

Reports & Financial Statements

For the year ended 31 August 2016

West London Mission Circuit - Circuit Fund

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West London Mission Circuit – Circuit Fund

Officers and advisers

Trustees (members of the Circuit Meeting)

Sue Keegan von Allmen	Val Halstead	Judith Secker
Christophe Borysiewicz	Shuqing He	Alethea Siow
Gillian Brooks	John Hicks	Martin Single
Sallie Choate	Andrew Hoban	Gordon Slater
Daniel Chu	Lok Lee	Rebecca Warren
Roger Cotterrell	Daniel Lai	Sam Walker
Nigel Cowgill	Stephen Lee	Edna Wijeratna
James Cruddas	David Mason	Michael Wong
David Cruise	Margaret Rudland	William Wong
Linda Gilson	Val Reid	Rayman Wong
Kong Ching Hii	Christine Robson	

Circuit office

19 Thayer Street
London
W1U 2QJ

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Bankers

HSBC plc
90 Baker Street
London
W1U 6AX

Charity number

1133739

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting

Objectives and Activities

The West London Mission Circuit ("the Circuit") is a Circuit of the Methodist Church. It is a circuit with two city-centre churches, at Hinde Street in Marylebone and at King's Cross, and three circuit mission projects. Each of the churches engages in worship, learning and caring, service and evangelism in ways that reflect Methodist tradition and their distinctive identity, history and context.

The activities of these churches are the responsibility of their respective Church Councils, which administer their own funds, which are not accounted for in these statements. However, the Circuit is responsible for providing accommodation and paying the stipends and associated costs of the ministers stationed in the Circuit, and employing the lay workers that work in these churches. The core purpose of the West London Mission Circuit is to facilitate the work of these churches.

The circuit mission projects consist of professional social work, a student community at Methodist Chaplaincy House at King's Cross, and work with students and young adults based in both churches. These projects are expressions of our historic roots and the current convictions of Hinde Street and King's Cross churches.

The largest of the mission projects, in terms of resources, is the professional social work service. This consists of seven ongoing projects, which are managed by the Circuit either directly or as managing agents for the West London Mission Housing Association Ltd (WLMHA). In the case of those services managed directly by the Circuit, these accounts include all their income, expenditure, assets and liabilities. In the case of services managed on behalf of WLMHA (which is a separate legal entity), the WLMHA accounts (which are available separately) include full details of their income, expenditure, assets and liabilities. By agreement with the Circuit, the net surplus or deficit of each service, and the expenses of running WLMHA itself, are passed to the Circuit and reflected in these accounts as a net sum. Details of the ongoing services are as follows.

Services managed directly by the Circuit:

West London Day Centre

This is situated at 134 – 136 Seymour Place, London W1. It provides health, housing advice, and educational services for rough sleepers.

Katherine Price Hughes House

This is situated at 28 Highbury Grove, London N5, in premises leased by the Circuit from WLMHA. It is an "approved premise" under the Criminal Justice and Courts Service Act 2000 and provides housing and support services for licensees released from custody.

Highbury Counselling Centre

This is also based at 28 Highbury Grove. It provides low cost counselling to the local community.

Services managed as agent for WLMHA:

The Haven

This is located at 280 Holly Park, London N4. It provides specialist residential care for men with long term alcohol dependency

Big House Camberwell

This is situated at 56 Camberwell Road, London SE5. It provides supported housing for formerly homeless people, specialising in ex-servicemen.

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting (continued)

Big House Clapham

This is situated at 343 Clapham Road, London SW9. It provides follow on accommodation for residents of the Big House Camberwell.

St Luke's Centre

This property is located at 25A Wincott Street, London, SE11 4NT. It is a service focussing on digital and financial inclusion for residents in Kennington. Part of the property is leased to Emmaus Lambeth, an independent charity, as a residential community helping homeless people into work.

Achievements and Future Policy

We were delighted that Deacon Linda Gilson and Revd James Cruddas were ordained at the Methodist Conference which met in London in July 2016. Also, two former members of our churches, Revs Lingyu Ji and Steven Cooper, were ordained at Conference. The Superintendent, Revd Sue Keegan von Allmen, was on sabbatical for three months and Revd Val Reid was acting superintendent. This year there was only one volunteer based at Methodist Chaplaincy House but he made a significant contribution by sharing in the social work projects at the West London Day Centre, St Luke's and Hinde Street as well as the International Service at King's Cross.

During 2015/16, the circuit began the process of identifying the issues for the Circuit Review which is being undertaken in 2016/17 and will be completed by the summer.

For the last 129 years, the West London Mission has combined Christian worship alongside pioneering social work among some of the most marginalised members of society, and we continue to develop our services in response to changing needs. We continue to experience strong demand for all of the social work services that we run and highlight the key developments and achievements across 2015/16:

At the start of 2015, we established a new strategic plan for the next 3 years which placed **quality of front line work right as our key objective**. Our Head of Services (appointed December 2014) has focussed on working intensively with our Service Managers and staff to develop the quality of the work we do. This investment has paid off and we have seen the fruit of this work.

Our hostel for men coming out of prison, **Katherine Price Hughes House**, underwent a thorough review. We worked in close partnership with the National Probation Service to appraise all areas of the operation and ensure that all areas of risk management, resident involvement and purposeful activities. We also completed extensive building renovations such as building a new communal space, new rooms for key-working and relocating the laundry room. Our commissioners, the Ministry of Justice and National Offender Management Service (NOMS) have confirmed the immense improvement in performance.

The Haven has had a very successful year, helping more men than ever to stabilise their alcohol intake and live more healthy lives as occupancy of the care home rose to over 93%. Also over 50% of the residents were actively involved in each residents meeting and the number of volunteers supporting the paid staff and offering additional activities doubled.

St Luke's Hub continued to develop its services to combat financial exclusion and food poverty to the local community in Lambeth. Over 160 people were trained as Money Champions which was 100% more than target and took the total number of Money Champions to 333. Our Healthy Holidays food poverty scheme provided 7606 nutritious meals to 997 different young people with 251 parents or carers involved. At our two services for formerly homeless ex-servicemen **Big House and Big House Clapham** we have also reviewed the key working and housing management systems and made major strides in reducing rent arrears and increasing residents' engagement and involvement in how the service is run.

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting (continued)

Our **Highbury Counselling Centre**, which offers affordable counselling to the local community, saw significant expansion during this year. We exceeded our target of 80 clients and provided counselling to 110 people. This increased income meant that we were able to expand the staff team so that further growth will be possible in the years to come.

The **West London Day Centre** provided services to 1343 homeless people, of whom 975 were new to the service. 600 accessed the health provision within the centre and we managed to help 366 different people off the streets and into accommodation.

We also expanded the **Winter Night Shelter** that we run in Westminster. In 2016 it increased to partner with 13 churches and the local synagogue so that accommodation for fifteen homeless people could be offered for 8 months of the year.

Our **Chaplain** undertook 199 visits to our different services during the course of the year. This is a key way in which we embed spiritual and holistic support alongside the practical and professional care.

We also invested significantly in our **infrastructure** as an organisation. We developed a strategic plan around improving our Health and Safety culture and performance and also invested in a new online Human Resources database. We also undertook a review of our fundraising strategy and agreed proposals which will enhance our ability to raise funds to support our work.

Space does not allow us to thank all our supporters and partners. However, we are grateful to our key partners especially The Ministry of Justice, Royal British Legion, London Borough of Lambeth and all the local authorities we work with. We would also particularly like to thank the Tudor Trust, The Howard De Walden Estate, The Story of Christmas Appeal, Garfield Weston Foundation, Westminster Amalgamated Charities, the Drapers Company, the Streets of London, the Pret Foundation and our corporate partners who include Pimco, Goldman Sachs, Centerbridge and JCA. A special thanks to all our individual volunteers who helped raise over £33,000 in donations at our sponsored sleep outs.

We look forward in 2017 to celebrating WLM's 130th birthday since our founding in October 1887.

Financial Review

The financial statements for the year ended 31 August 2016 show a deficit of £2,000 on general funds after transferring £54,000 to the designated funds. The balance on the general income reserve at 31 August 2016 was £110,000 which the Circuit considers to be satisfactory and in line with its reserves policy.

The professional social work is funded largely by accommodation charges, grants from statutory and other bodies, and fundraising for specific projects. Details can be found within the individual project accounts. A substantial deficit remains, however, which is funded from the Circuit's investment income.

Ministerial and other costs relating to the local churches are funded by an assessment on the local congregations. The Circuit receives grants from the London District Advance Fund, and the Sarawak Chinese Annual Conference in respect of our Chinese presbyter, lay workers and the student and young adult worker. We also receive assistance from the Methodist Church in Hong Kong for our work with the Chinese congregation.

The running costs of Chaplaincy House are met fully from accommodation charges.

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting (continued)

Structure, governance and management

The following financial statements are those of the Circuit Fund of the West London Mission Circuit of the Methodist Church (“the Circuit”). They are made by the Circuit Meeting of the Circuit which is, by the Standing Orders of the Methodist Church, “the principal meeting responsible for the affairs of the Circuit”, and the members of which are also, so far as of full age, the managing trustees of all the Model Trust property of the Circuit. Throughout the year under review all members of the meeting were of full age.

A Circuit is the unit of one or more local churches (in this case two) within the Methodist Church of Great Britain in which one or more ministers and probationers are stationed. Its operations are governed by the Methodist Church Act of 1976 (including the Model Trusts forming a schedule to it), the Deed of Union referred to in that Act and the Standing Orders of the Methodist Church (“Standing Orders”). The objects of any such Circuit are to further the purposes of the Methodist Church, and as part of the Methodist Church it is a charity. Under the Charities Act 2006, the Circuit, which like other Methodist trust bodies was previously exempt from registration, was required to register with the Charity Commission, and was registered with effect from 25 January 2010.

The capital money and other capital assets of the Circuit Fund, described in these financial statements, form a trust fund held in accordance with the Model Trusts of the Methodist Church (“the Model Trusts”). The assets, such as property and investments, are therefore held by the Trustees for Methodist Church Purposes (“TMCP”) as custodian trustee. The members of the Circuit Meeting, as managing trustees, exercise all the other powers of trustees, but subject to the terms of the Model Trusts and Standing Orders, which require the consent of district and connexional bodies for a number of categories of transaction. The income of the fund, in addition to that arising from the capital assets, includes assessments on the local churches and grants from other Methodist bodies. The first charge on this income is the payment of ministerial stipends and the upkeep of manses.

Managing trustees and their appointment

The Circuit Treasurers and Treasurers of the Fund are the Circuit Stewards who during the period from 1 September 2015 to the date of the report were as stated below:-

John Brierley (resigned 31 August 2016)

Margaret Rudland

Christophe Borysiewicz

William Wong

Rayman Wong

The managing trustees of the Fund are all those members of the Circuit Meeting who are of full age. The membership of the Circuit Meeting comprises presbyters and deacons in the Circuit, representatives of the two local churches, and other persons appointed by the Meeting, all of whom must be members of the Methodist Church of Great Britain or another Methodist church. New trustees receive an induction when they join the board; trustee training is arranged for all trustees as and when required.

A full list of members of the Circuit Meeting can be obtained from the Circuit offices at 19 Thayer Street, London W1U 2QJ.

Key management personnel and basis of remuneration

Key management personnel comprises the Superintendent Minister, Executive Director of Social Work, Head of Services and Finance & Operations Manager. The stipend of the Superintendent Minister is fixed annually by the Methodist Conference; in addition, the Circuit pays a local allowance, contributes to the Methodist Ministers' Pension Fund and provides a manse. Other staff salaries are fixed by reference to the NJC local government scale for comparable posts, and benchmarked from time to time against market comparables. The Circuit also contributes to a group personal pension scheme and provides life assurance cover.

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting (continued)

Risk management

In Autumn 2015, the six circuit committees produced detailed risk registers for their areas of responsibility for the very first time. The Circuit Stewards considered all the reports together and presented a list of the most significant risks to the trustees in Spring 2016.

The trustees have identified the following as the most significant risks and uncertainties facing the Circuit as a whole:

1 Personnel

The Circuit relies heavily on the knowledge and expertise of lay volunteers, particularly in the areas of finance, property and the governance of the social work. This risk has been managed by appointing qualified professionals to assume more of the responsibilities of management, enabling the lay members to exercise a governance role. The membership of the Social Work Committee has been broadened to include new members from outside the Circuit, to the extent permitted by Methodist Church regulations. The trustees will continue to look carefully at succession planning, and the use of professional staff.

2 Finance

The Circuit depends on its investments and rental income to sustain its work. This risk is managed by an investment sub-committee which is advised by the officers of the Central Finance Board, and which sets policy and monitors investment performance. Investments are readily marketable, and a minimum of £400,000 is held in cash to meet short term cash flow requirements.

The Circuit also depends critically on fundraising income to sustain the social work, particularly the West London Day Centre. This risk has been managed by appointing a Head of Fundraising with a view to strengthening the capacity of the successful fundraising team.

3 Reputation

The Social Work Committee identified adverse publicity as a reputational risk which could arise through the failure of a project, and observed that any related legal action could be damaging to the Circuit as well as costly. This risk is managed by the Committee through regular reporting through senior management, and a clear framework of accountability including regular supervisions. External consultants are used where appropriate for legal, human resource and strategic advice. Safeguarding policies and practices are embedded across the Circuit, and health and safety compliance processes have been clarified.

The Circuit Meeting has resolved that all committees will review their risks and their management annually and report to the Circuit Stewards, by September 30 each year, for consideration at the next Circuit Meeting.

Reserves policy

The policy of the Circuit is that there should be neither a surplus nor a deficit on the Circuit Fund's income reserve, taking one year with another. Its current practice is to place all income remaining after the payment of ministerial expenses, manses, the student work and other specific projects, at the disposal of the social work. The Donald Soper Fund is an independent fund whose sole objective is to support the social work of the West London Mission. Any unbudgeted deficits on the social work are funded by grants from the Donald Soper Fund, to be made good in later years. In the same way, any savings in the social work against budget are passed on to the Donald Soper Fund. The balance on the income reserve is maintained at the minimum level consistent with retaining the ability to absorb temporary deficits. The capital reserves of £15,932,000 represent properties in use for the purposes of the Circuit, and investments (including investment properties let for market rent) generating income upon which the Circuit depends to sustain its core activities.

West London Mission Circuit – Circuit Fund

Report of the Circuit Meeting (continued)

Investment policy and performance against policy

The investments of the Circuit Fund are managed with the objective of maximising real, sustainable income over the long term. The funds are currently invested in a mixture of direct property investments, and equity, property and fixed income pooled funds managed by the Central Finance Board of the Methodist Church, and regular advice is received from the Board's Investment Manager. In pursuance of the above objective, part of the income of the Fund, other than from property-based and equity investments, is set aside and capitalised each year in an inflation reserve in order to preserve the real earning power of the Fund. The trustees monitor investment performance on an ongoing basis and are satisfied with the performance of the investment portfolio during 2016.

Grant making policy

The Circuit does not normally make grants to non-Methodist bodies.

Public Benefit

The charity's trustees have complied with the duty in the Charities Act 2011 to have due regard to Public Benefit guidance published by the Charities Commission. All trustees give their time voluntarily and receive no benefit from the charity.

The Circuit Meeting's responsibilities


The Circuit Meeting is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Circuit as at the balance sheet date and of its income and expenditure, for the financial year. In preparing those financial statements, the Circuit Meeting is required to:

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

The Circuit Meeting is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Circuit. It is also responsible for safeguarding the assets of the Circuit and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Circuit Meeting on 21 February 2017 and signed on its behalf by


S. Keegan von Allmen)


Margaret Rudland) Members of the Circuit Meeting

Independent auditors' report to the members of West London Mission Circuit – Circuit Fund

We have audited the financial statements of the West London Mission – Circuit Fund for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102.

Respective responsibilities of the Circuit Meeting and the auditors

As explained more fully in the Circuit Meeting's Responsibilities Statement set out on the previous page, the Circuit Meeting are responsible for the preparation of the financial statements which give a true and fair view.

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 financial statements 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 (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the Circuit Meeting as a body.

Our audit work has been undertaken so that we might state to the Circuit Meeting those matters we are required to state to them in an auditors' 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 Circuit Meeting as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2016 and of its income and expenditure, 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.

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 Report of the Circuit Meeting is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Mazars LLP

Mazars LLP, Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

6th April 2017

West London Mission Circuit – Circuit Fund
Statement of financial activities
For the year ended 31 August 2016

	Notes	General funds £'000	Designated funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000 (restated) (Note 22)
Income						
Donations and legacies	3	4	-	-	4	12
Income from investments						
Investment income	4	407	-	-	407	411
Rental income	5	90	-	-	90	76
Income from charitable activities						
Social work	6	145	-	1,172	1,317	1,313
Local ministry	6	135	16	82	233	214
King's Cross Chaplaincy House	6	111	-	-	111	104
Total income		<u>892</u>	<u>16</u>	<u>1,254</u>	<u>2,162</u>	<u>2,130</u>
Expenditure						
Expenditure on raising funds						
Investment management costs		20	-	-	20	20
Expenditure on charitable activities						
Local ministry		235	7	82	324	325
Social work		357	25	1,147	1,529	1,588
King's Cross Chaplaincy House		113	-	-	113	112
Other expenditure		115	-	-	115	21
Total expenditure	7	<u>840</u>	<u>32</u>	<u>1,229</u>	<u>2,101</u>	<u>2,066</u>
Net income/(expenditure) before transfers	17,18 19	52	(16)	25	61	64
Transfers between funds		(54)	54	-	-	-
Net (expenditure)/income for the year		<u>(2)</u>	<u>38</u>	<u>25</u>	<u>61</u>	<u>64</u>
Other recognised gains and losses						
Realised / unrealised gain/(loss) on investment assets	14	646	-	-	646	(226)
Reduction in pension liability	9	29	-	-	29	61
Net movements in funds		<u>673</u>	<u>38</u>	<u>25</u>	<u>736</u>	<u>(101)</u>
Fund balances at 1 September 2015	17,18 19	15,369	580	-	15,949	16,050
Fund balances at 31 August 2016	17,18 19,20	<u>16,042</u>	<u>618</u>	<u>25</u>	<u>16,885</u>	<u>15,949</u>

All the above amounts relate to continuing activities. There are no recognised gains or losses other than those included above.

West London Mission Circuit – Circuit Fund

Balance sheet as at 31 August 2016

	Notes	2016 £'000	2015 £'000 (restated)
Fixed assets			
Trust properties	10	2,740	2,637
Investment properties	11	2,180	2,180
Concessionary loans to West London Mission Housing Association Limited	12	1,079	1,105
Tangible fixed assets	13	16	21
Intangible fixed assets	13	13	-
Investments	14	10,078	9,432
		<u>16,106</u>	<u>15,375</u>
Current assets			
Debtors	15	676	721
Cash at bank and in hand		209	359
Cash on deposit		366	465
		<u>1,251</u>	<u>1,545</u>
Creditors: Amounts falling due within one year	16a	<u>(597)</u>	<u>(814)</u>
Net current assets		654	731
Creditors: Amounts falling due after more than one year	16b	<u>(75)</u>	<u>(157)</u>
Net assets		<u>16,685</u>	<u>15,949</u>
Funds			
General funds – capital	17	15,932	15,209
– income	17	110	160
		<u>16,042</u>	<u>15,369</u>
Designated funds	18	618	580
Restricted funds	19	25	-
		<u>16,685</u>	<u>15,949</u>

Approved by the Circuit Meeting on 21 February 2017 and signed on its behalf by

Susan Keegan von Allmen
S. Keegan von Allmen

Margaret Rudland
Margaret Rudland

)
)
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) Members of the Circuit Meeting

West London Mission Circuit – Circuit Fund

Statement of Cash Flows for the year ended 31 August 2016

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities				
Net surplus /(deficit)	736		(101)	
Adjustments for:				
Depreciation	5		8	
Amortisation	7		-	
(Gain)/Loss on investments	(646)		226	
Investment income	(407)		(411)	
Trade and other debtors	50		(44)	
Trade and other creditors	(299)		172	
Rental income	(90)		(76)	
Cash flows used in operating activities		(644)		(226)
Purchase of property plant and equipment	(103)		(155)	
Purchase of intangible fixed assets	(20)		-	
Repayment of concessionary loans	21		19	
Proceeds on disposal of investments	-		300	
Investment income	407		411	
Rental income	90		76	
Cash flows generated from investing activities		395		651
Net (decrease)/increase in cash		(249)		425

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Charities Act 2011.

West London Mission Circuit Fund 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 note(s).

1.2 Basis of preparation

The financial statements include the income and expenditure of the West London Mission's social work which includes four continuing services, as set out in the Report of the Circuit Meeting on pages 2 and 3, for which the legal ownership rests with West London Mission Housing Association Limited. In respect of these services the Circuit acts as agent for the Housing Association and assumes financial responsibility for any deficit incurred.

In respect of services directly under the Circuit's control the income, expenditure, assets and liabilities of these services have been incorporated in these financial statements on a gross basis.

In respect of services under the control of West London Mission Housing Association Limited only the net cost of these services to the Circuit is included in these financial statements. These services are incorporated into the financial statements of the Housing Association on a gross basis.

In order to comply with the requirements of statutory and grant giving bodies all the services, whether controlled by the Circuit or the Housing Association, draw up individual and consolidated financial statements to 31 August annually. A complete breakdown of turnover, expenditure, grants and donations received can be found in those financial statements.

The Circuit is responsible for the management of Kings Cross Methodist Chaplaincy House. This project is under the control of the Circuit and is incorporated into these financial statements.

1.3 Investment income

This comprises gross interest and distributions from CFB Funds receivable by the Trustees for Methodist Church Purposes, Manchester, who act as custodian trustees. Income tax deductions and credits are recoverable by those Trustees by virtue of the Fund's charitable status. It also includes bank deposit interest.

1.4 Expenditure

Costs of charitable activities comprises services supplied and activities undertaken which are identifiable as wholly or mainly in support of the Circuit's objectives.

Those costs shown as Governance costs relate to the management of the Circuit's assets, organisational administration and compliance with constitutional and statutory requirements.

Where possible costs have been allocated directly to activities. Where costs relate to more than one activity these costs have been allocated across activities based on use of resources by each activity.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

1 Accounting policies (continued)

1.5 Depreciation

Individual items of office furniture and equipment (other than computer and telephone equipment – see below) costing less than £1,000 are charged to revenue. Depreciation is provided on items costing more than £1,000 at rates calculated to write off their cost evenly over their expected useful lives.

The principal rates used are as follows:

Photocopiers	-	25% pa straight line
Computers	-	25% pa reducing balance
Telephones	-	25% pa reducing balance
Manse equipment	-	10-20% pa straight line

No depreciation is provided on freehold properties as the Circuit believes that both the depreciation charge for the year and the accumulated depreciation charge on these properties would be immaterial. The Circuit also ensures that the properties are kept in a good state of repair. Impairment reviews are undertaken on the properties and the Circuit believes that due to the high replacement cost and therefore value in use of the properties they should not be considered as impaired. Past experience shows that properties are disposed of at above book value.

Capital expenditure on leasehold properties is written off over the life of the lease.

1.6 Pension costs

Ordinary contributions payable are charged to the Statement of Financial Activities in the period to which they relate. In addition, provision has been made in these accounts for future contributions to meet a share of the deficit in the previous pension scheme which is being wound up.

1.7 Profits/(losses) on sales of properties and investments

These are credited or charged to the capital reserve fund of the Circuit in the year in which they are realised.

1.8 Investments

Investments are included in the Balance Sheet at market value which gives rise to unrealised gains and losses which are included in the Statement of Financial Activities. Realised gains and losses arising on disposals of investments are separately identified in the Statement of Financial Activities.

1.9 Investment properties

Properties held for the purpose of generating income are considered to be investment properties; these are held at fair value. The value of the properties are regularly reviewed in order to identify any permanent impairment.

1.10 Concessionary loans

Loans made in pursuit of the Fund's charitable purposes are held within fixed assets and are stated at original cost and subsequently adjusted for any subsequent repayment or impairment.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

1 Accounting policies (continued)

1.11 General funds – capital

Capital reserve fund

This represents monies set aside for capital projects allowed by the Methodist Church Act of 1976.

Inflation reserve

The Inflation reserve was established to preserve the real earning power of the Circuit's investments.

The income allocated to this reserve represents that part of the anticipated yield from the Circuit's investments which in the light of the movement in the official Retail Prices Index during the year, it is considered necessary to set aside, in order, as nearly as may be, to make good the capital value (in real terms) otherwise lost by inflation. The reserve is to be treated for all purposes as capital within the meaning and rules of the Model Trusts of the Methodist Church and subject to the consent of the Methodist Church Property Office, but retaining separate identity in the financial statements. Transfers to this reserve were suspended for two years as set out below.

1.10 Designated funds

Designated funds are amounts set aside by the Circuit out of unrestricted funds for a particular purpose or project.

The Circuit has created the following designated funds:-

Dilapidations fund

The dilapidations fund represents amounts set aside in the social work project accounts, Methodist Chaplaincy House and the Ministers' account for the future repair of buildings.

Development fund

The Development fund was established by the Circuit in consequence of its decision to suspend transfers to the Inflation reserve for two years. The amounts which would have been transferred to the Inflation reserve in 1999/2000 and 2000/2001 were instead credited to the Development fund to allow for the future development of the work of the Circuit. The Circuit Meeting decided in January 2010 that legacies between £3,000 and £20,000 would also be credited to this fund.

1.11 Restricted funds

Restricted funds are those subject to external specific conditions.

Chinese Work

Contributions are received from the Chinese congregation at King's Cross and from other Methodist sources to support this ministry, and are used to meet the costs of the presbyter and his manse and part of the costs of the Chinese-speaking lay workers.

Student and young adult work

A grant of £5,000 was received and has been used to cover part of the cost of this post. Further grants of £4,000 and £3,000 will be due in the two following years.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

1 Accounting policies (continued)

1.12 Transition to FRS 102

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. The opening fund balances at the date of transition have been restated for the following items :

- Reclassification of a number of properties used to generate investment income as investment properties and the subsequent revaluation of the investment to fair value; and
- Reclassification of governance costs to charitable activities.

No subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 September 2014. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

1.13 Reconciliation of fund balances

	31 August 2015 £'000	31 August 2014 £'000
Fund balances as previously stated	14,042	14,143
Revaluation of investment property	1,907	1,907
Fund balances as restated	15,949	16,050

2 Constitution

The terms on which the Circuit Fund assets are held are set out in the Report of the Circuit Meeting.

The managing trusteeship of 19 Thayer Street, 16 Hinde Street and 39 Marylebone Lane London W1, is shared between the Circuit and Hinde Street Methodist Church, according to the respective parts of the building occupied by them, and the management of the property is also shared by agreement between the two bodies. The same applies to the King's Cross Methodist Chapel and Methodist Chaplaincy House, Birkenhead Street, London WC1, which is shared between the Circuit and King's Cross Methodist Church.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

3 Donations and legacies

	Total 2016 £'000	Total 2015 £'000
General donations and covenants	3	3
Christmas appeal	-	9
Legacy	1	-
	<hr/>	<hr/>
	4	12
	<hr/>	<hr/>

4 Investment income

	Total 2016 £'000	Total 2015 £'000
This comprises dividends and interest received gross on:		
Cash on deposit	2	1
CFB UK Equity fund units	241	242
CFB Property fund units	55	59
CFB Corporate Bond units	52	57
WLMHA Loan indexation	16	10
WLMHA Loan interest	41	42
	<hr/>	<hr/>
	407	411
	<hr/>	<hr/>
Allocated as follows:		
Capital reserve	16	10
Inflation reserve	36	20
Available for Circuit activities	355	381
	<hr/>	<hr/>
	407	411
	<hr/>	<hr/>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

5 Investment property accounts

	2016 £'000	2015 £'000
Rental income	105	90
Expenses	(15)	(14)
Surplus for the year	<u>90</u>	<u>76</u>

6 Income from charitable activities

	Total 2016 £'000	Total 2015 £'000
Social work		
Grant income of consolidated social work projects	1,172	1,173
Charges to unconsolidated social work projects	145	140
	<u>1,317</u>	<u>1,313</u>
Local ministry		
Assessments on local churches	185	174
Chinese Presbyterian support	3	2
Student and young adult work	5	6
King's Cross Chinese-speaking lay workers grants	24	16
King's Cross Church contribution to dilapidations fund	16	16
	<u>233</u>	<u>214</u>
King's Cross Chaplaincy House	111	104
	<u>1,661</u>	<u>1,631</u>

The assessments on local churches were applied in meeting part of the cost of ministers, part of the cost of the offices at Thayer Street, and the cost of the District assessment.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

7 Expenditure

	Hinde Street Church £'000	Kings Cross Church £'000	Student and young adult work £'000	Local Ministry Total £'000	Social Work £'000	Chaplaincy House £'000	Governance Costs £'000	Other costs and income £'000	Total 2016 £'000	Total 2015 £'000
Ministers and manse	63	76	-	139	12	11	-	22	184	183
Kings Cross Chinese speaking lay workers	-	42	-	42	-	-	-	-	42	38
Kings Cross Community Volunteers	-	5	-	5	-	-	-	-	5	12
District assessment	20	15	-	35	-	-	-	-	35	32
Central office costs	74	-	-	74	43	15	-	75	207	207
Student and young adult work	-	-	29	29	-	-	-	-	29	30
Chaplaincy House costs	-	-	-	-	-	87	-	-	87	86
Social work services	-	-	-	-	1,545	-	-	-	1,545	1,520
Audit and accountancy	-	-	-	-	-	-	18	-	18	16
Net (surplus) of WLMHA services	-	-	-	-	(71)	-	-	-	(71)	(78)
Total	157	138	29	324	1,529	113	18	97	2,081	2,046
Investment management costs	-	-	-	-	-	-	-	20	20	20
Total expenditure	(324)	(1,529)	(113)	(18)	(117)	(2,101)	(2,066)	(2,066)	(2,066)	(2,066)
Voluntary income	-	-	-	-	4	-	-	-	4	12
Investment income (see note 4)	-	-	-	91	208	2	18	88	407	411
Rental income (see note 5)	-	-	-	-	-	-	-	90	90	76
Income from charitable activities (see note 6)	-	-	-	233	1,317	111	-	-	1,661	1,631
Net surplus by activity	-	-	-	-	-	-	-	61	61	64

Where possible costs have been allocated directly to activities. Where costs relate to more than one activity these costs have been allocated across activities based on use of resources by each activity.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

8 Net income/(costs) of social work projects

Projects incorporated on a gross basis	Katherine Price Hughes House £'000	Highbury Counselling Centre £'000	West London Day Centre £'000	Fund-raising £'000	Central costs £'000	Total £'000
Income - external	682	49	438	-	3	1,172
Expenditure - external	(619)	(45)	(406)	(114)	(362)	(1,546)
Net surplus/(deficit) of social work projects controlled by Circuit	<u>63</u>	<u>4</u>	<u>32</u>	<u>(114)</u>	<u>(359)</u>	<u>(374)</u>

The above expenditure on social work projects does not include allocations made to the Social Work Dilapidations fund for the year of £15,000 (2015: £35,000).

Projects incorporated on a net basis

	2016 £'000	2015 £'000
St Luke's	(12)	25
The Haven	22	26
Big House Camberwell	5	6
Big House Clapham	2	18
Housing Association central net income	54	3
	<u>71</u>	<u>78</u>

9 Emoluments

9.1 Staff

	2016 £'000	2015 £'000
Staff costs (including agency costs)	1,175	1,172
National insurance	95	102
Pension contributions	116	127
	<u>1,386</u>	<u>1,401</u>
Average number of permanent staff during the year	<u>46</u>	<u>50</u>
Full time equivalent number of permanent staff during the year	<u>38</u>	<u>41</u>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

9 Emoluments (continued)

No individual staff member earned more than £60,000 during either year.

Key management personnel comprises the Superintendent Minister, Executive Director of Social Work, Head of Services and Finance & Operations Manager. The total employee benefits of the key management personnel of the charity were £195,754 (2015: £179,044).

None of the Treasurers of the Fund received any remuneration, nor reimbursement of expenses, directly from the Circuit during the year.

9.2 Pension costs

The Circuit makes payments to a group personal pension scheme for staff other than Presbyters and Deacons, of which the assets are held in an independently administered fund. Presbyters and Deacons are covered by the Methodist Ministers' Pension Scheme.

Following the resolution during 2013 of the ongoing dispute regarding the former Flexiplan pension scheme, the trustees consider that it is appropriate to recognise the full costs of the payments which are expected to be made under the recovery plan in the period to 31 March 2019 (reduced from the previous estimate of 31 March 2020). Accordingly a provision of £451,000 was recognised in the year ended 31 August 2013 and reduced by £61,000 in 2015 and £29,000 in 2016. £127,907 of this remains within creditors at 31 August 2016.

10 Freehold properties

	2016 £'000	2015 £'000
Cost and net book value		
At 1 September as previously stated	2,637	2,764
Transfer to investment properties	-	(273)
	<hr/>	<hr/>
At 1 September as re-stated	2,637	2,491
Additions during the year	103	146
	<hr/>	<hr/>
At 31 August 2016	2,740	2,637
	<hr/>	<hr/>
Represented by (all amounts relate to charitable activities) :		
	2016 £'000	2015 £'000 (restated)
Circuit offices	389	389
Manses	1,452	1,452
Social work property	481	481
King's Cross	418	315
	<hr/>	<hr/>
	2,740	2,637
	<hr/>	<hr/>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

11 Investment property

	Total 2016 £'000
At 1 September 2015 as previously stated	-
Transfer from functional fixed assets	273
Revaluation	1,907
	<hr/>
At 1 September 2015 as restated and at 31 August 2016	<u>2,180</u>

12 Concessionary loans

£878,999 (2015: £892,089) represents the balance outstanding under a loan to West London Mission Housing Association Limited for the purchase of The Haven in 2001. The loan is repayable in instalments commencing at £20,000 per annum both principal and repayments being index linked. Interest is payable at 4.5%. £13,090 (2015 £18,537) of this loan is included within debtors as this falls due for repayment within 12 months.

£212,842 (2015: £212,842) represents an advance to West London Mission Housing Association Limited for the shortfall in funding of Big House in 2004. The loan is repayable on demand. Interest is payable at the prevailing HSBC Bank rate.

13 Tangible & intangible fixed assets

	Fixtures and fittings £'000	Manse contents £'000	Total tangible fixed assets £'000	Intangible fixed assets £'000
Cost				
At 1 September 2015	89	50	139	-
Additions	-	-	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	89	50	139	20
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2015	76	42	118	-
Charge for the year	3	2	5	7
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	79	44	123	7
	<hr/>	<hr/>	<hr/>	<hr/>
Net book values				
31 August 2016	10	6	16	13
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2015	13	8	21	-
	<hr/>	<hr/>	<hr/>	<hr/>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

14 Investments

	2016 £'000	2015 £'000
Market value		
At 1 September 2015	9,432	9,958
Disposals	-	(300)
Realised and unrealised gains/(losses)	646	(226)
At 31 August 2016	<u>10,078</u>	<u>9,432</u>
The above total comprises:		
Units in CFB UK Equity fund	7,237	6,805
Units in CFB Corporate Bond fund	1,981	1,779
Units in CFB Property Investment fund	860	848
Market value at 31 August 2016	<u>10,078</u>	<u>9,432</u>
Cost at 31 August 2016	<u>8,114</u>	<u>8,114</u>

15 Debtors

	2016 £'000	2015 £'000
Balances due from associated bodies (see note below)	344	426
Trade debtors	47	1
Other debtors	44	14
Prepayments	37	36
Accrued income	204	244
	<u>676</u>	<u>721</u>

“Associated bodies” are Hinde Street Methodist Church, King’s Cross Methodist Church, West London Mission Housing Association Limited, Donald Soper Fund and Social Work projects controlled by the Housing Association. See note 21 for more details of related party transactions.

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

16a Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Balances due to associated bodies (see note 15 above)	146	187
Trade creditors	167	172
Other creditors	102	299
Accruals	64	98
Deferred income	65	-
Provision for pension recovery plan (see note 9)	53	58
	<u>597</u>	<u>814</u>

16b Creditors: Amounts falling due after more than one year

	2016 £'000	2015 £'000
Provision for pension recovery plan (see note 9)	<u>75</u>	<u>157</u>

17 General funds

	Capital reserve fund £'000	Inflation reserve £'000	Income funds £'000	Total £'000
Balance at 1 September 2015 as previously stated	12,457	845	160	13,462
Revaluation of investment properties	1,907	-	-	1,907
Balance at 1 September 2015 as restated	<u>14,364</u>	<u>845</u>	<u>160</u>	<u>15,369</u>
Net surplus for the year	12	36	4	52
Unrealised gains on investment assets	646	-	-	646
Reduction in pension liability	29	-	-	29
Transfer to dilapidations reserve	-	-	(54)	(54)
Balance at 31 August 2016	<u>15,051</u>	<u>881</u>	<u>110</u>	<u>16,042</u>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

18 Designated funds

	Dilapidations fund £'000	Development fund £'000	Total £'000
Balance at 1 September 2015	580	-	580
Income	16	-	16
Expenditure	(32)	-	(32)
Transfer from general and restricted funds	54	-	54
	<u>618</u>	<u>-</u>	<u>618</u>
Balance at 31 August 2016	<u>618</u>	<u>-</u>	<u>618</u>

The dilapidations fund represents amounts set aside in the social work project accounts, Methodist Chaplaincy House and the Ministers' account for the future repair of buildings.

The Development fund was established by the Circuit in consequence of its decision to suspend transfers to the Inflation reserve for two years. The amounts which would have been transferred to the Inflation reserve in 1999/2000 and 2000/2001 were instead credited to the Development fund to allow for the future development of the work of the Circuit. The Circuit Meeting decided in January 2010 that legacies between £3,000 and £20,000 would also be credited to this fund.

19 Restricted funds

	Social work £'000	Chinese Work £'000	Student and young adult work £'000	Total £'000
Balance at 1 September 2015	-	-	-	-
Restricted income in year	1,172	77	5	1,254
Restricted expenditure in year	(1,147)	(77)	(5)	(1,229)
	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Balance at 31 August 2016	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

20 Analysis of net assets

	General funds £'000	Designated funds £'000	Restricted funds £'000	2016 £'000	2015 £'000
Fixed assets	3,867	-	-	3,867	3,763
Investment properties	2,180	-	-	2,180	2,180
Investments	9,460	618	-	10,078	9,432
Cash	184	-	25	209	359
Cash on deposit	366	-	-	366	465
Debtors	657	-	-	657	721
Current liabilities	(597)	-	-	(597)	(814)
Non-current liabilities	(75)	-	-	(75)	(157)
	<u>16,042</u>	<u>618</u>	<u>25</u>	<u>16,685</u>	<u>15,949</u>
Unrealised gain included above					
On investment properties	1,907	-	-	1,907	1,907
On investments	1,964	-	-	1,964	1,318
	<u>3,871</u>	<u>-</u>	<u>-</u>	<u>3,871</u>	<u>3,225</u>
Reconciliation of movements in unrealised gains on investment asset					
Balance at 1 September 2015				3,225	3,451
Gain/(loss) arising on revaluations in the year				646	(226)
Balance at 31 August 2016				<u>3,871</u>	<u>3,225</u>

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

21 Related party transactions

West London Mission Housing Association (including Social Work Projects controlled by the Housing Association), Kings Cross Methodist Church, Hinde Street Methodist Church and the Donald Soper Fund all have trustees in common with the Circuit Meeting and are therefore considered to be related parties. None of these organisations are considered to be under common control with the Circuit Fund as a minority of the Circuit Meeting members are trustees of any of these entities, and vice versa.

During the year, the Circuit undertook the following transactions with related parties:

Details	Value of transactions during year		Amount owed to/(by) WLM Circuit Fund	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
WLM Housing Association				
Housing Loans	-	-	1,098	1,105
Interest on Housing Loans	41	42	-	-
Indexation on Housing Loans	16	10	-	-
Administration charges	20	28	-	-
Project (surplus) grant	(8)	(65)	-	-
Creditor (dilapidations balances)	41	-	(146)	(187)
Trade debtors	110	119	110	119
Kings Cross Methodist Church				
Assessment	69	61	30	34
Contributions to Dilapidations Fund	16	16	-	-
Hinde Street Methodist Church				
Assessment	116	113	11	109

West London Mission Circuit – Circuit Fund

Notes to the financial statements For the year ended 31 August 2016

22 Comparative Statement of Financial Activities

	General funds £'000	Designated funds £'000	Restricted funds £'000	Total 2015 £'000
Income				
Donations and legacies	12	-	-	12
Income from investments				
Investment income	411	-	-	411
Rental income	76	-	-	76
Income from charitable activities				
Social work	140	-	1,173	1,313
Local ministry	129	19	66	214
King's Cross Chaplaincy House	104	-	-	104
Total income	872	19	1,239	2,130
Expenditure				
Expenditure on raising funds				
Investment management costs	20	-	-	20
Expenditure on charitable activities				
Local ministry	236	25	64	325
Social work	394	21	1,173	1,588
King's Cross Chaplaincy House	108	4	-	112
Other expenditure	21	-	-	21
Total expenditure	779	50	1,237	2,066
Net income/(expenditure) before transfers	93	(31)	2	64
Transfers between funds	(71)	73	(2)	-
Net income for the year	22	42	-	64
Other recognised gains and losses				
Realised / unrealised (loss) on investment assets	(226)	-	-	(226)
Reduction in pension liability	61	-	-	61
Net movements in funds	(143)	42	-	(101)
Fund balances at 1 September 2014	15,512	538	-	16,050
Fund balances at 31 August 2015	15,369	580	-	15,949