

MAGDALEN ROAD EVANGELICAL FREE CHURCH
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

MAGDALEN ROAD EVANGELICAL FREE CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Daniel Steel (Pastor) Charles Currie (Chair) Patrick Brittenden Andrew Anderson
Church Treasurer	Jonathan Langley
Secretary	Hannah Langley
Charity number	1136466
Principal address	Old Schoolhouse Hertford Street Oxford OX4 3AJ
Independent examiner	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford Oxfordshire OX1 2EP
Bankers	Lloyds TSB 8 Ock Street Abingdon Oxfordshire OX14 5AP Oxfordshire
Deposit account	Stewardship Services Ltd 1 Lamb's Passage London EC1Y 8AB EC1Y 8AB

MAGDALEN ROAD EVANGELICAL FREE CHURCH

CONTENTS

	Page
Trustees' report	1 - 8
Independent examiner's report	10
Statement of financial activities	11 - 12
Balance sheet	13
Notes to the financial statements	14 - 22

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees of Magdalen Road Church have pleasure in presenting their Annual Report for the year ended 31st March 2021.

This report and the accompanying financial statements have been prepared in accordance with "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)

Objectives and activities

Strategic Report

Review of the year

The year was dominated by the spread of the Covid 19 pandemic, which had started at the beginning of 2020, and affected all areas of national life, including the churches. Along with everyone else we had to adjust to entirely unexpected, unprecedented and unpredictable circumstances. This included restrictions of various degrees of severity, including periods of "lockdown". We got used to social distancing, hand sanitising and wearing face masks, and "doing church" in a very different way.

Initially our usual in-person services, meetings and activities were severely curtailed. We began to get to grips with Zoom technology, and services on YouTube. It was sad that, having just moved services into the Old Schoolhouse, and having begun to develop our use of the building as our church "home", for considerable periods the building was largely unused. One unforeseen advantage, however, of moving onto the "screen" was that we were able to reach and engage with some people at a distance, or who were on the "fringe". The trustees hope that some of these at least can be drawn into church life when the pandemic recedes, possibly by keeping some element of communication on screen. Towards the end of the year widespread vaccination began, and hopes were raised that the easing of restrictions would follow.



Our virtual carol service, including individually-recorded choirists for Covid security

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Throughout the year the emphasis on biblical teaching and preaching continued, with a number of initiatives and new ways of working tried. Pastoral support of members and friends was sustained through the contacts maintained by all the home groups, and by outdoor meetings when these were allowed. Our Pastors set a good example in this. Care for our children and young people remained a priority.



Our trainee pastor Matt Hutchings teaching the children by vlog during lockdown

One significant change in our leadership was the departure at the end of the summer of our Assistant Pastor, David Dent, on completion of his three years with us. He has moved to the North of England to take up a post as Associate Pastor at a church in Huddersfield. He and his wife, Joanna, and their children left us with much goodwill and warm appreciation of their excellent time of service among us. We welcomed Phil Bailey, his wife, Megan, and daughter, Clara, in their place for a similar three-year appointment.

In November 2020 we welcomed church member Jordan Dobbins as a new ministry trainee (unpaid) and in January 2021, another church member, Grace Jamieson also joined him as a ministry trainee. Both Jordan and Grace split their time between volunteering for the church and receiving theological training (from South Central Gospel Partnership and Crosslands UK). We have been delighted to support them both as they consider possible future ministry and mission. We are also very thankful for the way they have served the church family in a variety of ways: from worship music and kids ministry to practical administrative support and preparation for monthly prayer meetings. One of our mission partners Amy Skea also returned from 8 years on the mission field, and served on the church staff team as she transition back to life in the UK, enabling us to better support her as she considered next steps.

The year saw much hard work in difficult circumstances by many people in helping to settle us into the Old Schoolhouse building, and developing the necessary business plan. This will make the building financially viable, and enable us to make our "church home" in it, as well as serving the community of East Oxford. There was real disappointment, and surprise, when, at the end of the year, the City Council turned down our application to improve the site with the building of a new hall. Consideration was immediately given to appealing this decision. The year ended with some uncertainty regarding the continuing consequences of the pandemic, but with complete confidence in our Sovereign God who continues to bless our church so richly in countless ways.



Preparations for church services resuming in person at Old Schoolhouse, with strict Covid-security measures in place

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Vision and values

Despite these big changes, our vision remains unchanged. Our priority is still to bring the good news of the gospel to the people of East Oxford, and to love and serve them well in how we do this. The acquisition of our new building, Old Schoolhouse (OS) in 2018, was a huge step forwards in enabling us to do this, as we can welcome more people, host more groups from the community, and work alongside people. It also allows us to grow our ministries and develop new ones, finding new ways to teach people from the Bible, and to grow in faith and godliness as a church family. Despite some limitations in the fabric of the building and the need for further refurbishment, we have nonetheless seen huge demand from a wide variety of different community groups keen to use the OS. It was wonderful to be able to provide a home for local groups whose venues had closed during Covid restrictions, including a popular parent and toddler group and a Romanian church fellowship.



Our gates remained open on the streets of East Oxford, inviting people to join us in person, or online if they preferred

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

As a church, our priority is the advancement of the gospel, the development of the church family, and the growth of the kingdom of God. As a charity, our priority is to love and serve our community well, expressed first in sharing the gospel and second in practical service, support, and provision. We continue to serve the older members of our community through our network and programme of events for them, designed to tackle loneliness and foster fellowship amongst this generation. We serve children and young families, not just on a Sunday morning, but through the provision of mid-week activities and through our support of the Comfort Trust parent and child groups. We support vulnerable people locally through partnering with the Christians Against Poverty Oxford debt centre and our longstanding connections with local charities combatting homelessness and supporting refugees and asylum seekers. In addition to providing our normal programme of activities and support whenever it was safe and legal to do so, through the pandemic restrictions of the year we also delivered care packages for our network of older members and then children and teenagers, and collected donations of food and supplies for Asylum Welcome.



A few of the care packages we delivered to older people in our community network

Achievements and performance

In all these things, our vision of the church we aspire to be remains the same:



to **Love** Christ, who is our Saviour

to **Reach** out with the good news of the gospel, to our local community in East Oxford and further to the rest of the world.

to **Build** one another up, growing in our faith as individuals and as a church family

to **Send** people out, trained and equipped to serve Christ well

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

It is against this vision statement that we measure the performance and life of the church in the year. As reflected in the review of the year, we have been pleased with the development of the church in a number of key areas, including through the appointment of two new ministry trainees (Jordan Dobbins and Grace Jamieson), sending David Dent on to a more advanced pastor position in a place of need, restarting our evening services when lockdowns permitted, and enabling greater use of the OS by local community groups.

Strategy for delivering our vision

We aim to deliver on our vision and meet our aims and objectives through:

Investing in the lives of church members in church services, through local house groups, and 1-2-1 meetings with the pastoral staff of the church.

Providing financial and pastoral support to our mission partners in the UK and around the world.

Training individuals for ministry through our Ministry Trainee programme.

Supporting members of the community who are in need through our Compassion fund.

Developing relationships with local groups and businesses through the rental of the Old Schoolhouse.

Investing in the local community through running and supporting initiatives that benefit all within the community.

Plans for the future

Our principal plan remains to increasingly shape and transform the Old Schoolhouse building into a hub for the community where people can meet and work together, as well as a home for us and our church family. We aim to achieve this by developing more of the space to enable us to host local events, run a community café, and rent out space to local businesses and charities.

The COVID-19 pandemic and associated restrictions has had an impact on these plans, though as life is slowly returning to normal, we're excited by the number of different opportunities from different sections of the community who are keen to use the building and be a part of the project. We are though, also anticipating that the potential for future funding for the

necessary building work is likely to be reduced as there will be increased competition for any available funding.

To mitigate against these ongoing challenges, we have put in place robust measures to ensure that we have been able to host a growing number of community groups even during the restrictions, and will make use of the funds we have available to ensure we can develop enough usable space within the building to host more groups in the future. It is our hope that a new building administrator (due to start July 2021) will work at maintaining, and developing new links with the East Oxford Community. It is our ongoing hope to be granted planning permission to enable us to develop a suitable space for our church family to gather to worship.

Financial review

Incoming Resources

Total incoming resources were £249,980 compared with £1,281,940 the previous year. The primary reason for this significant decrease was the sale of two buildings in the previous year (totalling £954,927). Our unrestricted income totalled £170,075, compared with £148,777 in the previous year. As hoped, giving has increased this year as new members joined the church and started financially supporting us. This is a great blessing to us that despite a year of on-line church meetings, our church family is still committed to supporting us.

Restricted income for the year totalled £79,905 compared with £174,470 in the previous year. This is largely due to a reduction in giving towards our building fund as fundraising efforts have slowed this year now that we have purchased and are using the new building as much as lockdown enabled. There have also been reductions in amounts needed to support mission partners which also accounts for the reduction of restricted income.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Expenditure

Total expenditure for the year was £267,645 compared with £380,160 in the previous year.

Unrestricted expenditure totalled £192,649 compared with £176,534 in the previous year; a variance that is largely explained by an increase in running costs as pay depreciation on the Old Schoolhouse building. Restricted expenditure totalled £74,996 compared with £203,626 in the previous year, a variance that is largely explained by a reduction in spending on the Old Schoolhouse building project.

The bulk of our unrestricted expenditure continues to be staffing costs (£98,452) together with the general upkeep of premises and the running of church activities. Other monies are paid over to the Fellowship of Independent Evangelical Churches and the Evangelical Alliance. A number of mission partners receive support through the church's General Fund.

Liabilities

The long-term liabilities of the church have been reduced to £294,765, compared with £295,172 in the previous year. As we are still waiting on planning permission to be granted on the site, we hope we will be able to complete the sale of a portion of the land which will pay off the majority of the remaining loan. We will continue to service the interest payments (set at 4%) until we have fully repaid the loan, the terms of which run until March 2023.

Fund Balances

The General Fund decreased during the year from £1,188,711 to £1,166,826. Included within the new fund balance is the total value of the property that we own (£1,190,799), less the remaining balance on the bridging loan. The total Restricted Funds balance increased during the year from £90,386 to £94,605 at 31st March 2020.

Risk review

The trustees have reviewed the major risks to which the charity is exposed both financial and reputational. Issues considered are the segregation of duties in the handling of offerings and finance generally, the regular review of the premises for Health and Safety purposes and the provision of a Safeguarding Policy. Additionally, the trustees have considered the financial risks presented by the taking out of the aforementioned bridging loan of £1,250,000. This risk is now substantially lessened owing to the paying off of the majority of this loan. Until such time as we have paid off the loan, payments are only due on the interest incurred, thereby reducing the costs of servicing this loan.

Structure, governance and management

Constitution

The church was set up by a trust dated 1904 and is governed by a constitution adopted on 9th February 2010 and revised on 1st October 2013, and by Rules revised on 1st October 2013.

The trustees who served during the year and up to the date of signature of the financial statements were:

Daniel Steel (Pastor)
Charles Currie (Chair)
Patrick Brittenden
Andrew Anderson

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Trustees

The trustees have served throughout the year unless otherwise stated. The trustees are either paid pastoral staff or elders. The trustees are responsible for the control and management of the church and are appointed by the members of the church. As well as the paid elders, Patrick Brittenden (whose wife is an employee of the church) has a beneficial interest in the charity. The trustees are aware of the need to ensure that at least 50% of trustees have no beneficial interest in the charity. However, there was a brief lapse in oversight here, where Matt Hutchings was appointed as a trustee whilst also a paid member of staff, tipping the balance of trustees who have a beneficial interest in the charity. This was identified and rectified in April 2021, just after the end of this financial year. The trustees recognize this error and are committed to honouring the requirement to have no more than 50% of the trustees having a beneficial interest in the charity and to ensure that decisions affecting stipends and salaries are made by trustees having no such interest. Changes have been made to record and recognize these potential conflicts of interest. When new trustees are elected, they are encouraged to seek training provided by local providers in the charity sector.

Due to the church's status as an unincorporated charitable organisation, we are not legally entitled to own property. As such, two of the trustees (namely Dan Steel and Patrick Brittenden) own the building on trust for all the Trustees of Magdalen Road Church. A separate company, Magdalen Road Church Developments Ltd, was set up to act as the legal owner of the building that we own, however this is currently dormant. These trustees will retain legal responsibility for this property until the church has been able to attain Charitable Incorporated Organisation (CIO) status, at which point ownership of the building will pass to the church itself.

Prospective Trustees are nominated by the current Trustees and then presented to the church membership in advance of a church meeting. The church members then have an opportunity to reflect on the proposed new Trustee and raise any concerns with current trustees. At the next church meeting a vote is held to approve the appointment of said proposed trustee. The church constitution provides for a three-year term as a Trustee. At the end of which term, the church members can vote to reappoint the Trustee should they wish to continue in that capacity.

Related party transactions

We would identify any entity of which Magdalen Road Church staff or trustees have a controlling stake in as a related party. As the above-mentioned limited company is owned solely by the trustees of Magdalen Road Church, it should be seen as a related party. All costs incurred by the development and upkeep of the building are paid by the Church, and should therefore be viewed as related party transactions between the Church and the limited company. There were no other related party transactions during the year.

Affiliations

The church is a member of the Fellowship of Independent Evangelical Churches and is affiliated to the Evangelical Alliance.

Use of volunteers

The church relies heavily on the voluntary service of church members to run our services and ministries. In addition to the three unpaid trustees (Pat Brittenden, Charlie Currie and Andrew Anderson) the church also relies on volunteers to run our missions committee, set up church services, run our local house groups, run our children's, youth and older people's ministries, and manage the finances of the church.

Public benefit

The Trustees are aware of the need to consider that the church is meeting its obligation to provide public benefit. As reflected in our vision and values, we are committed to loving and serving our community through sharing the good news of Jesus and offering practical service and support to people within our community. As part of this commitment, we are working to support young families, tackle loneliness and isolation amongst older people, and encourage church members to live lives that demonstrate God's love for the world.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Assesment of going concern

Given the current level of free reserves and the reduction in our long-term liabilities following the paying off of the majority of our loan, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern and have a reasonable expectation that the charity has adequate resources to continue its activities for the next 12 months. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

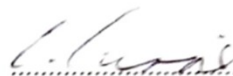
The trustees' report was approved by the Board of Trustees.



Hannah Langley

Church Administrator

Dated: 24/1/2022



Charles Currie (Chair)

Trustee

Dated: 24/1/2022

MAGDALEN ROAD EVANGELICAL FREE CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the trustees are required to:

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

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

MAGDALEN ROAD EVANGELICAL FREE CHURCH

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF MAGDALEN ROAD EVANGELICAL FREE CHURCH

I report to the trustees on my examination of the financial statements of Magdalen Road Evangelical Free Church (the charity) for the year ended 31 March 2021.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



Critchleys Audit LLP

Beaver House
23-38 Hythe Bridge Street
Oxford
Oxfordshire
OX1 2EP

Dated: 25/01/2022

MAGDALEN ROAD EVANGELICAL FREE CHURCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Current financial year

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes				
<u>Income and endowments from:</u>					
Donations and legacies	2	164,197	79,905	244,102	316,599
Charitable activities	3	1,738	-	1,738	6,327
Other trading activities	4	-	-	-	250
Investments	5	17	-	17	70
Other income	6	4,122	-	4,122	958,694
Total income		170,074	79,905	249,979	1,281,940
<u>Expenditure on:</u>					
Charitable activities	7	192,649	74,996	267,645	380,160
Net (outgoing)/incoming resources before transfers		(22,575)	4,909	(17,666)	901,780
Gross transfers between funds		690	(690)	-	-
Net (expenditure)/income for the year/ Net movement in funds		(21,885)	4,219	(17,666)	901,780
Fund balances at 1 April 2020		1,188,711	90,386	1,279,097	377,317
Fund balances at 31 March 2021		1,166,826	94,605	1,261,431	1,279,097

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Prior financial year

		Restated Unrestricted funds 2020 £	Restated Restricted funds 2020 £	Restated Total 2020 £
	Notes			
<u>Income and endowments from:</u>				
Donations and legacies	2	142,129	174,470	316,599
Charitable activities	3	6,327	-	6,327
Other trading activities	4	250	-	250
Investments	5	70	-	70
Other income	6	958,694	-	958,694
Total income		1,107,470	174,470	1,281,940
<u>Expenditure on:</u>				
Charitable activities	7	176,534	203,626	380,160
Net (outgoing)/incoming resources before transfers		930,936	(29,156)	901,780
Gross transfers between funds		62,162	(62,162)	-
Net (expenditure)/income for the year/ Net movement in funds		993,098	(91,318)	901,780
Fund balances at 1 April 2019		195,613	181,704	377,317
Fund balances at 31 March 2020		1,188,711	90,386	1,279,097

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

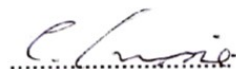
MAGDALEN ROAD EVANGELICAL FREE CHURCH

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		1,190,799		1,215,337
Current assets					
Debtors	12	285,607		290,584	
Cash at bank and in hand		87,383		73,989	
		<u>372,990</u>		<u>364,573</u>	
Creditors: amounts falling due within one year	13	<u>(7,593)</u>		<u>(5,641)</u>	
Net current assets			365,397		358,932
Total assets less current liabilities			1,556,196		1,574,269
Creditors: amounts falling due after more than one year	14		(294,765)		(295,172)
Net assets			<u>1,261,431</u>		<u>1,279,097</u>
Income funds					
Restricted funds	15		94,605		90,386
Unrestricted funds			1,166,826		1,188,711
			<u>1,261,431</u>		<u>1,279,097</u>

The financial statements were approved by the Trustees on ..24/1/2022.....



Charles Currie (Chair)
Trustee

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Magdalen Road Church is a registered charity in England and Wales (registered charity number 1136466). It is an unincorporated association governed by Trust Deed. The registered office of the church is Magdalen Road Church, Old Schoolhouse, Hertford Street, Oxford OX4 3AJ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

These are included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- it is more likely than not that the trustees will receive the resources; and
- the monetary value can be measured with sufficient reliability.

Gift Aid receivable is included in income when there is a valid declaration from the donor. Any Gift Aid amount recovered on a donation is considered to be part of that gift and is treated as an addition to the same fund as the initial donation unless the donor or the terms of the appeal have specified otherwise.

The value of any voluntary help received is not included in the accounts.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities. Expenditure is recognised when the following criteria are met:

- there is a present legal or constructive obligation resulting from a past event
- it is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- the amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.6 Tangible fixed assets

Tangible fixed assets are shown at their current net book value on an historical cost basis. Assets are capitalised where the value of the asset is greater than £250.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	over 50 years
Equipment	over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	140,417	69,633	210,050	120,934	160,239	281,173
Gift aid tax refunds	23,780	10,272	34,052	21,195	14,231	35,426
	<u>164,197</u>	<u>79,905</u>	<u>244,102</u>	<u>142,129</u>	<u>174,470</u>	<u>316,599</u>

3 Charitable activities

	Unrestricted fund 2021 £	Unrestricted fund 2020 £
Events and church activities	-	1,697
Rental on church building	1,738	4,630
	<u>1,738</u>	<u>6,327</u>

4 Other trading activities

	Total 2021 £	Unrestricted funds 2020 £
Rental on manse	-	250
	<u>-</u>	<u>250</u>

5 Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Investments	17	70
	<u>17</u>	<u>70</u>

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Other income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Job retention scheme grant	3,922	-
Other income	200	-
Proceeds from sale of manse	-	363,106
Proceeds from sale of chapel	-	591,722
Creditor reversal	-	3,866
	<u>4,122</u>	<u>958,694</u>

7 Charitable activities

	Charitable activities	Charitable activities
	2021	2020
	£	£
Pastoral ministry	119,157	110,232
Missions	28,092	27,625
Overseas relief	336	300
Special needs	2,483	1,700
Other ministry	4,254	12,994
Church planting	2,850	4,820
Running costs	71,931	45,490
Church building	34,024	174,390
	<u>263,127</u>	<u>377,551</u>
Share of governance costs (see note 8)	4,518	2,609
	<u>267,645</u>	<u>380,160</u>
Analysis by fund		
Unrestricted funds	192,649	176,534
Restricted funds	74,996	203,626
	<u>267,645</u>	<u>380,160</u>

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Legal and regulatory	-	3,660	3,660	-	2,300	2,300
Elders expenses	-	207	207	-	19	19
Compliance DBS	-	651	651	-	290	290
	-	4,518	4,518	-	2,609	2,609
Analysed between						
Charitable activities	-	4,518	4,518	-	2,609	2,609

Governance costs includes payments to the independent examiners of £1,650 (2020: £3,600 for audit fees).

9 Trustees

With the exception of the paid member of staff who is also a trustee (Daniel Steel) the elders and trustees received no remuneration for their services. Elders expenses in the year related to the cost of refreshments at meeting of the wider church leadership team.

10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	6	6
Employment costs	2021 £	2020 £
Wages and salaries	91,490	91,263
Social security costs	27,861	21,400
Other pension costs	6,747	9,597
	126,098	122,260

One paid member of staff (Daniel Steel) is also a trustee of the charity. Remuneration and pension contributions to this member of staff totalled £42,606 (2020: £38,754) and expenses totalled £260 (2020: £314).

No employee received emoluments (excluding employer pension costs) of more that £60,000.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

	Freehold property £	Equipment £	Total £
Cost			
At 1 April 2020	1,214,750	1,230	1,215,980
At 31 March 2021	1,214,750	1,230	1,215,980
Depreciation and impairment			
At 1 April 2020	-	643	643
Depreciation charged in the year	24,295	243	24,538
At 31 March 2021	24,295	886	25,181
Carrying amount			
At 31 March 2021	1,190,455	344	1,190,799
At 31 March 2020	1,214,750	587	1,215,337

i.) The church is the beneficial owner of the Old Schoolhouse (previously known as the Irving Building), with the legal title held in trust by Daniel Steel and Patrick Brittenden (two of the Trustees). A portion of the land worth £615,250 has been sold to developers, with a deposit paid of £400,000, and the balance due upon completion of housing to be build on the site.

ii.) Following their sale, the Church is no longer the beneficial owner of the Chapel and the Manse. The sale of these buildings has gone directly to pay down the loan taken out to purchase the Old Schoolhouse.

iii) Tangible fixed assets are shown at their current net book value on an historical cost basis. Assets are capitalised where the value of the asset is greater than £250. Tangible fixed assets are grouped by category and depreciated on a straight line basis over the following periods:

Freehold property - over 50 years
Computer Equipment - over 3 years
Other Equipment - over 5 years

iv) All fixed assets are used for direct charitable purposes.

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
HMRC - Gift aid claim	69,478	74,992
Other debtors	879	342
	<u>70,357</u>	<u>75,334</u>

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Debtors	(Continued)	
	2021	2020
	£	£
Amounts falling due after more than one year:		
Due on completion of sale of property	215,250	215,250
	<u> </u>	<u> </u>
Total debtors	285,607	290,584
	<u> </u>	<u> </u>

£215,250 represents the balance due upon completion of the sale of a portion of the new property recently purchased. This amount has been deducted from the value of tangible fixed assets.

13 Creditors: amounts falling due within one year	2021	2020
	£	£
Trade creditors	7,593	5,641
	<u> </u>	<u> </u>

14 Creditors: amounts falling due after more than one year	2021	2020
	£	£
Other creditors	294,765	295,172
	<u> </u>	<u> </u>

£294,765 represents the remainder of the bridging loan taken out to purchase a new building, secured against this property, and reduced following the sale of the Chapel and the Manse. The bridging loan has a five year term and the remainder will be paid off upon completion of the sale of the remaining portion of land.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Balance at 31 March 2021
	£	£	£	£	£
Old schoolhouse project	50,410	42,950	(31,024)	-	62,336
Mission	28,847	6,928	(21,814)	-	13,961
Pastoral worker	(285)	975	-	(690)	-
Trainee pastor	2,617	24,055	(20,705)	-	5,967
Special needs	1,163	1,084	(883)	-	1,364
Trainee fund	4,020	3,913	(570)	-	7,363
Other restricted income	3,614	-	-	-	3,614
	<u>90,386</u>	<u>79,905</u>	<u>(74,996)</u>	<u>(690)</u>	<u>94,605</u>

The Old Schoolhouse Project Fund is for funds related to the purchase and development of the Old Schoolhouse building. We will continue to raise and spend out funds until such as time as the redevelopment work is complete.

The Mission Fund is for funds related to the restricted support of the mission partners selected by the missions committee. Funds will continue to be spent out as they are raised and in line with budgets set by the missions committee.

The Pastoral Worker Fund is to receive gifts restricted for the support of the church pastoral worker, Kitty Brittenden. Gifts received go towards her annual salary costs and will continue to do so while Kitty is employed by the church.

The Trainee Pastor Fund is for funds related to the salary costs of the trainee pastor Matt Hutchings. Gifts received go towards his annual salary costs and will continue to so while Matt is employed by the church.

The Special Needs Fund is for funds given in relation to a specific appeal or need within the church. Funds will continue to be spent out as they are raised.

The Trainee Fund is for funds related to the restricted support of any ministry trainees who are required to raise their own support. Funds will continue to be spent out as they are raised.

The Other Restricted Income Fund represents a range of smaller funds, most notably funds received for the support of other local churches with which we have historic connections. Remaining funds will be spent out in line with donor intentions.

MAGDALEN ROAD EVANGELICAL FREE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	1,190,799	-	1,190,799	1,215,337	-	1,215,337
Current assets/ (liabilities)	270,792	94,605	365,397	268,546	90,386	358,932
Long term liabilities	(294,765)	-	(294,765)	(295,172)	-	(295,172)
	<u>1,166,826</u>	<u>94,605</u>	<u>1,261,431</u>	<u>1,188,711</u>	<u>90,386</u>	<u>1,279,097</u>

17 Financial commitments, guarantees and contingent liabilities

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £2,160 (2020 - £2,208). This represents the total commitments under non-cancellable operating lease over the remaining life of the lease.

18 Related party transactions

Included within expenditure in Note 7 are transactions relating to the church building amounting to £34,024. (2020 £174,390). As two trustees have a controlling stake in Magdalen Road Church Developments Ltd which owns the building these are viewed as related party transactions.