168,985
Total Unrestricted Funds					17,761,048	18,041,322
Restricted Funds				3,082	3,082	8,081
Total Funds	17	17,760,501	547	3,082	17,764,130	18,049,403

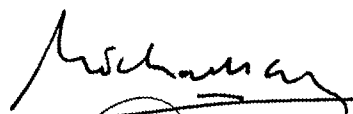

Signed

Date

28/2/22

Chair

Treasurer

NOTTING HILL METHODIST CHURCH

Cash flow statement for the year ended 31 August 2022

	Notes	2022 £	2021 £
Statement of cash flows			
Cash from operating activities			
Net cash used in operating activities	a	(665,063)	(425,870)
Cash flows from investing activities			
Dividends, interest and rents from investments		462,666	520,882
Proceeds from the sale of property, plant and equipment		-	6,156
Net cash provided by investing activities		462,666	527,038
Change in cash and cash equivalents in the reporting period		(202,397)	101,168
Cash and cash equivalents at the beginning of the reporting period		440,938	339,770
Cash and cash equivalents at the end of the reporting period	b	238,541	440,938

Notes to cash flow statement for the year ended 31 August 2022

Note (a):	2022	2021
Reconciliation of net income to net cash flow from operating activities	£	£
Net income for the reporting period (as per statement of financial activities)	(285,273)	(37,897)
Adjustments for:		
Depreciation and amortisation charges	49,170	49,170
Profit on the sale of fixed assets	-	(6,156)
Dividends, interest and rents from investments	(462,666)	(520,882)
Decrease/(increase) in stocks	-	-
(increase)/decrease in debtors	12,311	(25,660)
increase/(decrease) in creditors	21,395	115,555
Net cash used in operating activities	(665,063)	(425,870)
	2022	2021
Note (b):		
Analysis of cash and cash equivalent	£	£
Cash in hand	80,289	74,629
Short term deposit (less than 3 months)	158,252	366,309
Total cash and cash equivalents	238,541	440,938

NOTTING HILL METHODIST CHURCH

Notes to the financial statements For the year ended 31 August 2022

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 Charities Statement of Recommended Practice issued in October 2019 and the Charities Act 2011.

Notting Hill Methodist Church is a public benefit entity, as defined by FRS 102.

The financial statements are presented in Pounds Sterling, rounded to the nearest pound.

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 letting of the commercial properties and collection of their rents, and an unsettled claim for additional costs which the Church disputes on a major works contract completed during the year.

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.

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

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.

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.

The surplus or deficit arising on revaluation is recognised in the Statement of Financial Activities.

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

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

i) Financial instruments

Financial assets carried at amortised cost

Financial assets comprise other debtors and cash at bank. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities carried at amortised cost

Financial liabilities include other creditors and accruals.

Liabilities which are classed as basic financial instruments are measured at amortised cost.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

2. Income from Investment Properties

The income from lettings of £345,804 (2021 - £406,713) 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, adjusted for subsequent inflation.

4. Other Charitable Income

This income of £71,885 (2021 - £58,366) comes principally from the letting of space in Church properties.

5. Circuit assessment or share

The charge of £56,795 (2021 - £59,974) 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 2022

6. Grants and donations

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

	2022 £	2021 £
Denbigh Methodist Housing Association	115,000	80,000
Local Charities	640	11,470
Methodist Charities	30,000	55,500
Overseas Charities	4,460	30,240
	<u>150,100</u>	<u>177,210</u>

The grant to Denbigh Methodist Housing Association is to assist the association in meeting its aims and objectives.

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 £177,955 (2021 - £111,123)

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) (2021 - 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 £9,928 (2021 - £11,589).

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

	2022 £	2021 £
Gross wages, salaries and benefits in kind	89,232	80,679
Employer's National Insurance costs	7,048	7,852
Employer's pension costs	3,744	4,308
	<u>100,024</u>	<u>92,839</u>

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (continued...) For the year ended 31 August 2022

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 19th 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 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 £6,863,000. Kelfield Garden is a private open space with pavilion gifted to the Church in the early 20th century. The pavilion is insured for £120,000.

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 £7,052,000. 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 led to a substantial impairment recognised in the accounts for the year ended 31 August 2021, 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. Based on their review, the Trustees are of the opinion that there has been no significant change in the market value of the investment properties during the year.

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

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

	Church (non- investment land and buildings) £	Other non- investment land and buildings £	Other fixed assets including motor vehicles £	Fixtures, fittings and equipment £	Investment properties (land and buildings) £	Total £
Cost or valuation						
Balance brought forward	5,567,000	98,000	91,973	38,500	12,307,000	18,102,473
Additions	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance carried forward	<u>5,567,000</u>	<u>98,000</u>	<u>91,973</u>	<u>38,500</u>	<u>12,307,000</u>	<u>18,102,473</u>
Accumulated depreciation						
Balance brought forward	222,700	3,900	91,973	26,950	-	345,523
Charge for the year	44,540	780	-	3,850	-	49,170
Disposals	-	-	-	-	-	-
Balance carried forward	<u>267,240</u>	<u>4,680</u>	<u>91,973</u>	<u>30,800</u>	<u>-</u>	<u>394,693</u>
Net Book value						
Brought forward	5,344,300	94,100	-	11,550	12,307,000	17,756,950
Carried forward	<u>5,299,760</u>	<u>93,320</u>	<u>-</u>	<u>7,700</u>	<u>12,307,000</u>	<u>17,707,780</u>

10. Debtors

	2022 £	2021 £
Rent in arrears	29,534	74,432
Other debtors and prepayments	61,001	28,414
	<u>90,535</u>	<u>102,846</u>

11. Creditors

	2022 £	2021 £
Rent in advance	16,708	24,209
Other creditors and accruals	145,271	89,725
	<u>161,979</u>	<u>113,934</u>

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

12. Fees for audit of the accounts

The audit fee for the current year is anticipated as £4,000 (2021 - £5,400)

13. Restricted Funds

During 2021/22 restricted funds of £297 were received in donations in relation to the Benevolent Fund. The balance of £1,796 from a grant from the Royal Borough of Kensington and Chelsea is held with the purpose of developing a website for the Caribbean Heritage project, after the publication of a book during 2021/22. Donations have continued to be received for the foodbank despite it becoming an independent organisation in 2021. So amounts received are periodically transferred over.

14. Related party transactions

During the year three Trustees were reimbursed a total of £5,695 (2021 - £270) 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 £1,274 (2021 - £2,594) by the charity on behalf of both the Notting Hill Methodist Church and Circuit.

One trustee received grants and a loan totalling £1,550 (2021 - nil).

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.

The Trustees give freely their time without any form of remuneration or other benefit in cash or kind.

15. Commitment under operating leases

At 31 August 2022 the Church had annual commitments under non-cancellable operating leases as follows:

	2022 £	2021 £
Expiry date: 31 December 2024		
Within one year	1,180	1,180
Between two and five years	1,670	2,850

16. Capital commitments and contingent liabilities

16.1 Capital commitments

The Church had capital commitments at the year-end of £47,000 (2021 - £142,000) which will be met from the Church's general fund.

16.2 Contingent liability

The Church has a dispute with a contractor over the costs of a major works scheme begun in the previous year and completed in 2021/22. All amounts which the Church believes are

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

payable have been accrued in this year's accounts but a further sum of £24,000, plus legal costs, remains in dispute.

17. Movements on reserves

	General £	Designated £	Restricted £	Total £
Opening balance as at 1 September 2021	17,872,337	168,985	8,081	18,049,403
Income	546,501	-	43,491	589,992
Expenses	(827,322)	-	(47,943)	(875,265)
Transfers	168,985	(168,438)	(547)	-
Closing balance as at 31 August 2022	17,760,501	547	3,082	17,764,130

	Opening balance £	Income £	Expenses £	Transfers £	Closing balance £
Benevolent Fund	2,081	297	(2,645)	(547)	(814)
Food Bank		43,194	(41,094)	-	2,100
Caribbean Heritage Fund	6,000	-	(4,204)	-	1,796
	8,081	43,491	(47,943)	(547)	3,082

Prior year	General £	Designated £	Restricted £	Total £
Opening balance as at 1 September 2020	20,382,825	10,617	16,858	20,410,300
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 August 2021	17,872,337	168,985	8,081	18,049,403

NOTTING HILL METHODIST CHURCH

Notes to the financial statements (Continued ...) For the year ended 31 August 2022

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

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

