

LAMBETH CIRCUIT METHODIST CHURCH

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020

LAMBETH CIRCUIT METHODIST CHURCH

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020

CHARITY INFORMATION

Charity Registration number- 1175488

Principal address 118-120, London Road
Mitcham
London CR4 3LB

Bankers - HSBC Plc
Wimbledon Hill Road
Wimbledon
London. SW19 7NF

CENTRAL FINANCE BOARD
9, Bonhill Street,
London. EC2A 4PE

Auditors Adomako Basoah & Co.
113 Parchmore Road,
Thornton Heath.
Surrey. CR7 8LZ

LAMBETH CIRCUIT METHODIST CHURCH
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020

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LAMBETH CIRCUIT METHODIST CHURCH

TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020

The Trustees present their report together with the Audited financial statements for the year ended 31, August 2020

BASIS OF ACCOUNTS PREPARATION

The 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) (Second Edition)" and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following "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) (Second Edition)" rather than the Accounting and Reporting by Charities : Statement of Recommended Practice effective from 1, April 2005 which has since been withdrawn".

The financial statements have been prepared in accordance with the accounting policies set out in Note 2 to these accounts, and in accordance with the governing document of the Circuit.

GOVERNING DOCUMENT AND OBJECTIVE

The governing document for the circuit is the Deed of Union (1932) and the Methodist Church Act (1976).

The Purpose of the Methodist Church are and shall be deemed to have been since the date of the union, the advancement of:

- (a) the Christian faith in accordance with the doctrinal standards and discipline of the Methodist Church;
- (b) any charitable purposes for the time being of any Connexional, district, Circuit, local or other organisation of The Methodist Church;
- (c) any charitable purpose for the time being of any society or institution subsidiary or ancillary to The Methodist Church;
- (d) any purpose for the time being of any charity subsidiary or ancillary to The Methodist Church.

In striving to achieve its objectives, the Trustees give careful consideration to the Charity Commission's general guidance on public benefit.

We confirm that the Circuit is a public benefit entity as defined by FRS 102.

TRUSTEES

The Trustees of the Circuit are selected from given office holders of the Methodist Church

**LAMBETH CIRCUIT METHODIST CHURCH
TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)**

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CIRCUIT, ITS TRUSTEES AND ADVISORS,

The Circuit is managed on day to day basis by the Superintendent minister, the ministers and the Circuit Stewards. The Circuit Meeting Members who are also trustees are:

District Chair	Revd Dr Jongikaya Zihle
Superintendent Minister	Revd Andrew Dart
Circuit Ministers	Revd Kristin Markay (from 1 September 2019) Revd Lena Ali Revd Dr Andrew Lyons
Minister resident in the Circuit	Revd Andrew Goodhead
Supernumerary residing in Circuit	Revd Gordon Ashworth Revd Graham Thomas
Circuit Stewards	Nancy Acquaaah Alice Achola-Omara Daniel Sackey Christine Annor Victoria Odofoin Abigail Tagoe
Circuit Treasurer	Kojo Amoah-Arko
Circuit Meeting Secretary	Arabella Hyde
Local Preachers' Secretary	Hugh Bain
Property Group Co-Ordinator	Robert Smyth
Safeguarding Co-Ordinator	Sandra Taylor
Young Peoples' Representative	Janet Oppong/Danielle Young
Local Church Representatives:	
Streatham	Tina Oblitey Carl Opare-Addo Tina Rawlings Jacob Arkaah

LAMBETH CIRCUIT METHODIST CHURCH
TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CIRCUIT, ITS TRUSTEES AND ADVISORS (Continued.)

Tulse Hill	Christine Annor Kwadwo Asamoah-Boadu Emmanuel Bentsi-Abban Carmen Gamet Rose
Brixton Hill	Kathy Rennalls Janet Oppong Robert Smyth Enley Taylor Yvonne Less Lynda-Anne Garwood-Warren
Mostyn Road	Helen Erekpaine Nana Dormon Margaret Ofusu
Railton Road	Eunice Shepherd Temitope Tayo Victoria Odofin Andy Kalamuso
LMSM's & Vauxhall Mission	Caroline Laing Ade Balogun Jermaine Omara
BANKERS AND AUDITORS	
Bankers	HSBC Bank Plc Central Finance Board of the Methodist Church
Auditors	Adomako Basoah & Co Chartered Certified Accountants 113 Parchmore Road Thornton Heath. Surrey. CR7 8LZ

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Circuit is managed by a leadership team made up of the ministers, the Circuit stewards and local church representatives. The Circuit ensures that incoming stewards are well equipped by arranging for them to attend training and seminars organised by the District and the Circuit for that purposes.

The Circuit Leadership team meets periodically to discuss finance, property and other matters pertaining to the life of the Circuit and to make recommendations to the Circuit Meeting.

LAMBETH CIRCUIT METHODIST CHURCH
TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Circuit Meeting also meets at least twice a year to consider recommendations and received reports from and to the Methodist Conference, London District Synod, the Circuit Leadership Team and the Circuit Stewards, and conducts other business as appropriate.

FUNCTIONS OF THE CIRCUIT

Mission statement

The Circuit's mission statement is "to be open to God, open to Life and open to the world".

The main function of the Circuit is to provide the support mechanism to the local churches within the Circuit. Careful consideration of the Charity Commission's general guidance on public benefit has been borne in mind in reviewing the functions of the Circuit and in planning its activities. The trustees consider the current activities as detailed in this report deliver public benefit.

The Circuit is responsible for the following:

- * To provide ministerial oversight and pastoral care for the 6 local churches in the Circuit
- * To Support the ministerial team of 4 presbyteral ministers.
- * To maintain 4 manses and to manage 2 investment properties.
- * To support local churches in providing place for worship

MAIN GOALS FOR THE YEAR

The main goals for the year were:

- * To identify priorities for further use and application of funds at the disposal of the Circuit
- * to use its resources effectively to further its mission
- * to develop its work among the young people
- * to investigate ways of working together to achieve the objectives of the circuit

The Trustees were able to achieve the goals as set at the beginning of the year

ACHIEVEMENTS AND PERFORMANCE

FINANCIAL REVIEW

Review of past performance

In furtherance of its goals, the Circuit continued to develop the youth project in partnership with the Accension Trust. This resulted in the establishment of the 60-40 project which takes place at Kings Acre church premises. It is called the 60-40 project because in partnership with the Accension Trust, the Circuit bears 40% of the costs. The project employs a youth worker who works with the young people in the circuit.

During the year, the Circuit continued to maintain its manses at the levels required by the Methodist Church.

LAMBETH CIRCUIT METHODIST CHURCH
TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

The Circuit recorded a deficit of £79,664 (2019 - £159,105) before revaluation gains for the year. The main reason was the impact of the District levy on the Model Trust Funds- £58,737 (2019- £65,695).

Reserves

The balance of the unrestricted funds at 31 August 2020 was £5,576,902 (2019 - £5,656,637) This includes the value of the Fixed Assets of £4,552,135 thereby leaving a net liquid balance of £1,024,767 for the general running of the Circuit.

PLANS FOR THE FUTURE

The Trustees continued to explore ways of working with other neighbouring Circuit. In this regards it merged with the Clapham Circuit and formed a Lambeth wide circuit of the Methodist Churches within the London Borough of Lambeth. The new Circuit, called the Lambeth Circuit, was inaugurated on 1st September 2020.

Reserve Policy

The Trustees endeavour to maintain sufficient Reserves to ensure that the Circuit is on a "going concern" basis at all times.

The Circuit General Fund (Unrestricted fund) balance at the end of the year was £5,576,902

The value of the Circuit properties (both tangible fixed assets and fixed assets Investment) included in the general fund figure of £5,576,902 is £4,552,135

Our reserves policy is to hold at least 6 month's expenditure. With the current level of annual expenditure (£350 K) the expected level of Reserves should be £175K, compared to the actual readily available reserves (Circuit General Fund balance less properties values) of £1,025K. The current reserves are far in excess of the required level and the Trustees intend to take the appropriate measures to bring the actual reserves in line with the expected level.

Risk Analysis

The Trustees have examined the principal areas of their operations and considered what major risks could arise in each of these areas. In the opinion of the Trustees, resources and review systems have been established which, in the normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in their day to day operations.

Going concern and the impact of Covid-19

The trustees consider that the Circuit has adequate financial resources to continue in operation for the foreseeable future.

The outbreak of Covid-19 virus across the world represented significant event after the year. The effect of the pandemic was that most of the Circuit's administration and the delivery of its objects were done on line. Financially as the churches were not able to meet in person, their ability to meet their annual assessments was severely curtailed.

To reduce the impact caused by the pandemic, the Circuit has relied on its investments at TMCP

LAMBETH CIRCUIT METHODIST CHURCH
TRUSTEES REPORT AND ACCOUNTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

The trustees therefore consider that the going concern basis remains a reasonable basis for the preparation of the Circuit accounts.

Post Balance Sheet Events

Except for the effect of the covid-19 pandemic mentioned above, the Trustees are not aware of any post balance sheet events which could materially affect these financial statements.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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 Acceptable Accounting Practice)

The law applicable to charities in England & 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
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

In so far as the trustees are aware;


- > There is no relevant audit information of which the Circuit's auditor is unaware; and
- > the trustees have taken all steps that they ought to have to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

APPROVAL

This Report was approved by the Circuit Trustees on their behalf by : 

Arabella Hyde

Circuit Meeting Secretary

31/5/2022, and signed on

Kojo Amoah-Arko

Trustee

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LAMBETH CIRCUIT METHODIST CHURCH

REPORT ON THE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the financial statements of Lambeth Circuit Methodist Church. (The Circuit) for the year ended 31, August 2020, which comprise of the Statement of Financial Activities, the Balance Sheet, and the related notes to the financial Statement, including a summary of 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, "Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, the financial statements:

- > give a true and fair view of the Circuit's state of affairs as at 31, August 2020 and of its incoming resources and application of resources for the year then ended
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- > have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR QUALIFIED OPINION

The values of the Circuit properties in these accounts are at Methodist Insurance Company's "Insured values". The "insured values" are neither "Original Costs" nor "fair values" arising from proper valuations of the properties. Instead the "insured values" are the "replacement costs" of the properties.

The valuations do not separate the value of the Land from the value of the buildings.

Consequently, the valuations of the properties in these accounts do not conform to the United Kingdom Generally Accepted Accounting Practice (FRS 102) which requires properties to be shown in the accounts at either original costs or "fair values" (FRS 102) and the value of land to be separated from the value of the buildings.

The same valuation basis was applied in the previous year's financial statements.

Consequently the current year's financial statements and the opening balances of the Circuit's financial statements could contain errors and misstatements which materially could affect the current year's financial statements.

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's responsibilities for the audit of the financial statements section of our report. We are independent of the Circuit 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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LAMBETH CIRCUIT
METHODIST CHURCH**

(Continued)

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where :

- > the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- > the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Circuit's ability to continue to adopt the going concern basis of accounting for the period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the 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. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

Except for the matter described in the basis for qualified opinion of our report, we have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Report) Regulation 2008 require us to report to you, if in our opinion :

- > the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- > sufficient accounting records have not been kept; 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 required for our audit.

RESPONSIBILITIES OF THE 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 the 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 Circuit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LAMBETH CIRCUIT
METHODIST CHURCH**

(Continued)

and using the going concern basis of accounting unless the trustees either intend to liquidate the Circuit or as to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS.

We have been appointed as Auditors under Section 144 of the Charities Act 2011, and report in accordance with the Act and relevant regulations made or having effect thereunder.

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. Misstatement can arise from fraud or errors and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

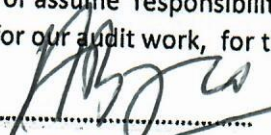
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We designed procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting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

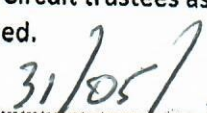
- > At the commencement of the audit, we obtained an understanding of the legal and regulatory framework applicable to the Circuit, and how the Circuit is complying with that framework.
- > We assessed the susceptibility of the Circuit's financial statements to material misstatement, including how fraud might occur
- > Our engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.
- > all matters about non-compliance with laws and regulations and fraud which were detected by the engagement team were to be communicated to the engagement partner

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at :<https://www.frc.org.uk/auditorresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Circuit 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 Circuit 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 Circuit and the Circuit trustees as a body, for our audit work, for this report, or for the opinion we have formed.


.....
Adomako Basoah & Co.
Senior Auditor


..... 2022
113, Parchmore Road
Thornton Heath
Surrey. CR7 8LZ

ADOMAKO BASOAH & CO is eligible for appointment as Auditor of the Circuit by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

LAMBETH CIRCUIT METHODIST CHURCH

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted	Restricted	Total	2019
INCOMING RESOURCES					
Charitable Activities	3.1	153,100	0	153,100	138,000
Investment income	3.2	116,642	71	116,713	81,458
Other Income	3.3	<u>986</u>	<u>0</u>	<u>986</u>	<u>3,106</u>
		<u>270,728</u>	<u>71</u>	<u>270,799</u>	<u>222,564</u>
RESOURCES EXPENDED					
Expenditure on Raising Funds	4.1	12,800	0	12,800	9,999
Expenditure on Charitable Activities	4.2.3	294,940	0	294,940	359,248
Others	4.3	<u>42,723</u>	<u>0</u>	<u>12,422</u>	<u>12,422</u>
TOTAL RESOURCES USED		<u>350,463</u>	<u>0</u>	<u>350,463</u>	<u>381,669</u>
NET DEFICIT FOR THE YEAR Before Recognised Gains		(79,735)	71	(79,664)	(159,105)
BALANCE BROUGHT FORWARD		<u>5,656,637</u>	<u>7,061</u>	<u>5,663,698</u>	<u>5,822,803</u>
BALANCE CARRIED FORWARD		<u>5,576,902</u>	<u>7,132</u>	<u>5,584,034</u>	<u>5,663,698</u>

There are no further recognised gains other than the deficit for the above financial year.

The notes to the financial statements form an integral part of these financial statements.

**LAMBETH CIRCUIT METHODIST CHURCH
BALANCE SHEET AS AT 31 AUGUST 2020**

				2019	
	Note	£	£		
FIXED ASSETS					
		unrestricted	Restricted	TOTAL	
Tangible Fixed Assets	5.1	1,488,557	0	1,488,557	1,488,557
Investments	5.2	<u>3,063,578</u>	<u>0</u>	<u>3,063,578</u>	<u>3,063,578</u>
Total Fixed Assets		<u>4,552,135</u>	<u>0</u>	<u>4,552,135</u>	<u>4,552,135</u>
CURRENT ASSETS					
Investments	6.1	888,742	71	888,813	942,827
Debtors	7	91,780	0	91,780	128,372
Bank and cash balances	8	<u>96,770</u>	<u>7,061</u>	<u>103,831</u>	<u>84,201</u>
		<u>1,077,292</u>	<u>7,132</u>	<u>1,084,424</u>	<u>1,155,400</u>
CREDITORS: Amounts falling due within one year	9	<u>52,525</u>	<u>0</u>	<u>52,525</u>	<u>43,837</u>
TOTAL NET CURRENT ASSETS		<u>1,024,767</u>	<u>7,132</u>	<u>1,031,899</u>	<u>1,111,563</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,576,902</u>	<u>7,132</u>	<u>5,584,034</u>	<u>5,663,698</u>
FUNDS	10				
Restricted Funds	10.1		7,132	7,132	7,061
Unrestricted Funds	10.3	<u>5,576,902</u>		<u>5,576,902</u>	<u>5,656,637</u>
		<u>5,576,902</u>	<u>7,132</u>	<u>5,584,034</u>	<u>5,663,698</u>

The notes to the financial statements form an integral part of these financial statements.

Approved by the Trustees on 31/01 2022
and signed on their behalf by :



Revd Andrew Dart
Superintendent Minister



Kojo Amoah-Arko
Circuit Treasurer

LAMBETH CIRCUIT METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020

. BASIS OF ACCOUNTING

1.1 The 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) (Second Edition)" and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

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The financial statements have been prepared in accordance with the accounting policies set out in Note 2 to these accounts, and in accordance with the governing document of the Circuit.

1.2 The Circuit constitutes a public benefit entity as defined by FRS 102

1.3 No changes to accounting estimates have occurred in the reporting period.

1.4 No material prior year errors have been identified in the reporting period.

2. ACCOUNTING POLICIES.

INCOMING RESOURCES

2.1 Recognition of Income

Income are recognised and included in the Statement of Financial Activities (SoFA) when:

- > The Circuit becomes entitled to the resources;
- It is more likely than not that the trustees will receive the resource ; and
- > The monetary value can be measured with sufficient reliability.

2.2 Offsetting

There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by the FRS 102 SORP or FRS 102

2.3 Grants and Donations

Grants and Donations are only included in the SoFA when the general income recognition criteria as stated above are met.

2.4 Legacies

Legacies are included in the SoFA when receipt is probable, that is, when there has been grant of probate, the Executors have established that there are sufficient assets in the estate and any conditions attached to the legacy are either within the control of the charity or have been met.

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

2.5 Tax Reclaim on Donations and Gifts

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.

2.6 Donated Goods

Donated goods are measured at fair value,(the amount for which the asset could be exchanged) unless impractical to do so.

Goods donated for on-going use by the Circuit are recognised as tangible fixed assets and included in the SoFA as incoming resources when receivable.

Gifts in kind for use by the Circuit are included in the SoFA as income from donations when receivable

2.7 Donated Services and Facilities

Donated services and facilities are included in the SoFA when received at the value of the gift to the Circuit provided the value of the gift can be measured reliably.

2.8 Volunteer Help

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

2.9 Settlement of Insurance Claims

Insurance claims are only included in the SoFA when the general income recognition criteria are met, and are included as an item of other income in the SoFA

2.10 Income from Interest, Royalties and Dividends

This is included in the accounts when receipt is probable and the amount receivable can be measured reliably.

2.11 Investment gains and losses

This includes any realised or unrealised gains or losses on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the financial year.

2.12 Rental Income

Rental income are only included in the SoFA when the general income recognition criteria are met.

APPLICATION OF RESOURCES.

2.13 Liability Recognition

Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the Circuit to pay out resources and the amount of the obligation can be measured with reasonable certainty.

2.14 Grants.

Grants and donations are accounted for when paid.

2.15 Costs directly related to the work of the circuit.

The district assessment and ministerial stipends are accounted for when due.

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

FIXED ASSETS.

2.16 Freehold land and buildings

Freehold land and buildings are accounted for at original Cost or subsequent valuation basis.

Tangible Fixed Assets

These are the manses managed by the Circuit. The Circuit manages four Manses

Fixed Asset Investments

These are the properties managed by the Circuit with the view to generate income.
In the year under review, there was one such property, and one closed-to-worship church building.

The freehold land and buildings mentioned above are shown in these accounts at deemed valuations, being that property's insurance reinstatement value, as notified by Methodist Insurance Company Plc. Changes in the values of the properties as notified by the Methodist Insurance Company Plc are reflected in these accounts on five-year basis

2.17 CAPITALISATION

All tangible Fixed Assets and Fixed Assets Investments whose costs are in excess of £1,000 in the year concerned are capitalised. Otherwise such costs are written off in the year of the expenditure.

2.18 DEPRECIATION.

Depreciable tangible freehold building values are depreciated at a rate calculated to write off the cost, less residual value over their expected useful lives.

No Depreciation is provided on land values.

No Depreciation is provided on Investment properties

Rate of Depreciation on tangible freehold buildings - 2.5% on straight line basis.

2.18 Tangible fixtures , fittings and office equipments.

All tangible fixtures, fittings and Equipments used by the circuit are written off as and when incurred.

OTHER ACCOUNTING POLICIES

2.19 Funds

2.19.1 Unrestricted funds represent funds which are expendable at the discretion of the Circuit in the furtherance of its objects and which have not been designated for other purposes.

2.19.2 Restricted funds can only be used for specified purposes. The purpose of any restricted fund is noted in the financial statements.

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

2.20 Consolidation

The Circuit oversees the work of ministers and lay workers in churches within the Circuit, but does not have control over those churches, ministers, or the lay workers. For this reason, the financial statements of the churches within the Circuit are not consolidated into these financial statements.

2.21 Going Concern

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

2.22 Employment Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

2.23 Taxation

In the opinion of the trustees, the Circuit is exempt from the United Kingdom Taxation on its incoming resources for the year.

2.24 Accounting estimates and judgements

In the application of the Circuit's accounting policies, the trustees are required to make judgements, estimates, and assumptions about carrying amount of assets and liabilities that are not readily apparent from other resources. The estimates and associated assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The main assumption concerning the future of the Circuit is that the assessment income will continue to be sufficient to meet the costs of stipends, salaries and manse maintenance. The annual budget, as approved by the Circuit meeting, includes sums necessary for covering these costs. This is then allocated among each church in the Circuit, hence the income is dependent upon the Churches' ability to meet the assessments.

2.25 Financial Instruments

The Circuit only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

LAMBETH CIRCUIT METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

3 INCOMING RESOURCES

3.1 Charitable Activities Income

	Unrestricted Funds	Restricted Funds	TOTAL Fund 2020	2020 Unrestricted Fund	2020 Restricted Fund	2019 Total Fund
	£	£	£	£	£	£
Circuit assessments	<u>153,100</u>	<u>0</u>	<u>153,100</u>	<u>138,000</u>	<u>0</u>	<u>138,000</u>
3.2 Investment income						
Central Finance Board Interest	218	71	289	284	0	284
TMCP Interest	7,568	0	7,568	8,174	0	8,174
Rental Income	<u>108,856</u>	<u>0</u>	<u>108,856</u>	<u>73,000</u>	<u>0</u>	<u>73,000</u>
	<u>116,642</u>	<u>71</u>	<u>116,713</u>	<u>81,458</u>	<u>0</u>	<u>81,458</u>
3.3 Other income						
Others	<u>986</u>	<u>0</u>	<u>986</u>	<u>3,106</u>	<u>413</u>	<u>3,519</u>
	<u>986</u>	<u>0</u>	<u>986</u>	<u>3,106</u>	<u>413</u>	<u>3,519</u>

4 RESOURCES EXPENDED

	Unrestricted Funds	Restricted Funds	Total	Unrestricted Funds	Restricted Funds	Total
	£	£	£	£	£	£
4.1 EXPENDITURE ON RAISING FUNDS						
Properties Repairs and Maintenance	5,671	0	5,671	8,575	0	8,575
Rent Collection	6,863	0	6,863	1,424	0	1,424
Legal Fees	<u>266</u>	<u>0</u>	<u>266</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>12,800</u>	<u>0</u>	<u>12,800</u>	<u>9,999</u>	<u>0</u>	<u>9,999</u>
4.2 EXPENDITURE ON CHARITABLE ACTIVITIES						
4.2.1 DIRECT SPENDING						
District Assessment	36,484	0	36,484	35,257	0	35,257
Stipends, Pension and NIC	114,698	0	114,698	108,127	0	108,127
Salaries and NIC	25,265	0	25,265	24,516	0	24,516
Training	0	0	0	0	0	0
Grants and Donations	23,547	0	23,547	5,600	0	5,600
Ministers' travelling expenses	<u>4,679</u>	<u>0</u>	<u>4,679</u>	<u>7,766</u>	<u>0</u>	<u>7,766</u>
	<u>204,673</u>	<u>0</u>	<u>204,673</u>	<u>181,266</u>	<u>0</u>	<u>181,266</u>
4.2.2 SUPPORT FOR CHARITABLE ACTIVITIES						
4.2.2.1 Premises Expenses						
Repairs to Manses	5,090	0	5,090	74,968	0	74,968
Manses Utilities	9,077	0	9,077	17,447	0	17,447
Manses Cleaning	0	0	0	600	0	600
Insurance	<u>4,097</u>	<u>0</u>	<u>4,097</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>18,264</u>	<u>0</u>	<u>18,264</u>	<u>93,015</u>	<u>0</u>	<u>93,015</u>
4.2.2.2 Governance costs						
Audit Fees	3,600	0	3,600	3,600	0	3,600
Accountancy Fees	1,440	0	1,440	3,240	0	3,240
TMCP Charges	1,886	0	1,886	2,075	0	2,075
Legal Fees	266	0	266	933	0	933
Other Professional Charges	<u>860</u>	<u>0</u>	<u>860</u>	<u>2,580</u>	<u>0</u>	<u>2,580</u>
	<u>8,052</u>	<u>0</u>	<u>8,052</u>	<u>12,428</u>	<u>0</u>	<u>12,428</u>

LAMBETH CIRCUIT METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (Continued)

	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
4.2.2.3 Others						
DAF Contribution	58,737	0	58,737	65,695	0	65,695
Telephone	1,664	0	1,664	2,694	0	2,694
Post, Print and Stationery	2,750	0	2,750	1,782	0	1,782
Youth Expenses	800	0	800	1,334	0	1,334
Circuit Activities	0	0	0	1,034	0	1,034
	<u>63,951</u>	<u>0</u>	<u>63,951</u>	<u>72,539</u>	<u>0</u>	<u>72,539</u>
4.2.3 SUMMARY OF EXPENDITURE ON CHARITABLE ACTIVITIES						
Direct Spending	204,673	0	204,673	181,266	0	181,266
Support for charitable activities						
Premises Expenses	18,264	0	18,264	93,015	0	93,015
Governance	8,052	0	8,052	12,428	0	12,428
Others	<u>63,951</u>	<u>0</u>	<u>63,951</u>	<u>72,539</u>	<u>0</u>	<u>72,539</u>
	<u>294,940</u>	<u>0</u>	<u>294,940</u>	<u>359,248</u>	<u>0</u>	<u>359,248</u>
4.3 OTHER						
Sundry Expenses	1,203	0	1,203	1,401	0	1,401
Boundary Settlement Cost	0	0	0	3,142	0	3,142
Subscription	375	0	375	3,604	0	3,604
IT and Website Expenses	0	0	0	4,275	0	4,275
Bad Debts	<u>41,145</u>	<u>0</u>	<u>41,145</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other expenditure	<u>42,723</u>	<u>0</u>	<u>42,723</u>	<u>12,422</u>	<u>0</u>	<u>12,422</u>

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

5. FIXED ASSETS

5.1 TANGIBLE FIXED ASSETS

COST OR VALUATION

FREEHOLD LAND AND BUILDING

Balance at 1, September 2019	£ 1,488,557
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Balance at 31, August 2020	<u>1,488,557</u>
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DEPRECIATION

As at 1 September 2019 and 31, August 2020	<u>0</u>
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NET BOOK VALUE

As at 31 August 2020	<u>1,488,557</u>
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As at 31 August 2019	<u>1,488,557</u>
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5.2 FIXED ASSETS INVESTMENTS

COST OR VALUATION

FREEHOLD LAND AND BUILDINGS

Balance at 1, September 2019	3,063,578
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Balance as at 31, August 2020	<u>3,063,578</u>
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NET BOOK VALUE

As at 31, August 2020	<u>3,063,578</u>
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As at 31, August 2019	<u>3,063,578</u>
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5.3.1) The values placed on the above properties are those of the Methodist Insurance Company's "Insured Values" as at 31, August 2018 . The "Insured Values" are the expected insurance cost to replace these properties. The values are neither original Costs nor "fair values".

5.3.2) No depreciation has been provided in respect of the tangible fixed asset properties for the year as the Trustees consider that the depreciable value is NIL. They are of the opinion that the Maintenance programmes to which these properties are subjected to ensure that the estimated residual values are not less than the stated values.

5.3.3) The Circuit did not have any Heritage Asset

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

6. MATERIAL INVESTMENT HOLDINGS

6.1 The following funds are held on behalf of the Circuit by TMCP

	2020	2019
Sale of Property - Trust 15175	22,348	22,201
De-Bourcier Bequests - Trust 8976	4,313	4,322
De-Bourcier Bequests - 8976A	3,104	3,084
De-Bourcier Bequests - 8976B	11,936	11,857
Bernard Searle Bequest - Trust 17694	1,554	1,544
Circuit Model Trust - Trust 22136	<u>845,558</u>	<u>899,819</u>
	<u>888,813</u>	<u>942,827</u>

T M C P Investments are held at cost less accumulated impairment losses.

6.2 INCOME FROM MATERIAL INVESTMENT HOLDINGS

	Market value at 31/12/2020	Income for the year.
Investment Property	3,063,578	108,856
Investments with TMCP	<u>888,813</u>	<u>7,568</u>
TOTAL	<u>3,952,391</u>	<u>116,424</u>

7. DEBTORS

		2019
Circuit Assessment Debtor - Due from Local Churches	51,422	63,373
Loans to Local Churches	11,000	51,145
Prepayments	<u>29,358</u>	<u>13,854</u>
	<u>91,780</u>	<u>128,372</u>

Basic financial assets, including other debtors and prepayments are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

8. BANK AND CASH BALANCES

	2020	2019
HSBC Current Account	37,337	50,673
Central Finance Board- Deposit	<u>66,494</u>	<u>33,528</u>
	<u>103,831</u>	<u>84,201</u>

Cash and cash equivalent includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

LAMBETH CIRCUIT METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

9. CREDITORS: Amounts falling due within one year

	2020	2019
Local Churches Assessments received in advance	0	3,000
Rents received in Advance	4,370	4,110
Due to other Methodist Circuit	27,262	21,873
Accruals and other Creditors	<u>20,893</u>	<u>14,854</u>
	<u>52,525</u>	<u>43,837</u>

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties 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. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

10 FUNDS

10.1 RESTRICTED FUND

		2019
Balance Brought Forward 01/09/2019	7,061	7,061
Incoming Resources	71	0
Resources Expended	<u>0</u>	<u>0</u>
Balance Carried Forward 31/08/2020	<u>7,132</u>	<u>7,061</u>

10.2 DETAILED RESTRICTED FUNDS

	2020			2019		
	Ministerial Training Fund	Circuit Benevolent Fund	Total	Ministerial Training Fund	Circuit Benevolent Fund	Total
Balance Brought Fwd	3,985	3,076	7,061	3,985	3,076	7,061
Incoming Resources	47	24	71	0	0	0
Resources Expended	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Carried Fwd	<u>4,032</u>	<u>3,100</u>	<u>7,132</u>	<u>3,985</u>	<u>3,076</u>	<u>7,061</u>

The Ministerial Training fund is set up to provide additional training to the Ministers in the Circuit.

The Benevolent Fund relates to money raised for the relief of poverty and distress in the Circuit.

10.3. UNRESTRICTED FUNDS

		2019
Balance Brought Forward 01/09/2019	5,656,637	5,815,742
Incoming Resources	270,728	222,564
Resources Expended	<u>-350,463</u>	<u>-381,669</u>
Balance Carried Forward 31/08/2020	<u>5,576,902</u>	<u>5,656,637</u>

LAMBETH CIRCUIT METHODIST CHURCH**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)****11 DETAILS OF CERTAIN ITEMS OF EXPENDITURE**

	2,020	2019
Audit Fees	3,600	3600
Accountancy Charge	<u>1,440</u>	<u>3240</u>
	<u>5,040</u>	<u>6840</u>

12 PAID EMPLOYEES

Salaries and Wages	22,080	21444
Pension Contribution	1,325	1287
Employer National Insurance contributions	<u>1,860</u>	<u>1785</u>

	<u>25,265</u>	<u>24516</u>
Average Number of employees	1	1
No employee received emoluments in excess of £60,000 per annum.		

13. RELATED PARTY TRANSACTIONS**TRUSTEES REMUNERATIONS AND BENEFITS**

All the Ministers serving in the Circuit are members of the Circuit Trustees

No trustee received any remuneration nor benefits

TRANSACTION WITH RELATED PARTIES

During the year, four Trustees received stipends in the sum of £114,698, (2019 - £1018,127), and expenses (relating to travel, telephone broadband and other costs) of £4,679 (2019 - £7,766).

There were no other related parties transactions for the year ended 31, August 2020

Connected organisations include the Methodist Connexion, Churches within the Circuit, other Methodist Districts in Great Britain, CFB, and TMCP. All these entities have their own trustees and autonomous administration such that the Circuit has no significant influence over any of them, nor they over the Circuit. They are, therefore not considered related parties.

Although the Circuit pays the ministerial stipends, the Ministers are not employed by the Circuit. Ministers are employed by Conference, but it is the responsibility of the Circuit to pay them.

14. POST BALANCE SHEET EVENTS

There has been no post balance sheet event which could materially affect these financial statements

However, as a result of the Covid-19 pandemic, the churches attendance has gone down and the activities of the churches tenants have also been drastically reduced. Hence the churches' ability to pay their respective future circuit assessments, and the tenants' ability to meet their future rent payment obligations are in doubt.

LAMBETH CIRCUIT METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31, AUGUST 2020 (continued)

However the "going concern" of the circuit is not threatened, as the circuit has set up an interim Finance committee to monitor the finances of the individual churches to ensure that wherever possible, there is a sharing of resources amongst the churches. In the short term, the circuit intends to rely on its reserves with the TMCP to meet its immediate financial obligations.

15. RESERVE POLICY

A balance is retained in the general fund to meet unanticipated expenditure and programmed work that can not be funded from a single year's budget. It is the policy of the Circuit to hold reserves equivalent to a minimum of six month's expenditure

16. Volunteer Contribution

Every wing of the Methodist Church (Local Churches, Circuits, Districts, Connexion) in the United Kingdom is heavily reliant on volunteers who contribute their skills, time, money and their resources in the furtherance of the work of the church. Principally, this contribution is by serving on committees of the Circuit that deal with mission, manses, finance, policy, grants, training developments, etc etc.

The contribution of volunteers is not included within the income of the Circuit.

We are grateful to all of them for their help and commitments

17 Ministers' manse costs

The Circuit is required to provide accommodation for each Minister and his/her family. The Circuit bears the costs of repairs, maintenance, building insurance, Council Tax and water charges on the properties . These costs are not shown separately as benefit-in-kind for the Ministers as HMRC does not seek to tax these receipts in the hands of the Ministers. Similarly, these costs are not disclosed as related parties' transactions in these accounts.