

Charity Registration No. 1129441

WALWORTH METHODIST CHURCH
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

WALWORTH METHODIST CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Revd P Weary
Mr E Agyemang-Badu
Mrs C Ogunsola
Mr O Akinyemi
Mr H Richards
Mr C Pratt
Mrs R Fraser
Mrs A Pratt
Ms E Adenuga
Ms Z Adu
Ms J Robinson
Mr P Yorke
Mr Matthew Asumang
Mr Desmond Sesay
Ms E Redwood-Sawyer
Mrs O Duyilemi
Mr O Mensah
Mr Y Oduga
Mrs N Chidawa
Mrs E Hanson
Mr O Olokun
Mr Y Ogunsola
Mr Patrick John
Rev David Markay (Appointed 1 September 2018)
Rev David Gillman (Appointed 1 September 2018)
Ms Sabrina Prempeh (Appointed 1 April 2019)
Mr Gershon Ward-Anderson (Appointed 1 December 2018)
Ms Dolly Grant (Appointed 1 September 2018)
Mr Sam Anang (Appointed 29 November 2018)

Charity number 1129441

Principal address 54 Camberwell Road
London
SE5 0EN

Auditor PJT & Co Limited
Accountancy House
90 Walworth Road
London
SE1 6SW

WALWORTH METHODIST CHURCH

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WALWORTH METHODIST CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their report and financial statements for the year ended 31 August 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

Summary of the objects

The advancement of:

- the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church;
- any charitable purpose for the time being of any connexional, district, circuit, local or other organisation of the Methodist Church;
- any charitable purpose for the time being of any society or institution being a society or institution subsidiary or ancillary to the Methodist Church;
- any purpose for the time being of any charity being a charity subsidiary or ancillary to the Methodist Church.

Summary of the main activities

The trustees have paid due regard to guidance issued by the Charity commission in deciding what activities the charity should undertake, in particular, the specific guidance on charities for the advancement of religion.

To this end, the Church offers services of public worship and prayer; programmes and activities for children and adults to learn about the Christian faith; groups and programmes for youth, young adults and the elderly; pastoral care and practical support for individuals within and outside the church community and rooms that are available for use by local community organisations.

Achievements and Performance

Worship

Sunday worship is at the heart of our church life. In addition to celebrating the festivals and seasons of the Christian church we observe a number of 'special Sundays' such as Racial Justice Sunday in September and Beauty in Diversity Sunday in October (Black History Month). During the course of the year the various fellowships and organisations within the church have their own thanksgiving services, and these are opportunities not just to celebrate the work of that organisation but also to share food and fellowship together.

A Junior Choir for children aged 7 plus was started during the year.

WALWORTH METHODIST CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Learning and caring

We provide opportunities for all ages to learn and grow in the Christian faith. Sunday School meets most Sundays during the 11am service. During October half term we ran workshops for children and young people as part of our Black History Month celebrations. The Wednesday Bible Study provides weekly study sessions led by its members on a variety of topics.

Every member of the church is allocated to a 'class'. Pastoral care of members is shared by the ministers and members of the congregation who are designated as 'class leaders'. The ministers and class leaders meet occasionally during the year as the church Pastoral Committee to oversee pastoral care. The trustees recognised that the membership roll is out of date and includes many individuals who are no longer active in the church. A programme to review the membership roll was initiated during the year.

A one-session induction course is organised from time to time for the purpose of welcoming new people into the congregation and was held three times during the year 2018-19. Three people were confirmed and received into membership on Pentecost Sunday.

The church has struggled to organise its work with young people. An ad hoc committee of potential leaders and young people met in December 2018, but this produced no lasting results. There is a desire to employ a part-time youth worker to oversee this work, but funding has not been available to do this.

Community Engagement

After a long period of planning, a branch of the Southwark Food Bank began operating at the church, meeting Tuesday lunch times, mainly staffed by church volunteers. 697 people were fed in the period 1st April 2018 – 31st March 2019, many of them living in the immediate neighbourhood.

In January 2018 the church council agreed in principle to entering into a partnership with SE24 (Sustainable Energy 24), a community group which aims to encourage and develop locally-owned renewable energy projects, for the installation of solar panels under a leasing arrangement. This project was still ongoing at the end of the financial year.

Our anti-knife crime initiative and award-winning Southwark Peace Garden project made considerable progress during the year, thanks to a grant from the Methodist Church London District. At the end of the year work on the construction of the garden had begun, with a scheduled opening date of 21st September 2018.

The various fellowships of the church continue to meet at least monthly for the conduct of business, fellowship and mutual support. Not only do they give the church reach into the Ghanaian, Sierra Leonean, Nigerian and Zimbabwean communities, but generous support of fund-raising events supports charitable projects overseas. During the course of the year it has been an honour to welcome representatives of the High Commissions to events at Walworth, alongside local civic dignitaries such as the Mayor of Southwark.

Acknowledgement

The trustees wish to thank the administrative staff of the church for their support in helping them carry out their responsibilities

WALWORTH METHODIST CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

In recognition that weaknesses in the financial systems of the church had not been addressed, the treasurer undertook an analysis of the financial systems and made recommendations to the trustees.

The following recommendations were made:

- Both ministers are members of the finance and property committee and should be up to date and conversant with the church's financial affairs.
- There should be segregation of duties in the church office regarding bookings. No one individual should be allowed to see a financial transaction from its onset to conclusion especially when dealing with booking of halls, rooms or bus rental. Segregation of duties is essential to serve as checks and balances for such transactions. The treasurer has produced a booking policy that would fulfil this objective.
- Decisions that commit the church financially (such as contracts) must be scrutinised by the finance and property committee and contracts carefully monitored. When signing documents such as licence-to-use agreements there has been a tendency to rely on the ministers; other trustees with finance expertise should be involved in this process.
- The times that the finance office is open should be regularised in order to provide a more user-friendly service to those needing to access the services of the office e.g. fellowship treasurers.
- Invoices to our debtors (mainly tenants) should be despatched in a more timely manner. Delays in receiving the rent affects the cash flow. Greater effort needs to be made chasing non-payment of invoices.
- The line management of the office staff is essential to the good running of the church's administrative systems, including finance. At the moment this role is given to the ministers, who do not necessarily have the training and expertise for line management. Therefore the issue of line management needs to be addressed, for example by employing a manager.
- There is no provision of office facilities for the treasurer to undertake his/her task effectively especially when the finance officer is at post, forcing the treasurer to use his/her own equipment and material to produce reports when working at home etc. IT equipment such as a laptop computer should be provided for the treasurer's use so that the Sage software can be easily accessed.

The recommendations of the treasurer were accepted by the trustees and the following actions taken:

- Two committees were set up: a new finance and property committee and an employment committee. These would receive the recommendations of the treasurer and produce action plans for their implementation.
- The treasurer met with the church administrator/booking officer regarding the booking system and how it could be improved.

Individuals were recruited for the new committees in June 2019 through safer recruitment principles and the committees met for the first time shortly before the end of the 2018-19 financial year.

It is the policy of the charity 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 charity'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.

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

WALWORTH METHODIST CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management

Walworth Methodist Church is part of The Methodist Church in Great Britain and was historically an excepted charity. Under the provisions of the Charity Act 2006 Walworth Methodist Church was registered on 6 May 2009 under charity number 1129441. The Church is constituted in accordance with the Constitutional Practice and Discipline (CPD) of the Methodist Church.

The trustees who served during the year were:

Revd P Weary	
Mr E Agyemang-Badu	
Mrs C Ogunsola	
Mr O Akinyemi	
Mr H Richards	
Mr C Pratt	
Mrs R Fraser	
Mrs A Pratt	
Ms E Adenuga	
Ms Z Adu	
Ms J Robinson	
Mr P Yorke	
Mr Matthew Asumang	
Mr Desmond Sesay	
Ms C Williams	(Resigned 31 March 2019)
Ms E Redwood-Sawyer	
Mrs O Duyilemi	
Mr O Mensah	
Mr Y Oduga	
Mrs N Chidawa	
Mrs E Hanson	
Mr O Olokun	
Mr Y Ogunsola	
Mr Patrick John	
Rev David Markay	(Appointed 1 September 2018)
Rev David Gillman	(Appointed 1 September 2018)
Ms Sabrina Prempeh	(Appointed 1 April 2019)
Mr Gershon Ward-Anderson	(Appointed 1 December 2018)
Ms Dolly Grant	(Appointed 1 September 2018)
Mr Sam Anang	(Appointed 29 November 2018)

The procedure for appointing trustees is set out in CPD. The Church Council is made up of office holders who are appointed by the Church Council and who serve *ex-officio*, and additional members appointed by the Annual Church Meeting.

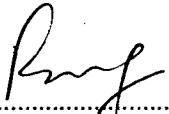
WALWORTH METHODIST CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The church is managed on a day to day basis by the ministers of the church (Rev. Paul Weary and Rev David Markay) with paid and volunteer support staff and appointed church officers.

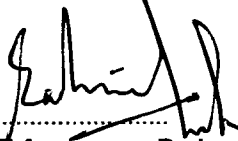
The trustees' report was approved by the Board of Trustees and signed on their behalf by:



Revd P Weary

Trustee

Dated: 9.11.20.



Mr E Agyemang-Badu

Trustee

Dated: 9/11/20

WALWORTH METHODIST CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

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

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

WALWORTH METHODIST CHURCH

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WALWORTH METHODIST CHURCH

Qualified opinion

We have audited the financial statements of Walworth Methodist Church (the 'charity') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2019 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for qualified opinion

In the following areas listed below, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit:

1. During the year, the Charity has used resources belonging to restricted funds for unrestricted activities. This is not permitted under the conditions of the restricted funds. Also, it has not been possible to satisfy ourselves of the extent of these breaches. Consequently, we have not been able to determine whether any adjustments were necessary.

2. The Charity has not included the fair value of all amounts receivable at the balance sheet date from its tenants and customers renting space within its buildings. This is due to a lack of a debtors ledger in this regard. The Charity records rental amounts on a cash basis only. Therefore, we have not been able to determine whether the debtors and income in this regard are misstated.

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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

WALWORTH METHODIST CHURCH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WALWORTH METHODIST CHURCH

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

In respect solely of the limitation on our work relating to the correct split between the restricted and unrestricted fund balances and the rental debtors at the balance sheet date described above.

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether sufficient accounting records had been maintained.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the financial statements are not in agreement with the accounting records.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

WALWORTH METHODIST CHURCH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WALWORTH METHODIST CHURCH

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) 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.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.


for and on behalf of PJT & Co Limited

Chartered Certified Accountants
Statutory Auditor

11/11/2020
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Accountancy House
90 Walworth Road
London
SE1 6SW

WALWORTH METHODIST CHURCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and legacies	3	123,900	74,426	198,326	299,682
Other operating activities	4	292,188	-	292,188	201,791
Investments	5	77	-	77	48
Total income		416,165	74,426	490,591	501,521
<u>Expenditure on:</u>					
Raising funds	6	520	-	520	5,650
Raising funds and Charitable activities	7	379,195	66,869	446,064	476,159
Total resources expended		379,715	66,869	446,584	481,809
Net gains on investments	11	-	-	-	2,489,948
Net income for the year/ Net movement in funds		36,449	7,557	44,006	2,509,660
Fund balances at 1 September 2018		217,979	8,621,425	8,839,404	6,329,745
Fund balances at 31 August 2019		254,428	8,628,982	8,883,410	8,839,405

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

All income and expenditure derive from continuing activities.

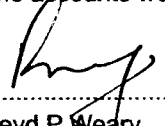
WALWORTH METHODIST CHURCH

BALANCE SHEET

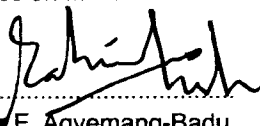
AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		1,558		-
Investment properties	13		8,730,000		8,730,000
			<u>8,731,558</u>		<u>8,730,000</u>
Current assets					
Debtors	15	27,815		9,130	
Cash at bank and in hand		175,648		150,115	
		<u>203,463</u>		<u>159,245</u>	
Creditors: amounts falling due within one year	16	(51,611)		(49,840)	
Net current assets			151,852		109,405
Total assets less current liabilities			<u>8,883,410</u>		<u>8,839,404</u>
Income funds					
Restricted funds	17		8,628,982		8,621,425
<u>Unrestricted funds</u>					
Designated funds	18	21,636		21,636	
General unrestricted funds		232,792		196,343	
		<u>254,428</u>		<u>217,979</u>	
			<u>8,883,410</u>		<u>8,839,404</u>

The accounts were approved by the Trustees on 8.11.20



 Revd P Weary
 Trustee



 Mr E Agyemang-Badu
 Trustee

WALWORTH METHODIST CHURCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	21		27,535		39,652
Investing activities					
Acquisition of tangible fixed assets		(2,078)		-	
Improvement to investment property		-		(7,952)	
Interest received		77		48	
Net cash used in investing activities			(2,001)		(7,904)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			25,534		31,748
Cash and cash equivalents at beginning of year			150,114		118,366
Cash and cash equivalents at end of year			175,648		150,114

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared in accordance with the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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 charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

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

1.3 Charitable funds

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

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

1.4 Incoming resources

Income is recognised when the charity 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 charity has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the charity 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.

1.5 Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category

Costs of generating funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of the trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

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:

Fixtures and fittings	25% straight line
Motor vehicles	50% 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 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Impairment of fixed assets

At each reporting end date, the charity 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).

1.9 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. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity 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 charity's balance sheet when the charity 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.

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 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 charity 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 charity's accounting policies, the trustees 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	20,327	74,426	94,753	190,945
Miscellaneous income	-	-	-	10,143
Church collections	103,573	-	103,573	98,594
	<u>123,900</u>	<u>74,426</u>	<u>198,326</u>	<u>299,682</u>
For the year ended 31 August 2018	<u>194,567</u>	<u>105,115</u>		<u>299,682</u>

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Other trading activities

	2019	2018
	£	£
Letting and licensing arrangements	292,188	201,791

5 Investments

	Unrestricted funds	Total
	2019	2018
	£	£
Interest receivable	77	48

6 Raising funds

	2019	2018
	£	£
<u>Operating costs</u>		
Depreciation and impairment	520	5,650
	520	5,650

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

7 Raising funds and Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2019 £	2018 £
Staff costs	44,195	43,722
Establishment costs	55,778	61,113
Repairs and maintenance	19,360	24,930
General expenses	591	-
Printing, posting and stationery	10,701	10,767
Donations, gifts and subscription	5,439	8,249
Church expenses	23,162	24,520
Travel and subsistence	1,904	29,641
Fund raising and events	14,500	8,703
Bank charges	102	511
Ministerial expenses	848	848
Security costs	43,939	56,157
Welfare and Christmas for elderly and children	4,500	-
Refunds and return of deposits	1,369	-
Arts and crafts	1,000	-
Peace garden project	32,493	3,800
	<u>259,881</u>	<u>272,961</u>
Share of support costs (see note 8)	103,000	117,000
Share of governance costs (see note 8)	83,183	86,198
	<u>446,064</u>	<u>476,159</u>
Analysis by fund		
Unrestricted funds	379,195	418,797
Restricted funds	66,869	57,362
	<u>446,064</u>	<u>476,159</u>
For the year ended 31 August 2018		
Unrestricted funds	418,797	
Restricted funds	57,362	
	<u>476,159</u>	

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Support costs

	Support costs £	Governance costs £	2019 £	2018 £	Basis of allocation
Circuit assessment	103,000	-	103,000	117,000	
Audit fees	-	6,600	6,600	6,600	Governance
Governance costs	-	76,584	76,584	79,599	Governance
	<u>103,000</u>	<u>83,184</u>	<u>186,184</u>	<u>203,199</u>	
Analysed between Charitable activities	<u>103,000</u>	<u>83,184</u>	<u>186,184</u>	<u>203,199</u>	

Governance costs includes payments to the auditors of £6,600(2018- £6,600) for audit fees.

9 Trustees

In the year under review, no reimbursements for travel and phone expenses were made to trustees.

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Governance	<u>3</u>	<u>3</u>

Employment costs

	2019 £	2018 £
Wages and salaries	<u>44,195</u>	<u>43,722</u>

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

11 Net gains/(losses) on investments

	Restricted funds	Total
	2019 £	2018 £
Revaluation of investment properties	<u>-</u>	<u>2,489,948</u>

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Fixtures and Motor vehicles fittings		Total
	£	£	£
Cost			
At 1 September 2018	132,491	14,120	146,611
Additions	2,078	-	2,078
At 31 August 2019	134,569	14,120	148,689
Depreciation and impairment			
At 1 September 2018	132,491	14,120	146,611
Depreciation charged in the year	520	-	520
At 31 August 2019	133,011	14,120	147,131
Carrying amount			
At 31 August 2019	1,558	-	1,558

13 Investment property

	2019 £
Fair value	
At 1 September 2018 and 31 August 2019	8,730,000

Investment property comprises 54-64 Camberwell Road. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 28 September 2020 by Bunch & Duke, Chartered Surveyors, who are not connected with the charity. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

14 Financial instruments	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	27,696	6,104
Carrying amount of financial liabilities		
Measured at amortised cost	51,442	49,840

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Other debtors	27,696	6,104
Prepayments and accrued income	119	3,026
	27,815	9,130

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Other taxation and social security	169	-
Trade creditors	28,174	10,210
Other creditors	1,126	2,085
Accruals and deferred income	22,142	37,545
	<u>51,611</u>	<u>49,840</u>

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:

	Movement in funds			
	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Balance at 31 August 2019 £
J B Memorial fund	5,724	19	-	5,743
Building Reserve	48	-	-	48
Special Appeals	81,667	26,796	(42,554)	65,909
Revaluation Reserve	8,439,948	-	-	8,439,948
Charitable Funds	1,300	-	-	1,300
Fellowship Funds	92,738	47,611	(24,315)	116,034
	<u>8,621,425</u>	<u>74,426</u>	<u>(66,869)</u>	<u>8,628,982</u>

The charity has ledgers that identify the unspent balances due for the restricted funds. Historically the funds had been held in a single bank account in the past along with unrestricted funds. New bank accounts have now been set up to segregate the principal restricted funds from the main current account. Having identified the extent of the use of restricted funds for unrestricted purposes, action is being taken by the trustees to either immediately restore the balances of the restricted funds from unrestricted funds or, where this is not possible, to temporarily formalise the borrowing while adjustments are made over a longer period of time.

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Designated funds

The trustees have designated the following amounts for specific purposes:

	Balance at 1 September 2018 £	Movement in funds Incoming resources £	Balance at 31 August 2019 £
Church Maintenance and Development Reserve	21,636	-	21,636
	<u>21,636</u>	<u>-</u>	<u>21,636</u>

19 Analysis of net assets between funds

	Unrestricted	Restricted	Designated	Total	Total
	2019 £	2019 £	2019 £	2019 £	2018 £
Fund balances at 31 August 2019 are represented by:					
Tangible assets	1,558	-	-	1,558	-
Investment properties	290,052	8,439,948	-	8,730,000	8,730,000
Current assets/(liabilities)	(58,818)	189,034	21,636	151,852	109,404
	<u>232,792</u>	<u>8,628,982</u>	<u>21,636</u>	<u>8,883,410</u>	<u>8,839,404</u>

20 Related party transactions

In the year under review, the following payments were made to trustees by the church:

One trustee was employed by the church to undertake the role of the community development administrator and was paid an amount of £20,160 (£20,160 - 2018).

Two trustees were engaged by the church for organist services and were paid an amount of £6,300 (£7,835- 2018).

WALWORTH METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21	Cash generated from operations	2019 £	2018 £
	Surplus for the year	44,007	2,509,660
	Adjustments for:		
	Investment income recognised in statement of financial activities	(77)	(48)
	Fair value gains and losses on investment properties	-	(2,489,948)
	Depreciation and impairment of tangible fixed assets	520	5,650
	Movements in working capital:		
	(Increase)/decrease in debtors	(18,685)	35,375
	Increase/(decrease) in creditors	1,771	(21,037)
	Cash generated from operations	<u>27,536</u>	<u>39,652</u>