

2021

**The Methodist Church – Tower Hamlets Circuit
(London District – Circuit No 35/09)**

Charity Registration Number 1134888

Accounts for the year ended 31 August 2021

THE METHODIST CHURCH IN TOWER HAMLETS

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THE METHODIST CHURCH IN TOWER HAMLETS

Reference and Administrative Details

Names and addresses

The address of the registered office for the Tower Hamlets Circuit for the purposes of the Methodist Church Act 1976 and any other legislation is:

The Methodist Church in Tower Hamlets
Bow Road Methodist Church
1 Merchant Street
London E3 4LY
Tel: 020 8880 7301
Web: www.mcth.org.uk

Circuit Office:

Circuit Office
1 Merchant Street
London E3 4LY
Tel: 020 8880 7301

Custodian Trustees:

Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester M1 1JQ

Circuit Leadership Team:

Rev. Jenny Impey
Deacon Terry Street
Mrs Harriet Graham-Mensah
Ms Verna Coke
Mr Jones Ankrah

Investment Managers:

Central Finance Board of the Methodist Church
9 Bonhill Street
London EC2A 4PE

Trustees for the Methodist Connexional Funds (registered)
9 Bonhill Street
London EC2A 4PE

Bankers:

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4JQ

Independent Auditor:

Citroen Wells
Chartered Accountants & Statutory Auditors
Devonshire House
1 Devonshire Street
London W1W 5DR

Solicitors:

Lovell Son and Pitfield
9 Gray's Inn Square
Gray's Inn
London WC1R 5JT

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021

The Trustees present their report and the audited accounts of the charity for the year ended 31 August 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and accounts of the charity.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Circuit's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Governance

The governing body of the Methodist Church is the Conference, which meets annually. The authority under which the Conference acts is given by the Methodist Church Act 1976.

We are governed by the Methodist Churches Constitutional Practice and Discipline and all Charity Law of the United Kingdom.

The church is governed by the Methodist Church Act 1976, the Deed of Union and the Model Trusts of the Methodist Church. The purposes of the Methodist Church are and shall be deemed to have been since the date of union of advancement of: (a) the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church (b) any charitable purpose 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 or 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. In setting our objectives and planning our activities, the Circuit has given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing our objectives as set out above.

The Methodist Church in Tower Hamlets is part of the Methodist Church London District, and is a registered charity, number 1134888.

The Circuit is also registered for Gift Aid with H M Revenue & Customs under the reference XR16174.

Full Name of Charity: Methodist Church in Tower Hamlets

Registration Charity Number: 1134888

Date of Registration: 12 March 2010

Main Communication Address: Methodist Church in Tower Hamlets

Bow Road Methodist Church
1 Merchant Street
London E3 4 LY

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

Trustees

The full list of Trustees who served during the year and up to date of signature of the accounts were as follows: Trustees who joined during 2020/21 are shown with an asterisk (*) and those who left during the year with (**), And those who left in 2021/22 are shown with (***). Trustees who have joined during 2021/22 are denoted with (#)

Mrs Glenda Adams	Dr Keith Aldred
Mr Joseph Amoah*	Mr Jones Ankrah
Mrs Lucia Banks***	Ms Debbie Brady***
Ms Shirley Bristow	Mr Andrew Brown***
Ms Verna Coke	Mrs Sheila de Winter
Ms Carol Dixon	Mrs Harriet Graham-Mensah
Ms Cheryl Gurnham	Mrs Ivy Harber
Rev John Hayes **	Mrs Dorrett Kirwan
Mrs Evelyn Louis	Miss Laverne John***
Rev Jenny Impey #	Mr John Singleton
Deacon Terry Street	Miss Jean Thomas
Ms Sarah Wilson***	Mrs Patience Yeboah
Revd Dr Jongikaya Zihle*	

Method to recruit new Trustees

There are a number of *ex officio* trustees – a London District Chair, Presbyters, Deacons, Circuit Stewards, the secretary of the Local Preachers' Meeting together with the Treasurer and one Church Steward from each of the churches in the Circuit. These trustees will change when the post holders change. Additional members from each church are appointed by the relevant Church Council or General Church Meeting. A Secretary of the Circuit Meeting, who is a Lay Person, is appointed by the meeting.

Objective and purpose

The calling of the Methodist Church in Tower Hamlets is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. This is expressed through Worship, Learning and Caring, Evangelism and Service. The Circuit is committed to use its resources in a clearly focussed and intentional way to ensure an effective response to the needs of our congregations and wider community.

Activities

The mission of the Circuit is to worship God as it celebrates its diversity according to the teachings of Jesus Christ. Inspired by Jesus we will offer hope and build communities of love, through prayer, pastoral care and social ministry.

Organisational structure

The Circuit includes responsibility for the Methodist Churches at Bow Road, Bethnal Green, Old Ford, Poplar, and Whitechapel. The churches at Bow Road, Bethnal Green and Old Ford formally recognised that they were unable to fulfil their responsibilities as Managing Trustees with respect to finance and property and all three congregations delegated these responsibilities to the Circuit meeting as set out under the Model Trust, section 16 (k) from 2014/15. Accordingly, these accounts include Bow Road, Bethnal Green and Old Ford Methodist Churches. Pastoral, worship and mission matters are discussed with at least two Church Meetings during the year.

Poplar Methodist Church has its own managing trustees but is excepted from registration as a charity by virtue of Statutory Instrument No 242 of 2014 and produces separate accounts. The Whitechapel Mission for the Homeless and Rootless of London is registered separately with the Charity Commission (227905).

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

Organisational structure (continued)

In addition to the above, the Circuit ran two social projects as Internal Organisations. The two social projects are:

- The Zacchaeus Project to support those who have long term illness, the elderly and infirm and those who care for them in Tower Hamlets. This project relied initially on a five year funding agreement (2012 – 2016) from the Big Lottery Fund. Funding over and above the amounts raised as payments for the various activities of the project is now provided by Circuit investments which originated from the sale of properties in previous and the current year. The various activities of the project took place at Bethnal Green Methodist Church until April 2021 when activities were relocated to Bow Road Methodist Church in anticipation of the redevelopment of Bethnal Green. In 2019, specific funding was granted for three years by the Big Lottery Fund for the extension of the Advice work that is done by the project. Ms Louise Walton was appointed to the position of Advice and Guidance coordinator in December 2019 and left on 18 June 2021, and the Circuit is in the process of recruiting another person to replace Louise. Catherine Preece was also appointed as Admin and Advice support worker on 7 December 2020 to assist the Zacchaeus project.
- "Band for Life", providing a music workshop once a week at Bow Road Methodist Church for people who have experienced mental illness or are socially isolated. Activities were funded by Circuit investments which originated from the sale of properties in previous and the current year. Numbers attending the project continue to grow.

The management of these projects is undertaken by a project manager for each project, who provides a regular report to the Trustees. Each project is supported by a Steering Group which meets regularly to guide strategic direction and advise on any operational issues.

Grants

In September 2018, the Trustees recognised that the Circuit is financially better endowed than many other organisations, and that it is limited in the support that it would like to offer the broader community due to the relatively modest size of its congregations. They therefore approved a recommendation that the Circuit make funding available to projects that met the following criteria:

- Churches or groups that are part of the Methodist Church in Britain
- Churches or groups associated with the World Methodist Council
- Charities supporting the homeless in London
- Charities providing critical services to the people of the London Borough of Tower Hamlets

In 2020/21 the Circuit made grants to Albert St School and UK Welcomes Refugees.

Circuit Ministers and officers

The Superintendent Minister and Chair of the Managing Trustees during 2020/21 was Revd John Hayes who had pastoral responsibilities for Bow Road and Poplar churches, while Deacon Terry Street had responsibility for Bethnal Green church, the Whitechapel Mission and for examining new methods of worship at the Old Ford church. Revd John Hayes left on 31 August 2021 and the Superintendency, office of Chair of Trustees and Pastoral Responsibility for Bow Road and Poplar Churches moved to Rev Jenny Impey who Joined the Circuit on 1 September 2021.

Future Pastoral Support within the Circuit

-The *Circuit Local Pastor*, Mrs Lucia Banks was appointed as *Lay Pastoral Worker* in March 2020 to support the work with the Bow Road and Poplar congregations. Lucia Banks left the post on 12 September 2021 to commence ordination training in the Methodist Church in Britain. Having tried unsuccessfully to recruit to this post, the Circuit is reviewing how pastoral support can be enhanced within the Circuit.

- A *Families' and Young Peoples' Worker*, Laverne John was appointed to the Circuit staff in December 2020.

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

Lay staff structure

The Circuit Executive Officer (CEO), Andrew Brown, continued to handle the administrative and business affairs of the Circuit and its constituent parts. He was assisted by other administrative staff - a Finance Manager and a part time administrator and a premises manager. The circuit was restructured towards the end of the year when the CEO announced his resignation and left his post on 30 September 2021. It was agreed that a new post of Facilities and Property Manager would be created, combining the Property Manager's responsibilities and some of the CEO's responsibilities. Godfried Addo joined the circuit team on 23 August 2021 as the Facilities and Property Manager. William Lubega was made redundant on 31 August 2021. The Circuit is continuing to review its structure.

There were four Local Preachers in the Circuit, and two Local Preachers "on trial

Property

Significant Future Projects

As indicated in previous reports, a project was initiated to consider a significant redevelopment of the Bethnal Green Church building. In May 2019, the Trustees approved the option of demolishing the existing church and community centre building and rebuilding to create a building which would better meet the needs of the congregation, the Zacchaeus project, other users and the local community. Project managers, architects and other professionals were retained, and an attractive design was developed. However, the Trustees felt that the resultant cost estimates were beyond the affordability of the Circuit and the project has therefore reverted to the refurbishment of the existing building fabric of the church and community centre. Alan Pipe and Partners were appointed as project architects. The project faced some delays and by the time it was ready to go to tender the economic climate had changed significantly leading to tenders being received in October 2021 which were way in excess of the estimates for the project and so the Circuit is currently reviewing its options for this building.

Achievements and performance

During 2020/21 the Methodist Church in Tower Hamlets continued its ministry and service to the people of the Borough though the provision of worship and service opportunities in four congregations, having taken the decision to cease public worship at Old Ford Methodist Church, the continued support of the homeless, elderly carers and people with mental health issues through the Whitechapel Mission, the Zacchaeus and Band for Life projects and provided grant funding to one project in the East London area and South Africa. The issues raised by the Covid 19 pandemic continued to present a challenge to the church community and the service users of the projects. With church buildings being closed, online and telephone worship continued, and a number of other ways of connecting remotely were initiated so as to ensure that members were able to establish and maintain relationships. After lockdown ceased, a few "pilot" worship services in our buildings were undertaken but these were stopped when London moved to Tier 2, only resuming in June 2021. The Zacchaeus and Band for Life project staff initially made regular contact with service users via telephone and when restrictions eased were able to undertake certain activities in person while observing the government restrictions. Since the end of March, Circuit and project staff have been providing practical support and assistance, and pastoral care, to members of the churches and projects and the wider community. The Whitechapel Mission stayed open throughout the pandemic, adapting its services to the new context.

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

Investments

The Circuit's proceeds from property sales relating to the East End Mission are classed as City Centre funds and as a result are held by the London District (Trust 20520). Grants from these funds are made to the Circuit (see note 5). The balance in this account on 31 August 2021 was £2,574,452.

The investment of surplus funds is operated via the Central Finance Board (CFB) of the Methodist Church. CFB aims to provide 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. The Restricted Fund which is mainly funds from sales of properties is managed by Trustees for Methodist Purposes (TMCP). These funds are also invested with CFB. The Trustees continue to utilise these funds for the furtherance of the Circuit's mission.

Public Benefit

The Trustees have due regard to the guidance published by the Charities Commission in accordance with its duties under section 17 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.

Financial Review

Circuit ministry is funded through the offering receipts from the churches at Bethnal Green, Bow Road and Old Ford, and the assessment contributions from the Poplar church. This was supplemented by incoming rents from the Circuit properties and interest from investments.

The work of the social projects, including part of the ministerial costs, is dependent on the continued receipt of external grants, which continue to be supplemented from the interest from the City Centre Funds (held by the London District) and proceeds of sale of other sites.

The various properties are funded from their income on a day-to-day basis. Repairs and refurbishments are currently funded from the sale proceeds of other sites, however in general all are in good condition. The process of disposing of properties, which are not involved in the active mission of the Circuit, is now complete.

The value of Circuit funds as at 31 August 2021 was £6,941,301 which is a decrease of £458,312 from the previous year.

Trustees' interests

The Ministers who are Trustees of the Circuit and office Holders stationed to the Circuit by the Methodist Church in Britain are paid a stipend and are provided with a manse for the Ministers and their families to live. Council Tax is paid for by the Circuit and also an official telephone line with broadband facilities to enable them to carry out their service as Ministers. These arrangements are practiced throughout the Connexion who stipulate their terms of service.

A number of employees became Trustees during the course of 2020 and served as such during this Connexional year – Lucia Banks, Debbie Brady, Andrew Brown and Sarah Wilson. The constitution requires that except in very limited circumstances Trustees are either Members or Ministers of the Methodist Church and on recognising this, they ceased to serve as Trustees.

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

Two Trustees – Dorrett Kirwan and John Singleton are employees. However, their appointment as Trustees is unconnected to their employment by the Circuit and they receive no remuneration for their service as Trustees. Any interest is declared at the commencement of each meeting.

Risk Management

The Circuit has reviewed its risk policies and is producing a Risk Register highlighting the various risks facing the Circuit, the impact and the likelihood of them happening. The main headings under which these risks have been categorised are:

- Trustees' Responsibilities
- Membership and Mission
- Resources, People and Property
- Financial
- Legal

These risks are reviewed regularly to ensure effectiveness.

Reserves Policy

General Funds

The primary use of the Circuit fund is to support the ordained ministers, lay employees and congregations of the churches in their calling to worship, leaning and caring, service and evangelism and to support of the wider community in the Borough of Tower Hamlets, through projects.

The reserves policy in connection with this purpose is to maintain sufficient funds to ensure the payment of stipends, other allowances, manse costs and contributions to the district assessment for two Ministers for one year.

The unrestricted funds of £6,901,300 include properties in use for the purpose of the Circuit and other investments that generate income upon which the Circuit is reliant upon to sustain its core activities.

The Circuit Trustees have decided to provide continued funding from General Funds to both social projects, Zacchaeus and Band for Life, to enable them to continue operations in their current form. If any additional initiatives are considered, applications for external funding will be made, if necessary.

The reserves policy in relation to these operations is such that once the available balances reach a point where only six months operating plus redundancy costs remain, the Circuit Meeting will consider whether to continue support from unrestricted funds, apply for further grants or to start to discontinue the work.

Restricted Funds

Restricted funds, while declining, are still being used for the social projects. When these are exhausted, the projects will be supported from General Funds as outlined in the General Funds paragraph above.

Commitments

All known commitments are included in the accounts.

Plans for the future

It is the intention to continue the existing initiatives of the local Churches and Circuit. In addition, the Circuit will continue to assess the needs of the local community and, where relevant, consider the deployment of resources in extending the services currently provided to support the congregations in their mission and to the broader community. The Covid 19 Pandemic has had a significant impact on the work of the Circuit, with churches closed for worship and very limited opportunity for in person project work. Future plans will need to consider and address the many issues of the pandemic on our members, service users and the broader community in the Borough.

THE METHODIST CHURCH IN TOWER HAMLETS

Trustees' Report for the year ended 31 August 2021 (continued)

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.

Auditors

The auditors, Citroen Wells, are willing to continue in office, and have been re-appointed at the Trustees' Meeting.

This report has been written by Circuit staff with support of the Ministers and Circuit Stewards. They can be contacted at Bow Road Methodist Church, 1 Merchant Street, London, E3 4LY.

Approved by the Trustees on the 28/3/2022 and signed on their behalf by:

Rev Jenny Impey

Revd Jenny Impey
Circuit Superintendent Minister

THE METHODIST CHURCH IN TOWER HAMLETS

Statement of Trustees' responsibilities for the year ended 31 August 2021

The Trustees are responsible for preparing the Trustees' Report and the accounts 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 accounts for each financial year, which give a true and fair view of the state of affairs of the Circuit's and of the incoming resources and application of resources of the Circuit for that year.

In preparing these accounts, 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 accounts, and
- prepare the accounts 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 Circuit and enable them to ensure that the accounts comply with the Standing Orders of the Methodist Church, the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and other relevant regulations. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

THE METHODIST CHURCH IN TOWER HAMLETS

Independent Auditor's Report to the Trustees of The Methodist Church in Tower Hamlets

Opinion

We have audited the accounts of The Methodist Church in Tower Hamlets (the 'Circuit') for the year ended 31 August 2021, which comprise the Statement of Financial Activities, the Balance Sheet and the notes to the accounts, 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, the accounts:

- give a true and fair view of the state of the Circuit's affairs as at 31 August 2021 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 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 accounts section of our report. We are independent of the Circuit in accordance with the ethical requirements that are relevant to our audit of the accounts 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

In auditing the accounts, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Circuit's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 this gives rise to a material misstatement in the accounts. 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.

THE METHODIST CHURCH IN TOWER HAMLETS

Independent Auditor's Report to the Trustees of The Methodist Church in Tower Hamlets (continued)

Matters on which we are required to report by exception

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Circuit'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 Circuit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Circuit and determined that the most significant are those that relate to the reporting framework (FRS 102 as applied in the Charities SORP and the Charities Act 2011) and the relevant legislation in the United Kingdom including employment, environmental and health and safety regulations.
- We understood how the Circuit is complying with those frameworks by making enquiries of management and seeking representations from those charged with governance. We corroborated our understanding by reviewing supporting documentation including board meeting minutes and correspondence with regulatory bodies.

THE METHODIST CHURCH IN TOWER HAMLETS

Independent Auditor's Report to the Trustees of The Methodist Church in Tower Hamlets (continued)

- We assessed the susceptibility of the Circuit's accounts to material misstatement, including how fraud might occur by considering the risk of management override of internal control and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested completeness of income through substantive tests performed, analytical review procedures and cut off tests on the revenue recognised.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of Trustees' meeting minutes.
- The Circuit is a regulated entity under the supervision of the Charities Commission. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the accounts 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.

Other matter

Your attention is drawn to the fact that the charity has prepared the accounts 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.

Use of our report

This report is made solely to the Circuit's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Circuit's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Circuit and the Circuit's Trustees as a body, for our audit work, for this report, or for the opinions, we have formed.



Citroen Wells
Chartered Accountants &
Statutory Auditor

19/4/2022

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Devonshire House
1 Devonshire Street
London
W1W 5DR

Citroen Wells is eligible for appointment as auditor of the Circuit by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

THE METHODIST CHURCH IN TOWER HAMLETS

Statement of Financial Activities for the year ended 31 August 2021

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Income and Endowments from:					
Circuit assessment	3	5,000	-	5,000	5,000
Offerings	4	4,257	-	4,257	4,863
Grants and donations received	5	31,418	-	31,418	39,204
Investment income and interest	6	26,220	3	26,223	40,485
Rental income	7	135,068	-	135,068	89,559
Other income	8	32,661	-	32,661	254,416
Internal organisations	10	-	46,296	46,296	52,562
Total income		234,624	46,299	280,923	486,089
Expenditure on:					
Charitable activities					
Stipends and staff costs:					
Ministry	9	311,476	-	311,476	295,007
Internal organisations	10	-	90,091	90,091	77,817
District assessment		17,625	-	17,625	17,784
Telephone, travel & administration		17,460	-	17,460	17,020
Insurance, utilities and Rent		27,408	-	27,408	25,566
Maintenance on manses	11	22,309	-	22,309	14,670
Expenditure on other Circuit properties	12	1,069	-	1,069	758
District advance fund		86,025	-	86,025	256,073
Other expenditure	13	308,008	-	308,008	226,419
Internal organisations	10	-	32,562	32,562	39,638
Grants and donations	14	17,383	-	17,383	37,150
Total expenditure		808,763	122,653	931,416	1,007,902
Net (losses)/gains on investments		192,181	-	192,181	(100,221)
Net expenditure before transfers		(381,958)	(76,354)	(458,312)	(622,034)
Transfers between funds		(83,504)	83,504	-	-
Net movement in funds		(465,462)	7,150	(458,312)	(622,034)
Funds balances at 1 September 2020		7,366,762	32,851	7,399,613	8,021,647
Funds balances at 31 August 2021		6,901,300	40,001	6,941,301	7,399,613

The notes on pages 18 to 29 form an integral part of these accounts.

THE METHODIST CHURCH IN TOWER HAMLETS

Statement of Financial Activities for the year ended 31 August 2021

Comparative year information		Unrestricted	Restricted	2020
Year ended 31 August 2020	Notes	Funds £	Funds £	Total £
Income and Endowments from:				
Circuit assessment	3	5,000	-	5,000
Offerings	4	4,863	-	4,863
Grants and donations received	5	39,204	-	39,204
Investment income and interest	6	40,471	14	40,485
Rental income	7	89,559	-	89,559
Other income	8	254,416	-	254,416
Internal organisations	10	-	52,562	52,562
Total income		433,513	52,576	486,089
Expenditure on:				
Charitable activities				
Stipends and staff costs:				
Ministry	9	295,007	-	295,007
Internal organisations	10	-	77,817	77,817
District assessment		17,784	-	17,784
Telephone, travel & administration		17,020	-	17,020
Insurance, utilities and Rent		25,566	-	25,566
Maintenance on manses	11	14,670	-	14,670
Expenditure on other Circuit properties	12	758	-	758
District advance fund		256,073	-	256,073
Other expenditure	13	226,419	-	226,419
Internal organisations	10	-	39,638	39,638
Grants and donations	14	37,150	-	37,150
Total expenditure		890,447	117,455	1,007,902
Net gains on investments		(100,221)	-	100,221
Net Expenditure before transfers		(557,155)	(64,879)	(622,034)
Transfers between funds		(82,187)	82,187	-
Net movement in funds		(639,342)	17,308	(622,034)
Funds balances at 1 September 2019		8,006,104	15,543	8,021,647
Funds balances at 31 August 2020		7,366,762	32,851	7,399,613

Collections for and payments to External Organisations

and Beneficiaries

Balance brought forward	-
Action for children	44
Poppy appeal	153
Total	197
Offerings and Gifts passed to External Organisations	(197)
Balance carried forward	-

The notes on pages 18 to 29 form an integral part of these accounts.

THE METHODIST CHURCH IN TOWER HAMLETS

Balance Sheet as at 31 August 2021

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Fixed Assets					
Tangible assets	16	3,906,899	250	3,907,149	3,911,283
Investment properties	17	1,185,538	-	1,185,538	1,186,101
Investments	18	914,168	-	914,168	721,987
		<u>6,006,605</u>	<u>250</u>	<u>6,006,856</u>	<u>5,819,372</u>
Current Assets					
Debtors	20	578,347	-	578,347	80,640
T.M.C.P. Interest funds		403,954	-	403,954	1,597,054
Central Finance Board Deposits		66,628	35,720	102,348	102,279
Cash at bank and in hand		29,109	4,031	33,140	34,523
		<u>1,078,038</u>	<u>39,751</u>	<u>1,117,789</u>	<u>1,814,497</u>
Creditors: amounts falling due within one year	21	(174,501)	-	(174,501)	(223,104)
Net Current Assets		<u>903,537</u>	<u>39,751</u>	<u>943,288</u>	<u>1,591,393</u>
Total assets less current liabilities		<u>6,910,142</u>	<u>40,001</u>	<u>6,950,143</u>	<u>7,410,764</u>
Creditors: Amounts falling due after more than one year	22	(8,842)	-	(8,842)	(11,151)
Net Assets		<u>6,901,300</u>	<u>40,001</u>	<u>6,941,301</u>	<u>7,399,613</u>
Accumulated funds					
Unrestricted funds		6,681,300	-	6,681,300	7,146,762
Restricted funds	23	-	40,001	40,001	32,851
Revaluation reserve		220,000	-	220,000	220,000
Total Funds		<u>6,901,300</u>	<u>40,001</u>	<u>6,941,301</u>	<u>7,399,613</u>

The accounts were approved by the Trustees on 28/3/2022 and signed on their behalf by:

Rev Jenny Impey

 Revd Jenny Impey
 Circuit Superintendent Minister

Mr Jones Ankrah

 Mr Jones Ankrah
 Circuit Steward

The notes on pages 18 to 29 form an integral part of these accounts.

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021

1. Accounting policies

a) Circuit information

The Methodist Church in Tower Hamlets is an unincorporated Charity in England and Wales. The principal correspondence address is given on page 3 of these accounts. The nature of the Circuit's operations and principal activities are set out in the Trustees' Report.

b) 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) (effective 1 January 2019). The Circuit is a Public Benefit Entity as defined by FRS 102.

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

The accounts 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 accounts are prepared in sterling, which is the functional currency of the Circuit. Monetary amounts in these accounts are rounded to the nearest pound.

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

c) Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the Circuit 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 accounts. This is notwithstanding the impact of the Covid 19 Pandemic which has impacted income significantly. The relatively large reserves (in investments) of the Circuit mean that this reduction in income does not threaten the operations of the Circuit for the foreseeable future.

d) Funds

Unrestricted funds

Unrestricted funds are held for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors and grantors. The aim and use of the major restricted funds are set out in the notes to the accounts.

e) Incoming resources

Church assessment

The church assessment is accounted for on a receivable basis.

Church offerings

Church offerings are accounted for on a receipts basis.

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

1. Accounting policies (continued)

Benevolence

Benevolence funds have been historically contributed by the four churches from their general funds and are accounted for on a receipts basis in accordance with Standing Order 527 of the Constitution of the Methodist Church.

Grants and donations received

Grants from third parties are included when the relevant conditions for the grant have been met.

Voluntary income comprises donations and contributions and is accounted for when entitlement has been confirmed, the amount can be measured and receipt is probable.

Rental income

Rental income from investment properties is accounted for on a receivable basis.

Other income

Other income is accounted for on a receivable basis.

Internal Organisations

Internal organisations comprise two projects of the Methodist Church in Tower Hamlets Circuit. The income is either derived from voluntary income, grants and donations by way of charitable activities.

Investment income and interest

Interest on deposits and investments is accounted on a receivable basis.

f) Expenditure recognition

All expenditure is accounted for on an accruals basis when an obligation that can be measured or reliably estimated exists at the reporting date.

Grants awarded are provided in the Statement of Financial Activities in the year in which they are approved by Trustees and the offer is communicated to the recipient. Grants awarded but not paid are recorded as a liability within the Balance Sheet. Grants awarded subject to conditions being met by the recipient before payments are made are not accrued until such conditions have been met. Such commitments are disclosed in the accounts as contingent liabilities.

g) Tangible fixed assets

Properties are stated at cost or in the case of donated assets at valuation at the date that the assets are gifted to the Circuit. The Trustees consider that the lives of the properties are so long and their residual values so high based on prices prevailing at the time of acquisition that any annual depreciation charge would not be material. Accordingly, no depreciation is provided on freehold properties used for charitable activities. Any material impairment in the value of such properties, following an annual review, would be chargeable to the Statement of Financial Activities.

Assets having an initial cost of £1,000 or less are written off on acquisition. Fixtures and fittings, office and computer equipment having an initial cost greater than £1,000 are capitalised and are stated at cost less depreciation. Depreciation rates calculated to write off the cost less estimated residual value of each asset over its expected useful life are as follows:

- Fixtures, fittings and equipment: 10% - 20% on a straight line basis
- Office equipment: 20% on a straight line basis

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 the Statement of Financial Activities for the year.

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

1. Accounting policies (continued)

h) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently stated at the Trustees' estimates of the fair valuation at the year-end, based on an index of property prices in the relevant areas. Any surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

i) Non-current investments

Fixed assets investments, which are held in units in the Trustees Methodist for Church Purposes (TMCP), are stated at the Board's published valuations at the year-end. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities.

j) Impairment of non-current investments

At each reporting end date, the Circuit 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 and any impairments are recognised in the Statements of Financial Activities.

k) 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.

l) Financial instruments

The Circuit has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the accounts, 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 other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including other payables 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.

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

1. Accounting policies (continued)

m) 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 Circuit is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Retirement benefits

Stipendiary Circuit Ministers are eligible to join the Methodist Ministers' Pension Scheme (MMPS). The MMPS is a funded defined benefit scheme maintained by The Methodist Church of Great Britain. As the Circuit is unable to identify its share of the underlying assets and liabilities of the scheme, the Circuit has taken the advantage of the exemption in Financial Reporting Standard 102, Retirement Benefits, and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contribution payable by the Circuit in the year. The contribution rates are set each year by the Methodist Conference.

Access to a stakeholder pension scheme is provided to all eligible lay employees and the Circuit contributes an amount equal to 6% of the employee's gross salary into this scheme.

All employees who were already in pension schemes and new employees who qualify for auto enrolment are enrolled into new pension schemes (The Pension Trust and NEST).

o) Ministers' manse costs

The Circuit is required to provide accommodation for each minister and their families, and Ministers are expected to occupy them. The Circuit bears the cost of repairs and maintenance, premises insurance, council tax and water charges. These are not regarded as taxable benefits in kind by HM Revenue & Customs.

p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Financial Activities for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2. Critical accounting estimates and judgements

In the application of the Circuit'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.

THE METHODIST CHURCH IN TOWER HAMLETS**Notes to the accounts for the year ended 31 August 2021 (continued)****3. Circuit assessment**

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Poplar Methodist Church	5,000	-	5,000	5,000
	5,000	-	5,000	5,000

4. Offerings

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Bethnal Green Methodist Church	2,700	-	2,700	2,148
Bow Road Methodist Church	1,557	-	1,557	2,697
Old Ford Methodist Church	-	-	-	18
	4,257	-	4,257	4,863

5. Grants and Donations received

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
London District	30,984	-	30,984	37,642
Others	434	-	434	1,562
	31,418	-	31,418	39,204

6. Investment income and interest

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
TMCP Investment holdings:				
Dividends	21,625	-	21,625	24,020
Interest	4,243	-	4,243	15,469
Central Finance Board deposit interest	123	3	126	996
Loan interest	229	-	229	-
	26,220	3	26,223	40,485

7. Rental income

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Income from investment properties held	135,068	-	135,068	89,559

8. Other income

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Bequests and legacies	1,030	-	1,030	1,000
Management fees	14,604	-	14,604	18,716
Gain on disposal of tangible assets	1,037	-	1,037	193,246
Gift Aid received	1,064	-	1,064	16
Bow Road MC properties letting income	8,544	-	8,544	14,268
Bethnal Green MC properties letting income	5,931	-	5,931	11,605
Old Ford MC properties letting income	450	-	450	2,063
Other income	1	-	1	13,502
	32,661	-	32,661	254,416

THE METHODIST CHURCH IN TOWER HAMLETS**Notes to the accounts for the year ended 31 August 2021 (continued)****9. Stipends and staff costs**

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
<u>Ministry</u>				
Stipends	55,964	-	55,964	54,535
Salaries	208,639	-	208,639	192,351
Employer's National Insurance	22,067	-	22,067	21,334
Pension Costs	24,806	-	24,806	26,787
	311,476	-	311,476	295,007
<u>Internal Organisations</u>				
Salaries	-	77,825	77,825	67,348
Employer's National Insurance	-	7,596	7,596	6,509
Pension Costs	-	4,670	4,670	3,960
	-	90,091	90,091	77,817

The average monthly number of staff employed during the year was 14 (2020: 12).

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

9a. Trustees' emoluments

One or more Trustees have been paid remuneration or have received other benefits from their employment of Office Holding with the Circuit. Trustees only receive remuneration in respect of services they provide undertaking their employment roles under their contracts of employment and not in respect of their services as Trustees.

	2021 £	2020 £
Mr John Singleton	8,174	7,959
Mrs Dorrett Reid Kirwan	11,665	11,358
Rev John Hayes	34,324	36,582
Mr Andrew Brown	43,523	47,684
Decon Terry Street	32,591	34,401
Debbie Brady	42,925	-
Laverne John	20,511	-
	193,713	137,984

9b. Key Management Personnel

The key management personnel of the Circuit comprise of the Trustees and the circuit leadership team as listed on page 3. The total amount of the employee benefits (including employer pension contributions received by the key management personnel for their services to the Circuit was £140,120 (2020: £143,284).

9c. Pension costs

The total pension cost for the Circuit for the year ended 31 August 2021 was £29,476 (2020: £30,747). There were no outstanding or prepaid pension contributions at 31 August 2021 (2020: £nil).

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

10. Internal Organisation

The Tower Hamlets Circuit incorporates two social and community projects, Band for Life and Zacchaeus. The income and expenditure for these projects was as follows:

	Zacchaeus Project £	Band for Life Project £	Total Restricted Funds £
Income and Endowments from:			
Donations received	92	65	157
Grant received*	42,884	-	42,884
Activities for generating funds	1,200	-	1,200
Charitable activities	2,030	-	2,030
Other incoming resources	20	5	25
Total	46,226	70	46,296
Expenditure on:			
Cost of generating funds	-	-	-
Charitable activities	16,283	12,479	28,762
Support and staff costs	93,793	98	93,891
Total	110,076	12,577	122,653
Net expenditure before transfers	(63,850)	(12,507)	(76,357)
Transfers from unrestricted funds	74,504	9,000	83,504
Net movement in funds	10,654	(3,507)	7,147
Funds balances at 1 September 2020	24,529	6,409	30,938
Funds balances at 31 August 2021	35,183	2,902	38,085

* Notable grant was received during the year from Big Lottery Fund.

11. Expenditure on Manses

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Building repairs and maintenance	12,260	-	12,260	2,598
Fire and security systems	522	-	522	1,186
Insurance	3,318	-	3,318	3,152
Utilities, Telephone and other services	6,209	-	6,209	7,734
	22,309	-	22,309	14,670

THE METHODIST CHURCH IN TOWER HAMLETS**Notes to the Accounts for the year ended 31 August 2021 (continued)****12. Expenditure on other Circuit properties**

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Building repairs and maintenance	-	-	-	79
Insurance	1,069	-	1,069	1,029
Professional fees	-	-	-	(576)
Utilities and other services	-	-	-	226
	1,069	-	1,069	758

13. Other expenditure

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Building and equipment costs	47,844	-	47,844	54,494
Depreciation	4,134	-	4,134	4,237
Finance costs	1,917	-	1,917	62
General and other ad hoc expenses	20,138	-	20,138	1,472
Ministry costs	4,366	-	4,366	4,136
Professional fees	228,044	-	228,044	156,994
Staff welfare and training	1,565	-	1,565	5,024
	308,008	-	308,008	226,419

Profession fees include Berthnal Green redevelopment cost of £208,463 (2020:£102,487) paid to various parties.

14. Grants and donations

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Grants	8,004	-	8,004	15,000
Donations	9,379	-	9,379	22,150
	17,383	-	17,383	37,150

15. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Circuit's auditors for audit of the annual accounts	6,600	6,600

THE METHODIST CHURCH IN TOWER HAMLETS**Notes to the accounts for the year ended 31 August 2021 (continued)****16. Tangible assets**

	Freehold Land & Buildings £	Fixtures Fittings & Equipment £	Office Equipment £	Total £
Cost or valuation				
At 1 September 2020				
and At 31 August 2021	3,890,717	29,847	14,180	3,934,744
Depreciation				
At 1 September 2020	-	20,625	2,836	23,461
Charge for year	-	1,298	2,836	4,134
At 31 August 2020	-	21,923	5,672	27,595
Carrying Amount				
At 31 August 2021	3,890,717	7,924	8,508	3,907,149
At 31 August 2020	3,890,717	9,222	11,344	3,911,283

The carrying amount of freehold land and building comprises of:

	2021 £	2020 £
Freehold land	40,000	135,000
Manses	1,290,069	1,290,069
Church buildings	2,560,648	2,560,648
	3,890,717	3,985,717

The net book value of office equipment includes £8,508 (2020: £11,244) in respect of assets held under finance leases. The depreciation charged in respect of such assets amounted to £2,836 (2020: £2,836) for the year.

17. Investment properties

	2021 £	2020 £
Market value at 1 September 2020	1,186,101	1,186,101
Disposals	(563)	-
Market value at 31 August 2021	1,185,538	1,186,101

The valuations of investment properties are stated at the Trustees' estimates of the fair valuation at the year-end, based on an index of property prices in the relevant areas.

The Trustees consider that these valuations are reasonable at 31 August 2021.

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

18. Investments

	2021	2020
	£	£
Valuation at 1 September 2020	721,987	822,208
Valuation changes	192,181	(100,221)
Valuation at 31 August 2021	914,168	721,987

Investments held by Central Finance board
At 31 August 2021

914,168	721,987
914,168	721,987

19. Financial Instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,488,078	902,371
Carrying amount of financial liabilities		
Measured at amortised cost	177,506	256,933

20. Debtors

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Prepayments	4,436	-	4,436	2,135
Other debtors	573,911	-	573,911	78,505
	578,347	-	578,347	80,640

21. Creditors: amounts falling due within one year

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Accruals	153,979	-	153,979	207,773
Obligations under finance leases	2,308	-	2,308	1,779
Other taxation and social security	5,837	-	5,837	5,725
Other creditors	12,377	-	12,377	7,827
	174,501	-	174,501	223,104

22. Creditors: amounts falling due after more than one year

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Obligations under finance leases	8,842	-	8,842	11,151

	2021	2020
	£	£
Net obligations under finance lease and hire purchase contracts:		
Repayable within one year	3,696	3,696
Repayable between one and five years	10,032	13,728
	13,728	17,424
Finance charges and interest allocated to future accounting periods	(2,578)	(4,494)
	11,150	12,930
Included in liabilities falling due within one year	(2,308)	(1,779)
	8,842	11,151

THE METHODIST CHURCH IN TOWER HAMLETS**Notes to the accounts for the year ended 31 August 2021 (continued)****23. Restricted funds**

	Balance as at 01.09.20 £	Incoming £	Outgoing £	Transfers between funds £	Balance as at 31.08.21 £
Funds					
i. Internal organisations	30,938	46,296	(122,653)	83,504	38,085
ii. Bow Road Methodist Church Organ Fund	1,913	3	-	-	1,916
	32,851	46,299	(122,653)	83,504	40,001

i. Internal Organisations. This fund incorporates the two projects of the Tower Hamlets Circuit; Band for Life and Zacchaeus.

ii. Bow Road Methodist Church Organ Fund. This fund was set up for the purposes of buying a church organ.

24. Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	3,906,899	250	3,907,149
Investments	2,099,706	-	2,099,706
Net current assets	903,537	39,751	943,288
Long term liabilities	(8,842)	-	(8,842)
	6,901,300	40,001	6,941,301

25. Contingent Liabilities

As at 31 August 2021, the Circuit had agreed to provide any required support and financial assistance to the Whitechapel Mission to enable it to meet its financial obligations up to £50,000.

26. Capital commitments

	2021 £	2020 £
At 31 August 2021 the Circuit had capital commitments as follows:		
Contracted for but not provided in the accounts	-	11,016

THE METHODIST CHURCH IN TOWER HAMLETS

Notes to the accounts for the year ended 31 August 2021 (continued)

27. Related party transactions

The Circuit is part of The London District and is also accountable to the Methodist Conference, the ultimate controlling body. Related parties also include Ministers, other Circuit and Churches, Central Finance Board of the Methodist Church and The Trustees for Methodist Church Purposes ("TMCP").

Details of the transactions occurring during the year were as follows:

The London District of the Methodist Church ("TLDMC")

During the year, the Circuit received grants of £30,984 (2020: 37,642) from TLDMC. These grants are from the Circuit investment held by TLDMC (Trust 20520).

Newham Methodist Circuit ("NMC")

As at 31 August 2021, NMC owed an amount of £19,289 (2020: £19,289) to the Circuit. The loan is interest free and repayable on demand. NMC also owed an amount of £30,696 (2020: £21,531) for services provided by a Circuit member of staff.

Hackney and Stoke Newington Methodist Circuit ("HNMC")

During the year, the Circuit received management and administration fees of £4,364 (2020: £9,900) from HNMC for services provided by the Circuit's Chief Executive Officer and other members of staff.

Last year, the Circuit advanced a loan of £18,000 to HNMC and £9,000 was still outstanding at 31 August 2021. Capital is repayable in eight equal instalments of £2,250 and interest, calculated based on the rate the Circuit would have received on its investment, will be paid when the capital is fully repaid.

Enfield Circuit Methodist Church ("EMC")

During the year, the Circuit advanced a loan of £500,000 to EMC and this amount was outstanding at 31 August 2020. The Loan is repayable in full by 31 August 2022 and interest, calculated based on the rate the Circuit would have received on its investments, will be paid when the capital is fully repaid. Loan interest of £229 has been accrued on the loan.