

# **NOTTING HILL METHODIST CHURCH**

**REGISTERED CHARITY NUMBER 1127356**



## **REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023**

## NOTTING HILL METHODIST CHURCH

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Trustees	Sonia Barnes Wendy Chase Stephen Duckworth Stacey Gerald (resigned May 2023) Revd. Dr. Michael Long (Chair – resigned August 2023) Pauline Mullings Esther Samuels Gladwyn 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 2023**

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The Trustees present their report with the financial statements of the charity for the year ended 31 August 2023. 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 2019)

#### **Aims and organisation**

The calling of the Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. Notting Hill Methodist Church priorities provide for:

1. a regularly worshipping congregation,
2. a fellowship of people learning and growing in Christian faith
3. sharing its resources (including the building) with people in the neighbourhood.
4. challenging injustice and meeting human need.
5. speaking of God's love to the wider world.

The year has seen the church maintain a steady state level of activities and worship.

The refurbished basement continues to host the Kensington and Chelsea foodbank and we look forward to welcoming back to 240 Lancaster Road the 240 Project, an arts based community support group.

Bible studies resumed in the summer months but have not attained their pre-pandemic level.

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

The Church Eco-group continues to consider how we might become a greener church (building and community).

Last year 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. We have now successfully published this on our website

As the year came to an end, so did our time under the leadership of The Revd Mike Long. Mike has been the right person for the season. He arrived just before the tragedy of the Grenfell fire and was a stalwart in the community. The whole church pays tribute to and gives thanks to God for Mike's leadership.

# NOTTING HILL METHODIST CHURCH

## Trustees Annual Report (Continued...) For the year ended 31 August 2023

### Finance

#### *Basis of accounts preparation*

The financial statements have been prepared under the Charities Act 2011 in accordance with the 2019 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 £618,531 (2022 - £546,501).

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 payable to the Notting Hill Circuit, which meets the Minister's stipend and some other staff costs and includes repairs to the manse. Costs continued to arise for the managing and maintenance of church buildings and investment properties.

A grant of £100,000 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 (2022 - £115,000).

Total unrestricted expenditure amounted to £673,893 (2022 - £827,322)

#### *Fund balances*

The Church's net current assets at the year-end amounted to £62,578 (2022 - £56,350). After setting aside restricted reserves unrestricted funds of £43,177 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 Methodist Church. The Church currently has its funds in a deposit account with CFB.

#### *Reserves policy and plans for 2023/24*

The Church's reserves policy takes account of its net current assets at the last Balance Sheet date, the budget for the current year 2023/24 and significant known items of property expenditure to be incurred in the near future. By 31 August 2024 free reserves are estimated to be negative at £11,000.

The agreed reserves policy is to retain from the unrestricted resources available under the above calculation the equivalent of three months operating expenditure (approximately £100,000) to fund planned activities should normal revenue earning be suspended. The unrestricted reserves of £43,177 at the year-end thus fell somewhat short of this level.

# **NOTTING HILL METHODIST CHURCH**

## **Trustees Annual Report (Continued...) For the year ended 31 August 2023**

### **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 list of senior lay employees is below:

Ken Asiedu – Facilities Manager

#### *Management*

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

Superintendent Minister: Revd Dr Michael Long (resigned on 31 August 2023)  
Revd Paul Wood (appointed on 1 September 2023)

Senior Church Steward: Mrs Elaine Spence (resigned on 31 August 2023)  
Mrs Esther Samuels (appointed on 1 September 2023)

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

#### *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.

# **NOTTING HILL METHODIST CHURCH**

## **Trustees Annual Report (Continued...) For the year ended 31 August 2023**

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 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, most of which is now complete.

### **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

# **NOTTING HILL METHODIST CHURCH**

## **Trustees Annual Report (Continued...) For the year ended 31 August 2023**

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 27 February 2024 and signed on their behalf by:

Revd Paul Wood  
Superintendent Minister and Chair of Trustees

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# **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 2023 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 2023, 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 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.



# **NOTTING HILL METHODIST CHURCH**

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

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

# **NOTTING HILL METHODIST CHURCH**

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

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**

## **Independent Auditor's Report to the Trustees of 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 Limited, Statutory Auditor  
Chartered Certified Accountants  
1 Carnegie Road  
Newbury  
Berkshire  
RG14 5DJ

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Banks & Co Limited 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 2023

	Notes	General Fund (Unrestricted)	Designated Funds	Restricted Funds	Total
		£	£	£	£
<b>Income</b>					
Offerings		9,527	-	-	9,527
Donations		3,739	-	17,263	21,002
Gift aid		4,848	-	-	4,848
Interest and investment income		5,351	-	-	5,351
Income from investment properties	2	355,142	-	-	355,142
DMHA rental income	3	136,596	-	-	136,596
Other charitable income	4	103,328	-	-	103,328
<b>Total income</b>		<b>618,531</b>	<b>-</b>	<b>17,263</b>	<b>635,794</b>
<b>Expenditure</b>					
Circuit assessment or share	5	83,532	-	-	83,532
Grants and donations	6	140,300	-	4,664	144,964
Property maintenance	7	179,546	-	-	179,546
Insurance, utilities etc.		50,888	-	-	50,888
Depreciation	9	49,170	-	-	49,170
Ministry expenses	8	70,808	-	-	70,808
Other expenditure	8	99,649	-	-	99,649
<b>Total charitable expenditure</b>		<b>673,893</b>	<b>-</b>	<b>4,664</b>	<b>678,557</b>
<b>Net income / (expenditure)</b>		(55,362)	-	12,599	(42,763)
Transfers between funds		(10,056)	6,156	3,900	-
Net gains/(losses) on investments		<u>(1,762,000)</u>			<u>(1,762,000)</u>
Net movement in funds		(1,827,418)	6,156	16,499	(1,804,763)
Total funds brought forward		<u>17,760,501</u>	<u>547</u>	<u>3,082</u>	<u>17,764,130</u>
Total funds carried forward		15,933,083	6,703	19,581	15,959,367

For details of comparative figures refer to note 18

# NOTTING HILL METHODIST CHURCH

## Balance Sheet as at 31 August 2023

	Notes	General Fund	Designated Funds	Restricted Fund	Total 2023	Total 2022
		£	£	£	£	£
<b>Fixed Assets</b>						
Church building and other property	9	5,351,610			5,351,610	5,400,780
Investment properties	9	10,545,000			10,545,000	12,307,000
<b>Total fixed assets</b>		<b>15,896,610</b>			<b>15,896,610</b>	<b>17,707,780</b>
<b>Current Assets</b>						
Debtors and prepayments	10	41,839			41,839	90,535
Central Finance Board Deposits		151,797			151,797	158,252
Cash at Bank and in hand		23,894	6,703	19,581	50,178	80,289
<b>Total current assets</b>		<b>217,530</b>	<b>6,703</b>	<b>19,581</b>	<b>243,814</b>	<b>329,076</b>
<b>Current liabilities</b>						
Creditors	11	106,097			106,097	161,979
Amount due to Notting Hill Methodist Circuit		49,432			49,432	100,747
Amount due to Denbigh Methodist Housing Association		25,528			25,528	-
Grants payable		-			-	10,000
<b>Total current liabilities</b>		<b>181,056</b>			<b>181,056</b>	<b>272,726</b>
<b>Net current assets/liabilities</b>		<b>36,473</b>	<b>6,703</b>	<b>19,581</b>	<b>62,757</b>	<b>56,350</b>
<b>Total assets less current liabilities</b>		<b>15,933,083</b>	<b>6,703</b>	<b>19,581</b>	<b>15,959,367</b>	<b>17,764,130</b>
<b>Funds of the Church</b>						
General Fund (Unrestricted)		15,933,083			15,933,083	17,760,501
Designated Funds (Unrestricted)			6,703		6,703	547
<b>Total Unrestricted Funds</b>						<b>17,761,048</b>
Restricted Funds				19,581	19,581	3,082
<b>Total Funds</b>	17	<b>15,933,083</b>	<b>6,703</b>	<b>19,581</b>	<b>15,959,367</b>	<b>17,764,130</b>

The financial statements were approved and authorised for issue.

Signed .....

Chair

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Treasurer

Date:

# NOTTING HILL METHODIST CHURCH

## Cash flow statement for the year ended 31 August 2023

	Notes	2023 £	2022 £
<b>Statement of cash flows</b>			
<b>Cash from operating activities</b>			
Net cash used in operating activities	a	(533,655)	(665,063)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		497,089	462,666
<b>Net cash provided by investing activities</b>		<b>497,089</b>	<b>462,666</b>
<b>Change in cash and cash equivalents in the reporting period</b>		(36,566)	(202,397)
Cash and cash equivalents at the beginning of the reporting period		238,541	440,938
<b>Cash and cash equivalents at the end of the reporting period</b>	b	<b>201,975</b>	<b>238,541</b>

## Notes to cash flow statement for the year ended 31 August 2023

<b>Note (a):</b>	<b>2023</b>	<b>2022</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)	(42,763)	(285,273)
<b>Adjustments for:</b>		
Depreciation and amortisation charges	49,170	49,170
Dividends, interest and rents from investments	(497,089)	(462,666)
(increase)/decrease in debtors	48,697	12,311
increase/(decrease) in creditors	(91,670)	21,395
<b>Net cash used in operating activities</b>	<b>(533,655)</b>	<b>(665,063)</b>
	<b>2023</b>	<b>2022</b>
<b>Note (b):</b>		
<b>Analysis of cash and cash equivalent</b>	<b>£</b>	<b>£</b>
Cash in hand	50,178	80,289
Short term deposit (less than 3 months)	151,797	158,252
<b>Total cash and cash equivalents</b>	<b>201,975</b>	<b>238,541</b>

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements For the year ended 31 August 2023

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### 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.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements 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 financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

#### 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

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...)

For the year ended 31 August 2023

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) Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising on impairment are recognized in expenditure.

### h) 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.

### i) Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognized in 'Net gains/(losses) on investments' in the SoFA.

The commercial properties have been assessed based on a valuation in December 2023 by PLW Morgan MCI Arb based on rental yields of 7.5% as they are held in perpetuity.

The residential rental properties are valued based on vacant possession values reduced by one third to reflect their tenanted status.

### j) 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
Computers and IT equipment	Over 3 years



# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

### k) Impairment

Assets not measured at fair value are reviewed for any indication of impairment at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in income and expenditure.

### l) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

## 2. Income from Investment Properties

The income from lettings of £355,142 (2022 - £345,804) comes from 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 a 7-year lease to DMHA. The rental is based on the market rentals 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 £103,328 (2022 - £71,885) comes principally from the letting of space in Church properties.

## 5. Circuit assessment or share

The charge of £83,532 (2022 - £56,795) is borne by the Church for ministry and manse expenses.

## 6. Grants and donations

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

	2023 £	2022 £
DMHA for charging social housing rents	100,000	115,000
Local organisations	20,000	640
Methodist Churches and organisations	3,300	30,000
Overseas Grants	17,000	4,460
Total Expenditure	<u>140,300</u>	<u>150,100</u>

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

The grant to Denbigh Methodist Housing Association (DMHA) 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 being carried out on all of the Church's properties. Expenditure on major works was £85,794 (2022 - £177,955)

### 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 Notting Hill Methodist Circuit and Denbigh Methodist Housing Association.

The average number of staff employed by the Church during the year were 2.6 (full time equivalents) (2022 - 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 amounted to £13,518 (2022 - £9,928).

No remuneration was paid to any of the trustees.

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

	2023 £	2022 £
Gross Stipends, salaries and benefits in kind	54,927	89,232
Employer's National Insurance	5,931	7,048
Employer's pension costs	<u>4,571</u>	<u>3,744</u>
		<u>100,024</u>

### 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 £7,446,012. 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 £130,397.

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

### 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 £7,636,519. The value of the five shops included in the estate has been assessed based on a professional valuation in December 2023 using a rental yield of 7.5%, and the values have been confirmed by recent lease settlements on the estate. 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 accounting policies above.

	Church (non- investment land and buildings)	Other (non- investment land and buildings)	Other fixed assets including motor vehicles	Fixtures, fitting and equipment	Investment properties (land and buildings)	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
Balance brought forward	5,567,000	98,000	91,973	38,500	12,307,000	18,102,473
Additions	-	-	-	-	-	-
Revaluations	-	-	-	-	(1,762,000)	(1,762,000)
Disposals	-	-	-	-	-	-
Balance carried forward	5,567,000	98,000	91,973	38,500	10,545,000	16,340,473
<b>Accumulated depreciation</b>						
Balance brought forward	267,240	4,680	91,973	30,800	-	394,693
Charge for the year	44,540	780	-	3,850	-	49,170
Disposals	-	-	-	-	-	-
Balance carried forward	311,780	5,460	91,973	34,650	-	443,863
<b>Net Book value</b>						
Brought forward	5,299,760	93,320	-	7,700	12,307,000	17,707,780
Carried forward	5,255,220	92,540	-	3,850	10,545,000	15,896,610

## NOTTING HILL METHODIST CHURCH

### Notes to the financial statements (Continued ...) For the year ended 31 August 2023

#### 10. Debtors

	2023 £	2022 £
Rent in arrears	20,462	29,534
Other debtors and prepayments	21,377	61,001
	<b>41,839</b>	<b>90,535</b>

#### 11. Creditors

	2023 £	2022 £
Rent in advance	4,875	16,708
Other creditors and accruals	101,222	145,271
	<b>106,097</b>	<b>161,979</b>

#### 12. Auditor's remuneration

The audit fee for the current year is anticipated as £5,000 (2022 - £4,000). Fees payable to the auditor for other services amount to £1,000.

#### 13. Restricted Funds

During 2022/23 restricted funds of £17,263 were received in donations to the Benevolent Fund £1,238, the Youth Projects Fund £15,000 and the Foodbank Fund £1,025. The Youth Projects Fund was established by a donation related to a deceased member of the Church. At the end of the year, the balances on restricted funds were £19,582 (see note 18).

#### 14. Related party transactions

During the year three Trustees were reimbursed a total of £85 (2022 - £5,695) 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 £3,640 (2022 - £1,274) 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.

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

### 15. Commitment under operating leases

At 31 August 2023 the Church had annual commitments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Expiry date: 31 December 2024		
Within one year	1,180	1,180
Between two and five years	490	1,670

### 16. Capital commitments and contingent liabilities

#### 16.1 Capital commitments

The Church had capital commitments contracted for but not provided in the financial statements of £13,750 (2022 - £47,000). These are expected to be settled during the next 12 months and will be funded through general reserves.

#### 16.2 Contingent liability

The contingent liability disclosed within the 2022 financial statements was settled during the current year. There were no additional costs included within the 2023 financial statement.

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

### 17. Movements on reserves

	<b>General £</b>	<b>Designated £</b>	<b>Restricted £</b>	<b>Total £</b>
Opening balance as at 1 September 2022	17,760,501	547	3,082	17,764,130
Income	618,531		17,263	635,794
Expenses	( 673,893)		( 4,664)	(678,557)
Transfers	(10,056)	6,156	3,900	-
Net gains/(losses) on investments	(1,762,000)			(1,762,000)
Closing balance as at 31 August 2023	<u>15,933,083</u>	<u>6,703</u>	<u>19,581</u>	<u>15,959,367</u>

	<b>Opening balance £</b>	<b>Income £</b>	<b>Expenses £</b>	<b>Transfer £</b>	<b>Closing balance £</b>
Benevolent Fund	(814)	1,238	(3,798)	3,900	527
Food Bank	2,100	1,025	(343)	-	2,782
Caribbean Heritage Fund	1,796	-	(523)	-	1,273
Youth Activities & Projects Fund	-	15,000	-	-	15,000
Closing balance as at 31 August 2022	<u>3,082</u>	<u>17,263</u>	<u>(4,664)</u>	<u>3,900</u>	<u>19,582</u>

<b>Prior year</b>	<b>General £</b>	<b>Designated £</b>	<b>Restricted £</b>	<b>Total £</b>
Opening balance as at 1 September 2022	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	<u>17,760,501</u>	<u>547</u>	<u>3,082</u>	<u>17,764,130</u>

# NOTTING HILL METHODIST CHURCH

## Notes to the financial statements (Continued ...) For the year ended 31 August 2023

### 18. Statement of Financial Activities (SOFA) for the year ended 31 August 2022

	Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Total
		£	£	£	£
<b>Income</b>					
		9,372			9,372
Offerings					
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
<b>Total income</b>		<b>546,501</b>	<b>-</b>	<b>43,491</b>	<b>589,992</b>
<b>Expenditure</b>					
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
<b>Total charitable expenditure</b>		<b>827,322</b>	<b>-</b>	<b>47,943</b>	<b>875,265</b>
<b>Net income/ (expenditure)</b>		<b>(280,821)</b>	<b>-</b>	<b>(4,452)</b>	<b>(285,273)</b>
Transfers between funds		168,985	(168,438)	(547)	-
<b>Net movement in funds</b>		<b>(111,836)</b>	<b>(168,438)</b>	<b>(4,999)</b>	<b>(285,273)</b>
Total funds brought forward		17,872,337	168,985	8,081	18,049,403
<b>Total funds carried forward</b>		<b>17,760,501</b>	<b>547</b>	<b>3,082</b>	<b>17,764,130</b>