



**Circuit  
Accruals Accounts  
2019-20**

**THE METHODIST CHURCH  
STANDARD FORM OF ACCOUNTS  
ACCRUALS BASIS  
for the year ended 31 August 2020**

<b>Forest Circuit</b>	Circuit no <b>35/33</b>
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**Registered Charity - Registration number**

**1134384**

**Circuit Superintendent Minister  
and Chair of Trustees**

**The Revd Anthony Guy Malcolm**

**Circuit Ministers**

**Revd Charles Illunga (to 31st August 2020)**

**Revd Oseias Da Silva**

**Revd Hilary Cheng**

**Revd Ebute Obiabo (to 31st August 2020)**

**Revd Sue Creighton**

**Revd Stephanie Njeru (From 1st September 2020)**

**Rev Norman Grigg (to 31st August 2020)**

**Circuit Stewards**

**Dallion Roye**

**David Hobbs (until 31st August 2020)**

**Lincoln Fearon**

**Circuit Treasurer**

**Mrs Florestine Corbett**

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Introduction

The Forest Methodist Circuit was until 1st September 2006, one of the constituent circuits of the London North East District. On 2nd September 2006 that district ceased to exist and a new London District was formed of which the Forest Circuit became part. There are twelve local churches in the Forest Circuit.

On the 18th February 2010 the Circuit was entered into the Register of Charities in England & Wales.

The Managing Trustees of the Forest Circuit are those members of the Circuit Meeting who have agreed to be the Circuit trustees. The Circuit Meeting meets at least twice each year to consider the work of God in the Circuit and the general management of the Circuit and its business. The membership of the meeting is governed by the Standing Orders of the Methodist Church. The Circuit Leadership team (CLT) are appointed by the Circuit Meeting to act upon its behalf between Circuit Meetings, with guidance where appropriate from the Circuit Finance Group. The CLT comprises, the Circuit Superintendent Minister, the Ministerial Staff team, the Circuit Stewards and the Circuit Financial Steward (treasurer) and the Circuit Safeguarding officer

#### 2 Objectives and Activities

##### 2.1 Aims and organisation

The aims of the Circuit Meeting through its officers are to:

- to secure and sustain the circuit's viability and future
- to give assurance to the general public that the circuit, which is a charity intends to use all of the money coming into its care for the purpose of the charity.

##### 2.2 The Forest Circuit Vision

The Circuit's current mission statement is "The Forest Circuit is committed to further God's Kingdom by enabling and supporting the local churches in the growth of their discipleship and mission; resourcing local churches under the power of the Holy Spirit to function as effective worship, witness and community wellbeing".

The circuit achieves this by holding the following values in all its dealings with individuals, communities, local and national authorities, other charities and businesses,

- Worship: Attributing worth to God, Father, son and Holy spirit
- Bible knowledge: Engaging with the scriptures in our daily lives
- Serving the community: concern and help for the needs of the local community
- Diversity and cultural relevance: maintaining the rich diversity of the churches and circuit and communicating the Gospel effectively
- Empowered laity: Recognising the ministry of the whole people of God
- Safeguarding: Creating safer spaces for all including children and vulnerable adults
- Quest for a just world: Actively working for peace with justice

The Vision, its wording and Implementation shall be reviewed annually. It provides for the:

- ministerial oversight and pastoral care of the twelve local churches in the circuit
- the support of a ministry team of five presbyteral ministers and five supernumerary ministers
- and the maintenance of eight manses

##### 2.3 Circuit Goals

The principal purpose of the circuit is to act as a supporting body between Churches and the District and Connexion. The circuit does not seek and in large measure, does not attain direct contact with the public. The direct contact is by the Churches. It is these that the circuit supports in their desire to provide benefit to the public.

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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### 3 Review of progress and achievements

#### 3.1 The Forest Circuit Annual Report

The year to 31st August 2020 has been the first full year since the new superintendent, Rev Anthony Guy Malcolm joined the circuit, following the Presidential Inquiry in 2016. It has been a challenging year in many ways for the Forest Circuit Meeting (trustees) and in particular the Forest Circuit Leadership team. Only three people offered to be Circuit Stewards and carry out the responsibilities required.

Two ministers were coming to the end of their stationing in the circuit and consultations were required with ministers and churches to consider the future. One minister decided to move on to another stationing and another decided to sit down (take retirement).

The opportunity was then taken to start considering the future of the Forest Circuit and the number of ministers appropriate for the Circuit. After discussion the Circuit Meeting decided in autumn 2019 to reduce the number of ministers by one to five from September 2020. A profile of the Circuit was then submitted to the Methodist Stationing requesting one additional minister. The Circuit was pleased to welcome Revd Stephanie Njeru in September 2020.

Following the decisions on stationing, the CLT considered the ministers' accommodation in the Circuit and plans were made for three ministers to move manses, aligning the manses with the churches for which they would have pastoral charge. Work was required to three manses plus a property, temporarily used as a manse, which would be used for rental after the moves had been completed. The renovation work, once investigated, was considerable and disrupted by the Covid-19 Lockdown in the spring of 2020. However with considerable work from the Circuit Stewards, most of the work was done allowing ministers to move into their new manses in August 2020, with the remaining work completed by November 2020.

Safeguarding training was reviewed and organised in the year and a very successful Circuit safeguarding conference held. However training in the later part of the year was postponed till after the Covid-19 problems

A Circuit Finance Group was established at the start of the year and terms of reference agreed by the circuit Meeting in September 2019. The group met once or twice a month as necessary during the year. It addressed governance and cash flow issues of the Circuit, prepared policy papers, enhanced operational procedures and facilitated a regular management reporting format.

A new training program was started for Worship Leaders and Local Preachers, with successful results already being witnessed.

The Covid-19 pandemic has caused much sadness, pain and disruption in the lives of the churches and congregations in the Circuit, as in churches throughout the world.

The ministers, local preachers and lay church leadership teams had done considerable work to reach out to isolated members of the congregations, comfort grieving families and explore new ways of being church using new technology.

As the lockdown eased, with guidance from the Government, the London District of the Methodist Church and support from the Local safeguarding officer, risk assessments were carried out and arrangements made for some small congregations to attend services again. They continue to be mindful of the situation and manage arrangement appropriately.

Many churches have also suffered a considerable reduction in income since the pandemic started, from lettings as well as service offerings. In some cases this has had a knock on effect onto the Circuit Finances with some churches unable to pay their assessments to the circuit. The Circuit Finance Group has been monitoring this situation and providing support and guidance where requested.

This is an additional problem for a few churches as they have already been suffering financial management difficulties due to the lack of treasurers, or financially inexperienced treasurers, ministers and trustees. The church finances being the collective responsibility of the trustees (church council). The Circuit Finance Group will provide support and guidance where it is requested.

In starting to consider the future, the Circuit Stewards, reviewed and summarised all the quinquennial inspection reports of Methodist Property in the Circuit. This gave a sobering message when the estimated cost of necessary repairs and maintenance was considered. With the agreement of the Circuit Leadership team and the Circuit Finance Group a valuation report of all the property was commissioned. This will provide some practical input to a future review of the Circuit and its mission in the area and an updated value for all churches and the circuit to include in their accounts.

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 3.2 Plans for future years

The immediate focus for 20-21 is the wellbeing and safety of the church congregations, supporting the reopening of churches when and where possible for worship and other activities at the churches.

Alongside this considerable task is the plan to continue the review of vision, direction and location of mission in the circuit.

The Local Preacher and Worship leader training program will continue utilising meeting technology and Safeguarding training will be rescheduled.

The Circuit Finance Group continue to monitor the finances of the Circuit and provide support and expertise to churches as requested.

The cost of the work on Circuit Manses has used up all the Circuit's liquid reserves. One of the Circuit's residential properties, that is no longer used as a manse had been rented out and the tenancy expired in July 2020. As a considerable amount of money was needed to return the property to an acceptable standard, the Circuit meeting agreed in June 2020 that the property should be sold. the proceeds of sale would then restore the circuit reserves to the required level and potentially allow for funding of a significant project in support of the Circuit Review.

#### 4 Financial Review

Total Income in the year was £352,119 of which £337,405 was due from church assessments. In addition £14,274 was received from the rental of the Hartley Road Property.

The total expenditure in the year was £513,754. giving a net deficit of £161,635.

A few churches were not able to pay their full assessments in the year. These outstanding amounts are expected and the amounts due have been moved to debtors.

The cumulative situation has left the circuit with no reserves. If the churches in debt to the circuit are unable to pay the amounts in the three months following the end of year the Circuit will need a loan to continue operating.

Provisional arrangements for such loan facilities have been explored.

The Circuit Finance Group assisted the treasurer to **change the financial record keeping format and process** to facilitate regular management reports to the Circuit Finance Group (CFG), the Circuit Leadership team (CLT) and the Circuit Meeting.

In order to facilitate an easier understanding and monitoring of the Circuit's liquid assets, the value of the residential properties (manses and rental properties) managed directly by the Circuit have been **split from the General Fund into a separate designated fund**.

The restrictions of use were explored with CFB & TMCP of the two static funds "Circuit Development fund" and "Sale of Chapel and land fund". Both contained relatively small amounts around £5,500. As no restrictions were identified the circuit meeting agreed that the money from these funds should be **transferred to the General Funds** to assist in meeting property expenses.

A number of the **circuit manses** were found to need considerably more repair and refurbishment than had been expected. This is for various reasons, e.g. lack of Circuit Property Stewards and Manse Visitors for many years and therefore some neglect of the properties. This situation led to Circuit stewards taking on this role temporarily to enable ministers to move into manses in an acceptable state. The Circuit Meeting is most grateful for their work in this area.

The resultant spend on property refurbishment in by the end of the 19-20 year was £104,134. With a further estimated spend of up to £30,000 in the year 20-21.

**Grants and Loans:** The Circuit paid a grant to Wanstead church promised in 2016 And a grant was made to Debden in 2019 of £10,000.

**Assessments:** Leytonstone repaid all their outstanding assessment to the Circuit and their assessment for 19-20. Shern hall was unable to pay approximately half of its assessment, due to difficulties with hirers and the pandemic lockdown. However they have now established a repayment plan, planning to repay what is due by the end of Aug 21. Lighthouse have outstanding assessments from previous years as well as for 19-20 in total amounting to £63,504. They also have a loans outstanding to the circuit of £11,939, A statement is awaited from the church trustees on their financial status and a repayment plan.

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 5 Reserves policy and level

##### 5.1 Reserves Policy

The Forest Circuit needs to maintain approximately 6 months worth of annual expenditure in liquid reserves, currently £195,000, to facilitate a smooth running of the circuit. Such funds are needed to allow for any urgent work to its Manses and to prevent cash flow problems caused by late payment of church assessments. This is evidenced by the circuit's current situation, which has left the Circuit with no reserves.

##### 5.2 Explanation and reserves level.

At the start of year 19-20 the net current assets were £327,235. This dropped to £167,227 by the end of the year.

In 19-20 £104,134 was spent on manse refurbishment, but £116,117 was owed at the end of the year by churches to the Circuit, with no clear repayment date. This has resulted in cash flow difficulties and the need for possible short term loans in 20-21. Debtors are £134,463, leaving £47,182 working funds available.

The unrestricted funds include £6,506,880 of fixed assets: £6,505,000 in residential property, (5 Manses, 1 rented property, 2 properties soon to be sold) and £1,881 of depreciating equipment.

The 20-21 quarter 1 income due is £84,413 with general expenditure £94,331, leaving £37,264.

However approximately £30,000 more is committed on manses in 20-21 quarter 1, leaving £7,264.

Therefore after taking into account creditors & debtors as explained above the Circuit currently has very little liquid reserves. Discussions are ongoing with Churches for outstanding debt repayment dates.

The Circuit is fortunate in that it has manses to sell, but it is acknowledged that significantly more management and forward planning is needed in future to prevent a repeat of the current situation.

The Circuit has now committed to sell two vacant Manses, which will restore the liquid reserves to the required level, but it could take 6 months for funds to be received. So short term loan(s) are being requested if needed from the District and churches with reserves. It is also hoped that any connexional levy on the property sales, can be minimised to facilitate a Mission Review within the circuit.

##### 5.3 Restricted fund

The Circuit's Benevolent fund is the only restricted fund held at the end of the year.

#### 6 Related Parties

The Forest Methodist Circuit is part of the London District of the Methodist church and is also accountable to the Methodist Conference. The Churches in the Forest are listed in Note 2 of the accounts.

The Forest Circuit's main source of funding is the assessments obtained from each church within the Circuit. The assessments are used to defray the cost of administering the Circuit and to pay the contributions to the expenses of the London Methodist District and to the Methodist Church Fund i.e. the Methodist Connexion.

The approach to calculating each Church's contributions to the Circuit is also discussed in Note 2 of the accounts.

#### 7 Public Benefit Requirement

The trustees had due regard to the guidance published by the Charities Commission in compliance with its duties under section 4 of the Charities Act 2011.

This guidance sets out two key principles:

1. The organisation must have an identifiable benefit.
2. The benefit must be to the public or a section of the public.

The church exists to:

- increase awareness of God's presence and to celebrate God's love;
- help people to learn and grow as Christians, through mutual support and care; and
- be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 8 Circuit Trustee Responsibilities

##### 8.1 General Responsibilities include:

- formulation and promotion of policies which will advance the mission of the Forest Circuit of the Methodist Church in the local Churches in the circuit, in particular, to supervise the use of resources of personnel, property and finance and to assist Local Churches having exceptional problems,
- encouragement of ecumenical co-operation
- keeping within its purview all Church concerns not dealt with elsewhere
- constantly being aware of the public benefit guidance issued by the Charity Commission

##### 8.2 Financial Responsibilities include:

- ensuring that sufficient accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Forest Circuit of the Methodist Church and enables them to ensure that the financial statements comply with the law and Standing Orders of the Methodist Church.
- safeguarding the assets of the Circuit and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.
- ensuring financial statements are prepared for each financial year ending 31st August, that give a true and fair view of the Circuits financial activities during the year and of its financial position at the end of the year.

In preparing these financial statements, the Trustees must:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure accounts comply with the Charities SORP;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.
- be aware that the stipend of the Ministers stationed in the Circuit is set by the Methodist Conference – currently by reference to the change over a year in the Consumer Price Index and to the annual change in the Average Weekly Earnings Index – using a formula that was agreed by the Methodist Conference for all ministers within the Connexion

##### 8.3 The Forest Circuit Meeting

The Forest Circuit Meeting meets at least 2 times a year to deal with routine and exceptional matters. It seeks to think strategically about the work of the Circuit and carry out administrative matters for the Circuit. Its key functions have been:

- to encourage the Circuit to consider its Vision, and enable it to achieve its Goals
- to monitor the life and mission of the whole Circuit
- to identify and advocate strategic policy directions
- to oversee formal consents, authorisations and approvals
- to ensure essential appointments are made and compliances met

##### 8.4 The Circuit Leadership Team, have been authorised by the circuit meeting to act in an executive capacity in matters requiring action and decision between meetings of the Circuit Trustees / Circuit Meetings.

#### 9 Risk Management

The Circuit Meeting considers the various risks facing the circuit and the impact and the likelihood of issues occurring. Guidance is received from the London District of the Methodist Church and the Methodist connexion. The headings under which the risks are being categorised include:

- Safeguarding Risks
- Governance Risks including Trustees' Responsibilities
- Financial Risks
- Operational Risks including Resources, People and Property
- External Risks and Legal Risks

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### ***FOR THE YEAR ENDED 31 AUGUST 2020***

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<b>10 Trustees of the Circuit</b>	Date Retired as Trustee	Appointed since 1 September 2020
Revd Charles Illunga	31/08/20	
Rev Dr Ebute Obiabo	31/08/20	
Revd Hilary Cheng		
Revd Oseias da Silva		
Revd Sue Creighton		
Revd Anthony Guy Malcolm		
Revd Jongikaya Zihle		
Revd Armstrong Fummey		
Dallion Roye		
David Hobbs	31/08/20	
Lincoln Fearon		
Florestine Corbett		
Malcolm Bell		
Janet Tweedale		
Charity Mensah Agyei	01/07/20	
Christine Okpattah		
Gary Ian Marshall		
Sheila Elizabeth Wintersgill		
Stella Heskey		
Gill Geddes		
Martin Howarth		
Jane Gooding		
Sharon Heather		
Stephen Murray		
Patricia Bott		
Gordon Trevor Lumer		
Loyl Marcia Brandt		
Joseph Kusi		
Ciddra Skerritt	01/07/20	
Leslie Stowe		
Pat Evans		
Shahla Zare-Azirani		
Robert Amey		
Hannah Roberts		
Bernard Mansell		
Carole Merriman		
Jean Norton		
Hazel Mathews		
Pat Ovenden		
Kathleen pool		
Michael Higgins		
Maxine Ansah		
Andronica Mugenbe		

# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 11 Structure, governance and management

##### 11.1 Structure

The Forest Circuit is an unincorporated association and is governed by the Methodist Church Act 1976, the deed of Union and the Model Trust Deeds of the Methodist Church. It was registered with the charity Commissioners on 12th March 2010.

Circuits are the coordinating charities for local groups of churches; circuits pay the stipends of the ministers and circuit employed lay staff to serve the churches in the circuit; most decisions are made at or ratified by the circuit meetings. Some churches, who can afford it also employ their own lay workers, e.g. to assist with church management and administration. A District is the coordinating charity for a group of contiguous circuits and makes its decisions at half yearly synods. The Methodist Conference meets once each year as the supreme denominational body for all Methodist Churches.

- 1 Overall regulatory authority rests with the Methodist Conference.
- 2 The Connexional office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) in individual Circuits within the District.
- 3 Connexional decisions are passed to the Chair of the Districts and the appropriate officers of the District for implementation.
- 4 The District passes control down to Circuit level for local implementation by the Superintendent Minister, Ministerial staff and Circuit Stewards, and authority is delegated to the Circuit Meeting for certain matters.
- 5 The Circuit Meeting passes regulatory control down to Church Councils for local implementation by the presbyter, the Church Stewards, and other officers, and this regulatory authority is then exercised by church councils as Managing Trustees of their charity.

##### 11.2 Purpose of the Circuit

The Circuit is an expression, over a lesser geographical area than a District, of the Connexional character of the Methodist Church. The purposes 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 the 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 being a subsidiary or ancillary of the Methodist Church.

The primary purpose of this Circuit is to advance the mission of the church in this are of London by:

- providing opportunities for Churches to work together and support each other
- offering to Churches, resource of finance, personnel and expertise.

The District serves the Local churches and Circuits and the Conference in the support, development and oversight of the various ministries of the church, and in programmes of training.

##### 11.3 Governance

The Circuit operates within a statutory framework of regulation and seeks to ensure that it follows Methodist Standing Orders. It relies on the London District, Connexional Office and the Charity Commission to provide guidance on changes that could affect the Circuit.

Detailed governance arrangements are outlined within the Constitutional Practice and Discipline of the Methodist Church by the order of the annual conference (CPD)

Day to day management of the Forest Circuit is undertaken by the Circuit Leadership team along with the Local Preachers meeting, and the Circuit Finance Group.

The Circuit Meeting consists of representatives of the local churches within the Circuit who are all annually appointed by Church Councils The Circuit Superintendent is *ex officio* chair of the Circuit Meeting.



# FOREST METHODIST CIRCUIT

## TRUSTEES' ANNUAL REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 12 Reference and Administration Details

- 12.1 **The full name of the Charity** is the Forest Methodist Circuit, "Forest Circuit".
- 12.2 The Forest Circuit is registered as a charity with the Charity Commission in England and Wales. The organisation's **Charity No is 1134384**.
- 12.3 The address of the Forest Circuit for correspondence is **1 Chester Road, Wanstead, London E11 2JU**. The name of the person to whom correspondence should be addressed is **Revd Anthony Guy Malcolm, the Circuit Superintendent**.
- 12.4 The trustees that served during the year are listed in section 10
- 12.5 **The Circuit's Bankers** are: HSBC and Charity Aid Foundation "CAF" Bank and the Central Finance Board of the Methodist church "CFB".
- 12.6 **Investments managed** by the District are held by Trustees for Methodist Church Purposes "TMCP".
- 12.7 **Disclosure of information to auditors**  
In so far as the trustees are aware:  
- there is no relevant audit information of which the charity's auditors are unaware; and  
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.
- 12.8 **Auditors**  
A recommendation was put to the Circuit Meeting in the **Autumn of 2020** that they re appointed Clay Ratnage Strevens & Hills. They have been auditors to the Circuit for 12 years.

#### Approval

29/6/2021

The report was approved by the trustees on ..... and signed on their behalf by:

*Revd Tony Malcolm*

.....  
**Revd Anthony Guy Malcolm**  
**Circuit Superintendent & Chair of Trustees**

**FOREST METHODIST CIRCUIT****STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	General Fund (Unrestricted)	Reserves Funds (Designated)	Designated Funds (Unrestricted) Incl Manse Valuation	Circuit Dev't Fund & Sale of Chapel Fund (Restricted)	Circuit Benevolent fund (Restricted)	Total 2019-20	Total 2018-19
		£	£	£	£	£	£	£
<b>Incoming Resources</b>								
1	Donations & Legacies	3	-	-	-	-	-	1,742
2	Interest and Investment Income	4	124	277	-	39	440	2,128
3	Manse Rent Received	5	14,274	-	-	-	14,274	15,300
4	Assessment on Circuits	2	337,405	-	-	-	337,405	359,125
6	Capital Receipts		-	-	-	-	-	-
7	Grants received (E.g. from DAF)		-	-	-	-	-	-
8	Other income (Insurance Claim)		-	-	-	-	-	-
<b>9</b>	<b>Total Incoming Resources</b>		<b>351,803</b>	<b>277</b>		<b>39</b>	<b>352,119</b>	<b>378,295</b>
<b>Resources Expended</b>								
11	Grants and Donations	6	700	18,429	-	-	19,129	10,600
12	Salaries and associated costs	7	224,392	-	-	-	224,392	209,331
13	Property (incl Ins., C tax, utilities etc)	8	41,678	104,134	-	-	145,812	42,937
14	Connexional Assessment & MTF Levy		68,164	-	-	-	68,164	71,263
15	District Assessment & Levy		14,720	7,475	-	-	22,195	28,076
16	Depreciation		627	-	-	-	627	836
17	Office Expenses incl Investment Managment costs(Admin., tel. travel etc.)	9	17,592	399	-	5	17,996	21,668
18	Other Expenditure (incl admin fees)	10	11,407	-	-	-	11,407	9,589
19	Accountancy & Audit	11	4,032	-	-	-	4,032	4,032
20	Capital Expended		-	-	-	-	-	-
<b>21</b>	<b>Total Resources Expended</b>		<b>383,312</b>	<b>130,437</b>		<b>5</b>	<b>513,754</b>	<b>398,332</b>
<b>22</b>	<b>Net Incoming/(Outgoing) Resources</b>		<b>(31,509)</b>	<b>(130,160)</b>		<b>34</b>	<b>(161,635)</b>	<b>(20,037)</b>
23	Transfers between funds		(6,331,128)	(7,866)	6,344,167	(5,173)	-	-
<b>24</b>	<b>Sub Total</b>		<b>(6,362,637)</b>	<b>(138,026)</b>	<b>6,344,167</b>	<b>(5,139)</b>	<b>(161,635)</b>	<b>(20,037)</b>
25	Gains/(losses) on disposal of Manse		-	-	-	-	-	-
26	Gains/(losses) on revaln fixed assets	12	-	-	160,833	-	160,833	-
27	Gains/(losses): on investment assets		-	-	-	-	-	-
<b>28</b>	<b>Net investment in funds</b>		<b>(6,362,637)</b>	<b>(138,026)</b>	<b>6,505,000</b>	<b>(5,139)</b>	<b>(802)</b>	<b>(20,037)</b>
29	Total funds brought forward from last year		6,467,485	199,494	-	5,139	6,673,910	6,693,947
<b>30</b>	<b>Total funds carried forward at end of year</b>		<b>104,848</b>	<b>61,468</b>	<b>6,505,000</b>	<b>-</b>	<b>6,673,108</b>	<b>6,673,910</b>

**For information only: Money received and passed on to External Organisations**

Balance brought forward from last year  
Offerings/Gifts - received for External Organisations  
Offerings/Gifts - passed to External Organisations  
Balance still to be paid

-	-
-	-
-	-
-	-

The notes on the following pages form part of these accounts.

# FOREST METHODIST CIRCUIT

## BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	General Fund (Unrestricted) £	Reserves Funds (Designated)	Designated Funds - Manse Valuation (Designated) £	Circuit Dev't Fund + Sale of Chapel Fund (Restricted) £	Circuit Benevolent fund (Restricted) £	Total 2020 £	Total 2019 £
<b>Tangible Fixed Assets</b>								
Manse and other property	13	1,881		6,505,000	-	-	6,506,881	6,346,675
Investment properties		-	-	-	-	-	-	-
Investments with TMCP		-	-	-	-	-	-	-
<b>Total fixed assets</b>		<b>1,881</b>	<b>-</b>	<b>6,505,000</b>	<b>-</b>	<b>-</b>	<b>6,506,881</b>	<b>6,346,675</b>
<b>Current Assets</b>								
Debtors and Prepayments	14	134,463	-	-	-	-	134,463	134,585
Trustees for Methodist Church Purposes - Interest Accounts	15	-	61,468	-	-	-	61,468	199,494
Central Finance Board Deposits	16	19,409	-	-	-	-	19,409	36,772
Cash at Bank and in hand	16	40,955	-	-	-	1,792	42,747	19,332
<b>Total current assets</b>		<b>194,827</b>	<b>61,468</b>	<b>-</b>	<b>-</b>	<b>1,792</b>	<b>258,087</b>	<b>390,183</b>
<b>Current Liabilities</b>								
Creditors (due in under 1 year)	17	91,860	-	-	-	-	91,860	62,948
		-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>91,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,860</b>	<b>62,948</b>
<b>Net current (liabilities)/assets</b>		<b>102,967</b>	<b>61,468</b>	<b>-</b>	<b>-</b>	<b>1,792</b>	<b>166,227</b>	<b>327,235</b>
<b>Total assets less current liabilities</b>		<b>104,848</b>	<b>61,468</b>	<b>6,505,000</b>	<b>-</b>	<b>1,792</b>	<b>6,673,108</b>	<b>6,673,910</b>
<b>Long term liabilities</b>								
liabilities due after 1 year		-	-	-	-	-	-	-
<b>Net assets</b>		<b>104,848</b>	<b>61,468</b>	<b>6,505,000</b>	<b>-</b>	<b>1,792</b>	<b>6,673,108</b>	<b>6,673,910</b>
<b>Funds of the District</b> 21								
General Fund (Unrestricted)		104,848					104,848	123,318
Reserves & Projects (Designated)			61,468				61,468	199,494
Manse Fund (Designated)				6,505,000			6,505,000	6,344,167
<b>Total Unrestricted funds</b>							6,671,316	6,666,979
Circ Dev't & Sale of Chapel & Land					-	-	-	5,139
Benevolent Fund (Restricted)					-	1,792	1,792	1,792
<b>Total Funds</b>		<b>104,848</b>	<b>61,468</b>	<b>6,505,000</b>	<b>-</b>	<b>1,792</b>	<b>6,673,108</b>	<b>6,673,910</b>

The Notes on pages 14 to 37 form part of these accounts.

*Rev Tony Malcolm*

.....  
Revd Anthony Guy Malcolm  
Circuit Superintendent and Chair of Trustees

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting framework and accounting policies

##### i Accounting framework

The financial statements have been prepared under the Charities Act 2011 in accordance with the 2014 version of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective from 1 January 2015) – (the Charities SORP (FRS 102) as amended by Update Bulletin 1) – in replacement for the SORP's 2005 version specified in its related 2008 Regulations and in accordance with the “true and fair override” provision contained therein.

##### ii Public benefit entity

The circuit meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s) below.

##### iii Basis

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) below.

These accounts have been prepared on the basis of historical cost except that investments and land and buildings are shown at their market value at the end of the year, and grants committed, but not paid are provided on the accruals basis to show a true and fair view of the District's financial position and activities.

##### iv Content

The financial information presented is relevant, reliable, comparable and complete. Where estimates are used these are based on experience, research and judgement. The accounts are expressed in £Sterling, rounded to the nearest pound.

##### v Going concern

Based on the monetary assets and human resources available at 31 August 2020, the trustees believe that the Circuit is a going concern.

##### vi Consolidation

The District oversees the work of ministers and lay workers in Churches within the Circuit, but does not have control over those Churches, ministers or lay workers except in accordance with standing orders of the Methodist church 1932 Act, none of which were applicable. For this reason, the financial statements of the Churches within the Circuit are not consolidated into these financial statements.

##### vii Income recognition

Income is brought into account when it is more likely than not that the economic benefit of the income will accrue to the Circuit. No attempt is made to measure the value of services donated by volunteers.

In accordance with the Charities SORP (FRS 102), the time of volunteers is not recognised.

##### viii Expenditure

This is recognised when a liability is incurred, or a constructive obligation arises, that results in the payment being unavoidable. Liabilities are recognised as soon as an outflow of economic benefit is considered more likely than not under the legal or constructive obligation committing the District to pay out resources.

##### ix Grants

Grants are recognised annually only as and when any performance conditions attaching to the award are met, even when the awards is for a recurrent grant over more than one year. All grants awarded for payment in future financial years are conditional on the Grants committee being satisfied, on the basis of progress reports from the grantee, that the grants achievements to date justify the payment of further instalments of that grant. such commitments are noted as contingent liabilities and included within the circuit Advance Fund or other relevant designated fund in these accounts.

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

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**x VAT**

Since the District is not VAT registered, all input VAT is charged with the expenses to which it refers.

**xi Tangible fixed assets**

These are capitalised if they can be used for more than one year, and individually cost at least **£500**. The freehold properties are shown in the accounts at market valuation at the end of the financial year. The building value has been depreciated over a period of 50 years.

**xii Investment Policy**

The investment of surplus funds is operated through the Central Finance Board (CFB) of the Methodist Church. CFB aims to provide a high quality investment service seeking above average returns for long term investors, whilst ensuring that the securities held by all its funds are in line with the ethical policy of the Methodist Church. The Circuit has its funds in a deposit account with CFB and in Trust funds managed by Trustees for Methodist Church Purposes (TMCP). TMCP funds are also invested with CFB.

**xiii Debtors and creditors; bank and cash**

Debtors are stated at the amounts owed to the Circuit or prepaid. Creditors are initially recognised at settlement amount after any trade discounts, where normal credit terms apply, or amount advanced to the Circuit. Subsequently creditors that are current liabilities are measured at the cash or other consideration expected to be paid. The liquid funds of bank balances and deposit account balances are shown at the realisable values.

**xiv Loans**

Where concessionary loans (*i.e.*, free of interest) are made to (or received by) the District to further its charitable purposes, and are repayable after more than one year, they are initially recognised at the amount paid [or received], with the carrying value adjusted in subsequent years to reflect repayments and any accrued interest, adjusted for any impairment, if necessary.

Where there is objective evidence of impairment, an immediate impairment loss is recognised in the Statement of Financial Activities. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

**xv Ministers' manse costs**

The Circuit is required to provide accommodation for each Minister and his / her family. The Circuit bears the cost of repairs, maintenance, building insurance, Council Tax and water charges. These costs are not shown separately as benefits-in-kind for Ministers as HMRC does not seek to tax these receipts in the hands of the Ministers.

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 2 Assessment from Churches

Forest Circuit assessments due from Churches to the Circuit for the year 2019-20 were as follows. However the annual meeting of Church Treasurers in November 2018 requested a subgroup to review the method of apportionment of the assessments across churches in the circuit and make recommendations for changes.

<u>Church Name</u>	<u>2019-20</u>	<u>2018-19</u>
Cann Hall	11,255	11,034
South Chingford	17,288	16,949
North Chingford	18,504	18,142
Shern Hall	52,114	61,637
Loughton	70,199	68,823
Woodford	18,224	17,865
Winchester Road	33,072	32,424
Leytonstone	36,189	43,497
Leyton Trinity	34,918	34,233
Loughton Trinity (Debden) *	(5,000)	5,000
Wanstead	15,590	15,156
Lighthouse	35,052	34,365
* less Debden Assessment 18-19 written off	<u>337,405</u>	<u>359,125</u>

The Circuit Finance Group took on the task of considering the apportionment of the assessments. They initially considered the available criteria and recommended that for 20-21 the membership and attendance figures should continue to be used. However, from further studying the last 3 years figures, a better understanding emerged of the difficulties. In 17-18 a calculated assessment had been proposed, but this presumably had not been possible for a number of churches to meet, (i.e. Leytonstone, Shern Hall). An alternative approach was agreed whereby other churches, due a decrease, agreed to pay the same assessment as in 16-17. This then reduced the particularly large increase needed from Shern Hall and Leytonstone.

In 18-19 and 19-20 the deviation from the calculation was perpetuated. The calculation was not used. Generally churches received a 2% increase, except Leytonstone and Shern Hall which received significant reductions.

In considering the 20-21 budget and assessments, the Circuit Finance Group therefore considered three further options.

- Using revised church capita figures a number of small increases and decreases were reflected across the circuit, but significant increases would be due from Shern Hall and Leytonstone, which currently they would find very difficult to meet.
- A proposed blanket 2.7 % increase across all churches for another year to give time for further considerations to be included, e.g. the revised costs of 5 ministers in the Circuit instead of 6. This should also allow churches to prepare for potential increases in future.
- Proposes an initial move towards the calculation. Suggesting a maximum of 10% increase & decrease.

The three options above were carefully considered at the Circuit Treasurers' meeting. Whilst Option 3 was considered as a possible way forward, the Circuit is still in a state of flux. The true impact of reduced costs and improved information will not be available until 21-22. With that information the Finance Group should be in a better position to devise a practical calculation to move towards and give churches more time to consider the implications.

The option accepted by the Circuit Meeting was that Option 2 is used for 20-21.

#### 3 Donations Received

	<u>2019-20</u>	<u>2018-19</u>
Pastoral & Benevolent Fund	-	650
General Fund	-	1092
<b>Total Donations &amp; legacies</b>	<u>-</u>	<u>1,742</u>

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 4 Interest & Investment Income

The Circuit currently holds no investments.

Funds are held on deposit at CFB, either directly or through a model Trust fund held at TMCP.

<u>Interest Received</u>	<u>Fund Type</u>	<u>Held at</u>	<u>2019-20</u>	<u>2018-19</u>
General Fund	U	CFB	124	149
Circuit Development Fund	R	CFB	17	17
Sale of Chapel and Land fund	R	TMCP	22	22
Forest Model Trust Fund	U	TMCP	277	1,940
<b>Total Interest &amp; Investment Income</b>			<b>440</b>	<b>2,128</b>

#### 5 Income from investment Properties - Manse Rent Received

<u>Manse Rental</u>	<u>Gross</u>	<u>Agents Fees</u>	<u>2019-20</u>	<u>2018-19</u>
Hartley Road	16,164	-1,890	14,274	15,300
<b>Total Interest &amp; Investment Income</b>			<b>14,274</b>	<b>15,300</b>

The circuit had expected to have two residential properties, no longer required to be used as manses, available for rent.

The Hollywood Way property had been assigned for rental, but changing circumstances meant it needed to be used as a temporary manse for the superintendent until his appointed manse became free and could be renovated. The superintendent was able to move to his new manse in August 2020. Since then required checks and works have been carried out at the property and the property has been rented out from September 2020.

The Hartley Road property rental came to an end in June 2020 and the tenants moved out. The Circuit Meeting agreed that the property should be sold and the sale is expected to complete in the first half of the 20-21 connexional year.

#### 6 Grants, donations and related Support costs

Grants and donations were made in the year as shown below:

	<u>2019-20</u>	<u>2018-19</u>
<u>Grants from Circuit Model Trust Fund</u>		
Shern Hall - Corridor & security project	-	10,000
Wanstead - Welcome Area Project	8,429	-
Debden Trinity	10,000	
- Paid to date	2,938	
- Remaining creditor	7,062	
<b>Total Grants from Model Trust fund Reserves</b>	<b>18,429</b>	<b>10,000</b>
Benevolent Fund Grants	-	-
General donations	700	600
<b>Total</b>	<b>19,129</b>	<b>10,600</b>

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

7	<b>Salaries and associated costs</b>	<b><u>2019-20</u></b>	<b><u>2018-19</u></b>
	Gross Stipends Paid - 7 ministers + 1 part time supernumerary *	156,162	145,843
	Employer's National Insurance contribution	13,925	12,639
	Employer's pension contribution to defined contribution scheme	40,111	35,757
	Stipend administration charge and apprenticeship Levy	700	1,465
	Circuit Administrator's Gross Pay - Part time	12,842	13,627
	Employer's National Insurance contribution re Administrator	574	
	Payroll administration charge and apprenticeship Levy	78	
	<b>Total cost</b>	<b><u>224,392</u></b>	<b><u>209,331</u></b>

\* Rev Norman Grigg was paid a part time stipend while he covered for the long term sickness of one minister.

The Superintendent Minister and Ministers Stationed in the Circuit are paid a stipend, pension and expenses by the Circuit. This Stipend is that agreed annually by the Conference of the Methodist Church.

No employees received employee benefits that totalled more than £60,000. There is no accrual for holiday pay as it is immaterial; the holiday year ends on 31 August. All staff are paid at or above the living wage.

No accrual is made for ministers sabbaticals as their functions are undertaken by other ministers and delegated lay persons in the Churches and Circuit at minimal extra cost to the Circuit.

It should be noted that the Ministers stationed in the Circuit are required to occupy the Circuit manses. The council tax and water charges for the manses occupied by ministers are paid by the Circuit. HMRC does not regard this as a taxable benefit to the minister.

#### Payment to Trustees

The Methodist Ministers stationed in the Forest Circuit are included as trustees of the Circuit.

The Circuit Treasurer was paid £1,000 in the year 19-20 (18-19 £1,000).

It is Circuit Policy to offer to reimburse local preachers and others involved in the administration of Circuit affairs for expenditure properly incurred in carrying out their duties.

#### Pensions

Most ordained presbyters and deacons are members of the Methodist Ministers' Pension Scheme (MMPS). This is a defined benefit scheme. The Supreme Court held in 2014 that Methodist ministers (which term includes presbyters and deacons) are not employees of the Church. For simplicity, however, when dealing with National Insurance Contributions and pension contributions, the terms 'employer' and 'employee' are used as they would be in an employing body.

The Connexion accounts for the MMPS schemes and shows the figures in the annual Methodist Church in Great Britain accounts. The MMPS is in deficit but a plan for removal of the deficit has been proposed and is being implemented. Details of the deficits on this scheme can be found in the Annual Report and Accounts of The Methodist Church at [www.methodist.org.uk](http://www.methodist.org.uk).

8	<b>Property costs</b>	<b><u>2019-20</u></b>	<b><u>2018-19</u></b>
	<u>Manse Costs</u>	£	£
	Repairs, Maintenance and Renewals	7,615	15,502
	Insurance and Utilities	9,077	9,095
	Council tax	15,916	15,319
	Professional Fees and Survey costs	1,150	3,021
		<u>33,758</u>	
	Circuit Property Valuation Survey *	7,920	-
	<b>Total</b>	<b><u>41,678</u></b>	<b><u>42,937</u></b>
	Manse Renovation costs	104,134	-
		<b><u>145,812</u></b>	<b><u>42,937</u></b>

\* In preparation for a Mission Review of the whole circuit, the CLT agreed to a professional valuation being done of all property in the management of the churches and the circuit. To be paid for using the reserve funds.





# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 12 Manse Valuations

All Manses were professionally revalued at the end of August 2020. The report showed an increase of £160,833.

#### 13 Tangible Fixed assets

	Land	Buildings	Total Land & Buildings	Equipment & Software	Furniture	Total Equipment & Furniture	Total Assets
Cost or Valuation	£	£	£	£	£		£
<i>Balance at 31st Aug 2019</i>			6,344,167	11,247	-	11,247	6,355,414
Additions in the year			-	-		-	-
revaluations in the year			160,833	-			160,833
less: disposals in year			-	-		-	-
Transfers between categories			-				-
<i>Balance at 31st Aug 2020</i>	-	-	6,505,000	11,247	-	11,247	6,516,247
<b>Accumulated depreciation</b>							
	Land	Buildings	Total Land & Buildings	Equipment & Software	Furniture	Total Equipment & Furniture	Total
Changes	Not Depreciated	£	£	£	£		£
<i>Balance at 31st Aug 2019</i>			-	8,739		8,739	8,739
Depreciation charge for the year			-	627		627	627
revaluations in the year			-				
less: disposals in year			-				-
<i>Balance at 31st Aug 2020</i>	-	-	-	9,366	-	9,366	9,366

NB: Years over which value is depreciated

50

3

3

#### Net Value

	Land	Buildings	Total Land & Buildings	Equipment	Furniture	Total Equipment & Furniture	Total
		£	£	£	£		£
<i>Balance at 31st Aug 2019</i>	-	-	6,344,167	2,508	-	2,508	6,346,675
<i>Balance at 31st Aug 2020</i>	-	-	6,505,000	1,881	-	1,881	6,506,881

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 14 Debtors and prepayments

Not all sums shown as debtors at 31 Aug 2019 were received during the 19-20 year. A few churches had outstanding Assessments which have increased during 19-20.

			<u>2019-20</u>	<u>2018-19</u>
			£	£
<b>Amount outstanding from churches at Year End</b>				
Leytonstone	Assessments	Repaid	-	58,042
Lighthouse	Assessments		63,504	37,042
Lighthouse	Loans		11,938	10,000
Shern Hall	Assessments	Repayment Plan	29,613	3,563
Shern Hall	Boiler Loan	Repayment Plan	13,000	-
Trinity Debden	Write off outstanding assessment		-	5,000
Total			<u>118,055</u>	<u>113,647</u>
<b>Prepayments and accrued income</b>				
Professional Fees			-	1,007
Council tax & Utilities			1,708	1,807
Stipend			14,700	17,124
Other sundry debtors			-	1,000
Total			<u>16,408</u>	<u>20,938</u>
<b>Total (net)</b>			<u>134,463</u>	<u>134,585</u>

#### 15 Trustees for Methodist Church Purposes

TMCP is the legal owner and Custodian Trustee of all Methodist Model Trust property and assets, including Legacies, Endowments and Accumulated Funds. Trust property is held for and on behalf of local Managing Trustees who are responsible for the day to day management of trust property. TMCP provide provide guidance and require the circuits to act under TMCP direction. Thereby Managing Trustees will comply with charity law and Methodist law and policy as determined by the Methodist Conference.

In the year 19-20, enquiries were made into the restrictions on the static Trust "Sale of Chapel and Land Fund". TMCP advised that the trust is a standard model trust funds and therefore could be used for any methodist purpose agreed by the Circuit Meeting. The Circuit Meeting agreed that the trust should be closed and the money transferred to the General Fund to assist in covering unbudgetted expenses in the year.

#### 16 Central Finance Board (CFB) and cash at bank

The Circuit has had a current account at HSBC plc for many years. In 19-20 the Circuit agreed to open an account with CAF Bank (Charities Aid Foundation), but this has not been operational until October 2020. The account with CAF bank will facilitate online banking with dual authorisation. HSBC and CAF are authorised institutions. The sums held on the accounts are immediately available.

In addition, the Circuit had two deposit accounts at CFB. Interest earned on these CFB accounts is credited monthly; the sums deposited can be withdrawn without notice and without loss of interest.

In the year 19-20, enquiries were made into the restrictions on the static account "Circuit Development Account". CFB explained that all CFB deposit accounts are unrestricted. The Circuit Treasurer could find no information in the Circuit documentation on any restrictions or designation. The Circuit Meeting agreed that the account should be closed and the money transferred to the General Fund to assist in covering unbudgetted expenses in the year.

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 17 Creditors and accrued expenses

	<u>2019-20</u>	<u>2018-19</u>
	£	£
<b>Creditors:</b>		
18-19 Expenses reimbursement	-	2,751
Other Creditors unpaid as at EOY 18-19	2,101	2,101
Audit & accountancy Fees	4,032	4,032
19-20 Expenses reimbursement	878	
19-20 Property related accruals	14,900	
Property Valuation report	7,920	-
Remaining Grant to Debden Trinity	7,062	-
Connexional Funds unpaid	10,356	5,149
Total creditors	<u>47,249</u>	<u>14,033</u>
<b>Pre receipts</b>		
Assessments	44,611	48,051
Rent in Advance	-	864
Total accruals	<u>44,611</u>	<u>48,915</u>
<b>Total of creditors and accrued expenses</b>	<u><u>91,860</u></u>	<u><u>62,948</u></u>

It is expected that all sums accrued at 31 Aug 2020 would be paid during the year to 31 Aug 2021.

#### 18 Capital commitments and contingent liabilities

18.1 Capital commitments at end of year amounted to:	<u>2019-20</u>	<u>2018-19</u>
	-	-
	<u>-</u>	<u>-</u>

#### 19 Volunteer contributions

Every entity (Connexion, District, Circuit, Church) within the Methodist Church in GB is heavily reliant on volunteers who contribute their skills, time and money in the furtherance of the work of the Church. For the Forest Circuit directly this contribution is generally by serving on committees of the Circuit that deal with mission, manses, finance, policy, grants, training, development and governance, but there are many others who assist with the preparation and running of Circuit events. We are grateful to all of them for their help and commitment.

#### 20 Lease commitments

The Circuit had the following lease commitments at the end of August:

Leased facility		Review Period	Payment Period	Annual Payment	Total Commitment
Printer / copier	5 year contract	21/08/2022	quarterly	1,762	3,523
Mobile phones	2 year contract	01/05/2022	monthly	734	1,223

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 21 Circuit funds (Unrestricted, Restricted and Endowment)

The Forest Circuit of the Methodist Church maintains a number of separate funds. The purpose, type, movement and state as at the end of year is documented below:

The funds held constitute: Unrestricted (U) General Funds held for any purpose, Designated (D) funds allocated for a specific purpose, Restricted (R) funds which are held for a narrower purpose. The Forest circuit does not hold any Endowment funds.

##### 21.1 Fund Purpose & Type

The value of property owned by the Circuit, e.g. Manses and rental property, has been moved from the General fund to a separate Manse Value Fund in order to simplify and clarify the reporting and monitoring of the Circuit's more liquid assets.

	Fund Name	Type	Purpose of the Fund
21.1.1	<b>Unrestricted Funds (U)</b>		
	General Fund	U	For use at the discretion of the trustees in the furtherance of the objectives of the Circuit. This excludes funds which have been designated for a specific purpose. (see designated funds below)
21.1.2	<b>Designated Funds (D)</b>		For specific purposes but not restricted by document or deed to that purpose alone. The trustees may agreed from time to time to transfer funds from a designated fund.
	Manse Valuation Fund	D2	The freehold properties owned by the circuit used as manses for the ministers stationed in the circuit. And the properties rented out.
	Circuit Model Trust Reserves	D1	To support the funding of projects in the Circuit
	Manse Refurbishment Fund	D3	A temporary project fund, to assist in the management and reporting of refurbishment work on Circuit property. i.e. Manses and rental property.
21.1.3	<b>Restricted Funds (R )</b>		
	Forest Circuit Benevolent Fund	R1	To help meet the exceptional needs of presbyters, deacons and lay employees in the Circuit, when these cannot be met by the church alone. Providing a resource from which confidential payments can be made at the discretion of the Superintendent & nominated Trustees.
	Circuit Development fund (held at CFB)	*	A small fund to be used primarily on funding an additional member of staff when the case arises. - No documentation could be found on the restrictions relating to this fund. Only unrestricted funds may be held at CFB. The Circuit Meeting Trustees agreed that this fund could be reallocated to manse maintenance.
	Sale of Chapel and Land Fund (held at TMCP)	*	A Circuit Model Trust fund unused since 1997. TMCP were consulted about any specific restrictions relating to this fund. There were non. The Circuit Meeting Trustees agreed that this fund could be reallocated to the manse refurbishment fund.
* The two static funds "Circuit Development fund" and "Sale of Chapel and land fund" were previously reported as restricted in the years to August 2019. However, when the restrictions of use were explored with CFB & TMCP in the year, no restrictions were identified. Both funds contained relatively small amounts around £5,500. Therefore the circuit meeting agreed that the money held in each fund should be transferred to the unrestricted General Fund to assist in meeting property expenses.			

# FOREST METHODIST CIRCUIT

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 21.2 Fund Balances and Movements

Fund Name		Opening Balance	Incoming Resources	Resources Expended	Gains on revaluation	Transfer	Closing Balance
		£	£	£	£		£
<b>21.2.1 Unrestricted Funds</b>							
General Fund (excluding manse fund)	U	6,467,485	351,803	(383,312)		(6,331,128)	104,848
<b>Designated Funds</b>							-
Manse Value Fund	D2	-			160,833	6,344,167	6,505,000
Circuit Model Trust Reserves	D1	199,494	277	(26,303)		(126,039)	47,429
Manse Refurbishment Fund	D3	-		(104,134)		118,173	14,039
		199,494	277	(130,437)	-	(7,866)	61,468
<b>Total Designated</b>		199,494	277	(130,437)	160,833	6,336,301	6,566,468
<b>Total Unrestricted &amp; Designated</b>		6,666,979	352,080	(513,749)	160,833	5,173	6,671,316
<b>21.2.2 Restricted Funds</b>							-
Circuit Development Fund	*	2,560	17	-		(2,577)	(0)
Sale of chapel & land fund	*	2,579	22	(5)		(2,596)	(0)
Forest Circuit Pastoral & Benevolent Fund	R1	1,792	-	-			1,792
<b>Total Restricted Funds</b>		6,931	39	(5)	-	(5,173)	1,792

<b>Total Funds</b>	<b>6,673,910</b>	<b>352,119</b>	<b>(513,755)</b>	<b>160,833</b>	<b>-</b>	<b>6,673,108</b>
	0	0	0	0	0	0

## 22 Connected organisations and related parties

Connected organisations include the Methodist Connexion, the District and Churches within the Circuit, CFB and TMCP. Except as reported in Note 3. All of these entities have their own trustees or directors and autonomous administration such that the Forest Circuit has no significant influence over any of them, nor they over the Forest Circuit. They are, therefore, not considered related parties.

Name of Connected Organisations	Receipts	Payments	Adjustments
	£	£	£
Donor: Churches within the Forest Circuit - assessments	337,405		
Donor / Donee: Churches within the Forest Circuit (grants). - Wanstead, Trinity Debden.		18,429	
Donor / Donee: the London District (levies / grants)		(22,195)	
Donee: Methodist Church Fund via the London District.		(68,164)	
<b>Total</b>	<b>337,405</b>	<b>(71,930)</b>	<b>-</b>

# FOREST METHODIST CIRCUIT

**FOR THE YEAR ENDED 31 AUGUST 2020**

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## DECLARATIONS

### Treasurer

I confirm that I have prepared the accounts from the records of the Circuit and that they include all funds under the control of the Circuit Meeting.

Signature of Treasurer  Date

Name

Address

### Presentation to the District Council for approval.

I confirm that the Accounts have been presented to the Circuit Meeting on   
and were approved.

Signature of the Chair of the meeting

Name of the Chair of the meeting

Date

# FOREST METHODIST CIRCUIT

## INDEPENDENT AUDITORS' REPORT

*FOR THE YEAR ENDED 31 AUGUST 2020*

### TO THE TRUSTEES OF THE FOREST METHODIST CIRCUIT

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We have audited the financial statements of the Forest Methodist Circuit (the 'charity') for the year ended 31 August 2020 which comprise Statement of Financial Activities, the Balance Sheet and 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).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's managing trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Opinion on accounts**

In our opinion the accounts:

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

#### **Basis of Opinion**

We conducted our audit in accordance with International Standards on auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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.

#### **Other information**

The trustees are responsible for other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditors'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 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.



# FOREST METHODIST CIRCUIT

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE TRUSTEES OF THE FOREST METHODIST CIRCUIT

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the accounts;
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Responsibilities of auditors for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Our objectives are to obtain reasonable assurance 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) 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: [www.frc.org.uk/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities). This description forms part of our auditor's report.

*Clay Ratnage Strevens & Hills*

#### Clay Ratnage Strevens & Hills

Suite D, The Business Centre, Farringdon Avenue, Romford, Essex RM3 8EN

Chartered Accountants

& Statutory Auditor

29/6/2021

Date .....

Clay Ratnage Strevens & Hills is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.