

Minister's Report - MEC 2021

2020 and 2021 has been a very unusual and very challenging time for us as a congregation. The various restrictions that have been in place have meant that we, along with all other churches in the UK, have had to think creatively and strategically in how we have conducted services and tried to keep people connected.

Since our last AGM in October, which had to be pushed back due to the pandemic, the following has taken place:

Godward –

- Sunday Evening Prayer continues online at 6pm as well as some weekday prayer.

Inward –

- Children's and family e-packs have continued during lockdown.
- New members: Sarah W, Colin and Katie C.
- Small groups have continued online and meeting on Sunday after the service with Small Group questions to work through, and feedback is that this has been very beneficial and engaging.

Outward (community) -

- Sarah Wilks ran with her idea of creating and placing Christmas theme decorations on MEC windows for people in the community to see. Various people from the congregation assisted with making of decorations. Many thanks Sarah!
- The Care Team continued to support people needing help, both within MEC and the wider community. A big thank you to the care team for all your input!
- We have continued to pre-record our services and upload them on the website, and there has been a really positive response. In the last calendar year, we have had 10320 unique visitors to the website. The past month has seen over 1500 visits.
- The last couple of weeks saw us move back to live services, and consequently, the online service has been live-streamed. A big thank you to Matt, Sean and all those involved in making this possible. I also want to say a big thank you to Chris and Sue in particular for organising the worship rota these last few months.

- Alpha online was run by Lynne Robinson – and the Lord ministered through her in a very special way. Lynne will also be spearheading some outreach initiatives from September this year, so watch this space for details!
- Steve Atkins has been hard at work keeping the grounds looking fabulous. The RHS will be assessing and judging MEC's garden (date to be confirmed)

Leadership -

- New Deacon - Colin Cameron.
- GCG continuing another term as Deacon.
- Dave N has stepped down from being a Deacon – and we want to thank him for all his hard work and service. He continues to be involved with the sound.

Strategic Planning –

- Small Group Ministry Coordinator – role was taken up by Tristan M
- Prayer Ministry Coordinator – Pauline Jacob
- We are in the process of filling other roles and will update you in due course.

On a personal note, it has been quite a tough year, but I am grateful to the Lord for holding me during this time and want to say a big thank you to all of you for your love, prayers and support. It has been greatly appreciated!

A very big thank you to everyone who has contributed this last year. Special thanks to the elders for your dedication and devotion and for serving so faithfully and selflessly in very unprecedented and difficult circumstances.

Last but not least, a big thank you to each and every one of you who make MEC so special. Without you, our church would not be the church that it is! So let's continue to shine and grow together to His glory in the weeks and months ahead.

Charity Registration No. 1178558

Company Registration No. CEO14236 (England and Wales)

MALVERN EVANGELICAL CHURCH
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

MALVERN EVANGELICAL CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Leston Blackburn (Minister, Chair) Steve Atkins John Jacob
Elders	Leston Blackburn (minister) Steve Atkins John Jacob Chris Bray Sean Brodie Tristan Mitchell
Deacons	George Chakko-George (Treasurer) Matt Greenhalgh David Niblett Gill Purdham (appointed 23 October 2019)
Charity number	1178558
Principal address	210 Pickersleigh Road Malvern Worcestershire WR14 2QX
Accountants	Kendall Wadley LLP Granta Lodge 71 Graham Road Malvern Worcestershire WR14 2JS
Bankers	HSBC Bank plc 1 Church Street Malvern Worcestershire WR14 2AB

MALVERN EVANGELICAL CHURCH

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MALVERN EVANGELICAL CHURCH

DEACONS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Deacons present their report and accounts for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the church's Rules and Constitution, 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)

Objectives and activities

Summary of the objects of the charity are set out in its governing document:

The purposes of the church shall be:

1. The advancement of the Christian faith in accordance with the Basis of Faith primarily but not exclusively within Malvern; and
2. Such other charitable purposes as shall, in the opinion of the Elders further the work of the Church.

Public Benefit

The main public benefit that the charity provides is the advancement of the Evangelical Christian Faith within the Malvern area, which is the primary objective of the charity. Anyone is welcome to worship at the church and any private benefits received by the Deacons is considered to be incidental to the work of the church. The charity also supports the relief of poverty by way of donations to people in need and people directly working to relieve people in poverty.

Summary of the main activities undertaken for the public benefit

Our 'Ministry Magazine' is produced separately and includes reports of our activities.

Statutory declaration

The Trustees consider the activities of MEC (with regard to the guidance issued by the Charity Commission on public benefit) to be of real value, not just to the immediate neighbourhood but much further afield and to all age groups.

Giving to Mission

MEC allocates 10% of its income to support missions both in the UK and overseas, this budget is reviewed annually.

Contribution made by volunteers

MEC is run by volunteers giving freely of their time and effort, we see this as part of our worship and service to God.

The Deacons have paid due regard to guidance issued by the Charity Commission in deciding what activities the church should undertake.

The church provides a place of worship for its members. The church is responsible for maintaining its fabric and environs, for organising and arranging religious services, supporting its Pastor and staff and providing pastoral care. Making donations to charitable organisations is an expression of its wider responsibilities.

The grant making policy is established by the church which certifies and makes grants to charitable organisations demonstrating similar objectives and outreach as the church. Grants allocated during the year are shown within the accounts.

MALVERN EVANGELICAL CHURCH

DEACONS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

In the opinion of the Deacons, the church has achieved its stated objects and activities within the year. Please see our 'Ministry Magazine' for reports on what we have achieved together.

MEC launched an initiative to start planning to Extend The Tent by re-building our existing building. For this initiative, the Treasury team introduced an Accommodation Fund. Building commenced during the year and was completed in Spring 2016. This project was detailed in previous accounts.

Financial review

The surplus for the year amounted to £24,578 (2019: deficit £8,976). The unrestricted fund reserves at the year end were £97,088 (2019:£87,585). At the year end the restricted fund reserves were £2,394 (2019 £670). Designated funds at the year end amounted to £617,140 (2019: £603,789), these funds represent those utilised in the new church building which will be eroded by depreciation over time. The funds are adequate and available to fulfil the obligations of the organisation.

It is the policy of the church that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the church's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Risk assessment

The Deacons have assessed the major risks to which the church is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

MALVERN EVANGELICAL CHURCH

DEACONS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, governance and management

The church was established by a charitable trust deed on 13 May 1975, as revised in the church constitution in 2001. On 9 September 2009 the trust deed was updated and replaced by a new constitution. The church registered with the Charity Commission on 4 December 2009. It registered as a CIO on 30th May 2018, the assets and liabilities of the original charity (number 1133125) were transferred to the CIO on 1 January 2019.

The Trustees and Deacons who are currently serving are as shown on the legal and administrative details page.

Trustee selection

Only currently serving Elders may be Managing Trustees, however, not all Elders are required to be Managing Trustees.

The Elders will decide who from their number should be Managing Trustees. The church will ratify this at a Church Business Meeting by secret ballot and requires a majority of those present and voting.

The Elders shall add to their number from time to time, as shall be seen good to them, from amongst the numbers of the church, aiming to reach unanimity in their decision. Any such intention shall be indicated to the members giving notice on the two Lord's days prior to a church meeting, and prayerful comment and unity sought from the members in the recognition of the new Elder. The final responsibility for the appointment of an Elder shall, however, rest with the existing Elders. When appointed a new Elder shall be separated to the work by the existing Elders at a service on the next convenient Lord's Day. The New Testament makes a distinction between those Elders who only direct the affairs of the church and those whose work is preaching and teaching. There is no suggestion that the number of teaching Elders in a given local church is limited. Should any Elder cease to meet the qualifications for this office that Elder will be required to relinquish it by the remaining Elders. Any Elder wishing to terminate their position as an Elder shall inform the rest of the Eldership, giving as much notice as possible according to the prevailing circumstances and providing reasons for their decision where possible.

The Pastor shall be a Teaching Elder whose aptitude to receive final responsibility for the pastoral oversight of the church and the ministry of the word has been recognised by the Elders, supported by the membership. To him particularly, the Gospel is committed as a solemn charge. He is to preach the Word, be prepared in season and out of season, correct, rebuke, and encourage with great patience and careful instruction. That he might fully perform this work he is normally to be maintained wholly by the church he serves. The Pastor's authority over and above that of other Elders stems from the charge committed to him by God. Thus he has from God the right and duty to encourage and rebuke with all authority, letting no one despise him. He is nevertheless to do these things with great patience as befits a shepherd of the flock and with careful teaching (i.e. basing his exhortations on the pure Word of God), seeking only the glory of the Triune God. As the senior Teaching Elder the Pastor has the right to preside over all organisations connected with the church. The Pastor shall be in full accord with the Statement of Doctrine and the Rules of Practice. The Nomination of the Pastor shall be made by the Elders, giving due consideration to the mind of the church and the invitation to the Pastorate shall be by a supporting vote of three quarters of the church membership present and voting, though complete unanimity shall be sought. The vote shall be taken at a church meeting specially convened for this purpose. The Pastor shall give the church at least three months notice of his desire to terminate his ministry in the church. The church on the other hand shall give the Pastor at least six months notice to their desire to terminate his ministry in the church.

MALVERN EVANGELICAL CHURCH

DEACONS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The word Deacon literally means servant and is so translated many times in Scripture. It is also used however to denote an office in the church. The function of the Deacons is to relieve the Elders of those necessary duties in the life and conduct of the church that are temporal rather than spiritual in nature. In these duties they shall be responsible to the Elders. The Deacons may be men or women and shall be members of the church who are "known to be full of the spirit and wisdom" (Act 6 vs 3). The number of Deacons shall be appropriate to the current needs of the church as determined by the Elders. Deacons shall normally be appointed at the Annual General Meeting of the church, but occasionally it may be necessary to appoint extra Deacons at a normal church meeting. When it is recognised by the Elders that the appointment of further Deacons is necessary, members will be invited to make nominations from the church membership to the Pastor, or an Elder if there is no Pastor, at least fourteen days before the meeting. The pastor, or Elder, shall obtain the consent of the nominee before that person can be put forward for election. At the meeting the nomination must then be seconded and receive at least a two thirds majority vote of the members present and voting before the appointment can be confirmed by the Elders. A Deacon shall retire after a three year tenure of office but is eligible for re-election. If a Deacon was appointed at a mid-point between Annual General Meetings, their time of service shall be from the AGM following their appointment. If the Elders are of the opinion that a Deacon shall relinquish the office before the end of their term they shall inform the Deacon and the church of the termination of their appointment.

Persons seeking membership shall arrange, after reading a copy of the Church Constitution, to be visited by at least two Elders or other members nominated by the Elders to gain satisfaction of their new birth, Christian character and consistent life, record their intention to abide by the Rules of Practice of the Constitution and their wholehearted assent to the church's Statement of Doctrine. Membership is then confirmed by a vote by the Elders and acceptance is acknowledged at the next convenient Lord's Table or at a Lord's Day service.

Induction of trustees

On induction a Trustee receives a copy of the Church rules 09/09/09 version 2, the Constitution, latest annual financial statements and Guidance on the Role of a Trustee as issued by the Charity Commission.

The Trustees are responsible for setting remuneration for those staff paid by the church.

Policies

Policies are adopted by the Church to ensure compliance with Child Protection and Environmental Issues.

Future plans

The Deacons' report was approved by the Board of Deacons.



George Chakko-George

Deacon

Dated: 11 May 2021

MALVERN EVANGELICAL CHURCH

INDEPENDENT EXAMINER'S REPORT

TO THE DEACONS OF MALVERN EVANGELICAL CHURCH

I report to the Deacons on my examination of the financial statements of Malvern Evangelical Church (the church) for the year ended 31 December 2020.

Responsibilities and basis of report

As the Deacons of the church 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 church'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

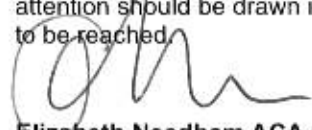
Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting 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 church 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.



Elizabeth Needham ACA CTA (VAT)

Kendall Wadley LLP

Granta Lodge
71 Graham Road
Malvern
Worcestershire
WR14 2JS

Dated: 11 May 2021

MALVERN EVANGELICAL CHURCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

Current financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Notes					
<u>Income from:</u>						
Donations and legacies	3	114,786	9,863	8,215	132,864	115,319
Other activities	4	375	-	-	375	4,871
Investments	5	6	-	-	6	12
Total income		115,167	9,863	8,215	133,245	120,202
<u>Expenditure on:</u>						
Charitable activities	6	91,729	77	16,861	108,667	129,178
Net incoming/(outgoing) resources before transfers		23,438	9,786	(8,646)	24,578	(8,976)
Gross transfers between funds	11	(13,935)	3,565	10,370	-	-
Net income/(expenditure) for the year/ Net movement in funds		9,503	13,351	1,724	24,578	(8,976)
Fund balances at 1 January 2020		87,585	603,789	670	692,044	701,020
Fund balances at 31 December 2020		97,088	617,140	2,394	716,622	692,044

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

All income and expenditure derive from continuing activities.

MALVERN EVANGELICAL CHURCH

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Prior financial year - combined

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes				
<u>Income from:</u>					
Donations and legacies	3	96,377	10,008	8,934	115,319
Other activities	4	4,871	-	-	4,871
Investments	5	12	-	-	12
Total income		101,260	10,008	8,934	120,202
<u>Expenditure on:</u>					
Charitable activities	6	108,588	611	19,979	129,178
Net incoming/(outgoing) resources before transfers		(7,328)	9,397	(11,045)	(8,976)
Gross transfers between funds	11	(12,072)	1,342	10,730	-
Net income/(expenditure) for the year/ Net movement in funds		(19,400)	10,739	(315)	(8,976)
Fund balances at 1 January 2019		106,985	593,050	985	701,020
Fund balances at 31 December 2019		87,585	603,789	670	692,044

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

All income and expenditure derive from continuing activities.

MALVERN EVANGELICAL CHURCH

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 Combined £	£
Fixed assets					
Tangible assets	12		972,460		995,575
Current assets					
Debtors	13	15,356		4,146	
Cash at bank and in hand		12,478		1,764	
		27,834		5,910	
Creditors: amounts falling due within one year	14	(27,951)		(27,858)	
Net current liabilities			(117)		(21,948)
Total assets less current liabilities			972,343		973,627
Creditors: amounts falling due after more than one year	15		(255,721)		(281,583)
Net assets			716,622		692,044
Income funds					
Restricted funds	17		2,394		670
<u>Unrestricted funds</u>					
Designated funds	18	617,140		603,789	
General unrestricted funds		97,088		87,585	
			714,228		691,374
			716,622		692,044

The financial statements were approved by the Deacons on 11 May 2021


George Chakko-George

Treasurer

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Entity information

Malvern Evangelical Church is a Charitable Incorporated Organisation registered with the Charity Commission in May 2018. The principal address is 210 Pickersleigh Road, Malvern, Worcestershire, WR14 2QX.

Basis of preparation

Malvern Evangelical Church was a registered charity 113125, a new Charitable Incorporated Organisation was established and is registered with the Charity Commission under number 1178558. All the assets and liabilities of the the former charity were transferred to the new organisation on 1 January 2019.

These financial statements are prepared in accordance with section 27 of the Statement of Recommended Practice, merger accounting. The assets, liabilities and funds of the two entities have been aggregated, the results for the year show the combined position for the whole accounting period and the comparatives relate to the old charity 1133125 now removed from the Register.

1.1 Accounting convention

The accounts have been prepared in accordance with the church's Rules and Constitution, 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 church is a Public Benefit Entity as defined by FRS 102.

The church 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 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 the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Deacons have a reasonable expectation that the church has adequate resources to continue in operational existence for the foreseeable future. Thus the Deacons 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 Deacons in furtherance of their charitable objectives.

All income received for a specific purpose, and expenditure relating to such purposes, is assigned to the relevant restricted fund.

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

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Incoming resources

Income is recognised when the church is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the church has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the church has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

All other income is recognised when it is received.

1.5 Resources expended

Liabilities are recognised for the amounts that the charity anticipates it will have to pay to settle a debt or the amount that it has received in advance as payment for services it has to provide.

Expenditure on charitable activities includes the costs associated with the activities undertaken to further the purposes of the charity and their associated support costs.

Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the programmes and activities undertaken.

The support costs are treated as core running costs of the charity.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Land and buildings	Buildings over 50 years
Property improvements	5 years straight line
Computer equipment	33% on net book value
Fixtures, fittings & equipment	33% on net book value and 5 years straight line

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.

1.7 Impairment of fixed assets

At each reporting end date, the church reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include 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.

1.9 Financial instruments

The church has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the church's balance sheet when the church becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Employee benefits

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

Termination benefits are recognised immediately as an expense when the church is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the church's accounting policies, the Deacons are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical 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.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Donations and legacies

	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	2020	2020	2020	2020	2019	2019	2019	2019
	£	£	£	£	£	£	£	£
Donations and gifts	114,786	9,863	8,215	132,864	96,377	10,008	8,934	115,319

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Other activities

	Unrestricted funds general 2020 £	Unrestricted funds general Combined 2019 £
Church activities and clubs	375	4,871
	<u> </u>	<u> </u>

5 Investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Interest receivable	6	12
	<u> </u>	<u> </u>

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Charitable activities

	Ministry and mission fund	Clubs and other activities	Total	Ministry and mission fund	Clubs and other activities	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	Combined 2019 £
Staff costs	37,768	-	37,768	37,065	-	37,065
Depreciation and impairment	23,658	-	23,658	26,800	-	26,800
Costs of running activities	-	1,580	1,580	-	11,604	11,604
Building costs	77	-	77	611	-	611
	<u>61,503</u>	<u>1,580</u>	<u>63,083</u>	<u>64,476</u>	<u>11,604</u>	<u>76,080</u>
Grant funding of activities (see note 7)	16,861	-	16,861	19,979	-	19,979
Share of support costs (see note 8)	27,223	-	27,223	29,870	-	29,870
Share of governance costs (see note 8)	1,500	-	1,500	3,249	-	3,249
	<u>107,087</u>	<u>1,580</u>	<u>108,667</u>	<u>117,574</u>	<u>11,604</u>	<u>129,178</u>
Analysis by fund						
Unrestricted funds - general	90,149	1,580	91,729	96,984	11,604	108,588
Unrestricted funds - designated	77	-	77	611	-	611
Restricted funds	16,861	-	16,861	19,979	-	19,979
	<u>107,087</u>	<u>1,580</u>	<u>108,667</u>	<u>117,574</u>	<u>11,604</u>	<u>129,178</u>

7 Grants payable

	2020 £	2019 Combined £
Grants made (see restricted funds note)	16,861	19,979
	<u>16,861</u>	<u>19,979</u>

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019 Combined
	£	£	£	£	£	£
Other support expenditure see below	27,223	-	27,223	29,870	-	29,870
Legal and professional	-	-	-	-	1,673	1,673
Accountancy fees	-	1,260	1,260	-	1,260	1,260
Bank charges	-	240	240	-	316	316
	<u>27,223</u>	<u>1,500</u>	<u>28,723</u>	<u>29,870</u>	<u>3,249</u>	<u>33,119</u>
Analysed between						
Charitable activities	<u>27,223</u>	<u>1,500</u>	<u>28,723</u>	<u>29,870</u>	<u>3,249</u>	<u>33,119</u>

Governance costs includes payments to the accountants as shown above for accountancy fees and other services.

Other support expenditure

	2020	2019
	£	£
Building repairs and maintenance	1,184	2,665
Rates and water	2,381	2,358
Light and heat	2,683	3,413
Insurance	2,657	2,548
Postage and stationery	171	290
Telephone	433	455
Subscriptions	1,570	1,404
Sundry Expenses	-	144
Mortgage Interest	11,710	12,674
Website Costs	1,074	487
Cleaning	2,946	2,648
Kitchen supplies	408	784
	<u>27,223</u>	<u>29,870</u>

9 Deacons

None of the Deacons (or any persons connected with them) received any remuneration during the year. None of the Deacons were reimbursed travelling expenses during the year.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Combined Number
Full-time employees	1	1

Employment costs

	2020 £	2019 Combined £
Wages and salaries	30,128	29,667
Social security costs	876	736
Other pension costs	6,764	6,662
	37,768	37,065

The employees are considered to be the key management personnel.

There were no employees whose annual remuneration was £60,000 or more.

11 Transfers

A transfer of £10,570 was made from unrestricted to restricted funds to cover the excess of restricted fund expenditure over income.

Following the completion of the accommodation project, all restricted funds received in connection with the project were released to the designated funds. Transfers are made to match the value of freehold property and fixtures and fittings associated therewith, after due allowance for outstanding loans and creditors.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Land and buildings	Property improvements	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2020 - combined	1,040,382	9,732	66,884	6,517	1,123,515
Additions	-	-	-	542	542
At 31 December 2020	1,040,382	9,732	66,884	7,059	1,124,057
Depreciation and impairment					
At 1 January 2020 - combined	66,367	3,893	51,868	5,812	127,940
Depreciation charged in the year	16,979	1,947	4,310	421	23,657
At 31 December 2020	83,346	5,840	56,178	6,233	151,597
Carrying amount					
At 31 December 2020	957,036	3,892	10,706	826	972,460
At 31 December 2019 - combined	974,015	5,839	15,016	705	995,575

13 Debtors

	2020	2019 Combined
	£	£
Amounts falling due within one year:		
Other debtors	15,356	4,146

14 Creditors: amounts falling due within one year

	Notes	2020	2019 Combined
		£	£
Bank loans	16	20,733	19,790
Other borrowings		5,000	5,000
Other taxation and social security		958	1,808
Accruals and deferred income		1,260	1,260
		27,951	27,858

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 Combined £
Bank loans	16	230,721	251,583
Other creditors		25,000	30,000
		<u>255,721</u>	<u>281,583</u>

16 Loans and overdrafts

	2020 £	2019 Combined £
Bank loans	251,454	271,373
Other loans	30,000	35,000
	<u>281,454</u>	<u>306,373</u>
Payable within one year	25,733	24,790
Payable after one year	<u>255,721</u>	<u>281,583</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>137,968</u>	<u>162,781</u>
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The long-term loan is secured by a fixed charge over the freehold property of the charity.

The mortgage has been entered into to provide finance for the building of the church, it is for a period of 15 years, repayable by instalments and carries interest at 4.5% per annum.

The other loan relates to funds advanced by a member to facilitate the financing of the new church building. This advance is unsecured and interest free and repayable, provided funds allow, in equal instalments of £5,000.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 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:

	Balance at 1 January 2019	Movement in funds			Transfers 1 January 2020	Balance at 1 January 2020	Movement in funds			Transfers	Balance at 31 December 2020
		Incoming resources	Resources expended	Combined			Incoming resources	Resources expended			
									£		
Peter and Lydia Bennett Fund	-	5,905	(9,755)	-	3,850	-	4,662	(8,392)	3,730	-	-
Isibani	315	250	(570)	-	5	-	-	-	-	-	-
Donations and missions	-	797	(7,062)	-	6,265	-	-	(6,840)	6,840	-	-
Support fund and missionary trips (or expeditions)	-	1,982	(2,592)	-	610	-	-	-	-	-	-
Dignity	200	-	-	200	-	200	-	-	(200)	-	-
Kerala	470	-	-	470	-	470	-	-	-	470	-
Benevolent Fund	-	-	-	-	-	-	3,533	(1,629)	-	1,904	-
Malvern Food Banks	-	-	-	-	-	-	20	-	-	20	-
	985	8,934	(19,979)	670	10,730	670	8,215	(16,861)	10,370	2,394	-

The church has historically supported a number of people and their causes out of unrestricted funds as well as dedicated gifts. Some individual people chose to make specific gifts for these people. Therefore the restricted giving is made up of some individuals who have given to the church with a note stating that their gift is for a dedicated purpose or missionary, and also where the church has decided to set aside funds for such gifts.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Restricted funds

(Continued)

Peter & Lydia Bennett have been supported by the church since it began, originally with New Tribes Mission, but now as independent missionaries. Their work is based in Tasmania where they work mainly with family groups, the underprivileged, alcoholics and drug addicts, whilst Peter also teaches and pastors in local Baptist and Brethren churches (as required).

Isibani - funds raised to support the Isibani project at Winterton, South Africa (This project is now called Isiphephelo Central Berg).

Donations and missions - donations and monies given to missions as described in the introduction.

Support Fund - funds raised to assist those undertaking theological training.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2019	Movement in funds			Transfers 1 January 2020	Balance at 1 January 2020	Movement in funds			Transfers	Balance at 31 December 2020
		Incoming resources	Resources expended	Combined			Incoming resources	Resources expended			
									£		
Freehold property Accommodation project	543,180	-	-	544,522	1,342	544,522	-	-	3,565	548,087	
	49,870	10,008	(611)	59,267	-	59,267	9,863	(77)	-	69,053	
	593,050	10,008	(611)	603,789	1,342	603,789	9,863	(77)	3,565	617,140	

As the freehold properties owned by the church are not to be sold within the foreseeable future, the value of the freehold property held, net of mortgage loans and other associated creditors, is treated as a designated fund.

The accommodation fund represents money set aside by the deacons to assist with costs involved with expanding the physical buildings and facilities to accommodate the long term needs of the MEC.

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Analysis of net assets between funds

	Unrestricted funds 2020	Designated funds 2020	Restricted funds 2020	Total 2020	Unrestricted funds 2019	Designated funds 2019	Restricted funds 2019	Total 2019 Combined
	£	£	£	£	£	£	£	£
Fund balances at 31 December 2020 are represented by:								
Tangible assets	424,372	548,088	-	972,460	451,053	544,522	-	995,575
Current assets/(liabilities)	(71,563)	69,052	2,394	(117)	(81,885)	59,267	670	(21,948)
Long term liabilities	(255,721)	-	-	(255,721)	(281,583)	-	-	(281,583)
	97,088	617,140	2,394	716,622	87,585	603,789	670	692,044

MALVERN EVANGELICAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).