



**Circuit
Accruals Accounts
2015-16**

**THE METHODIST CHURCH
STANDARD FORM OF ACCOUNTS
ACCRUALS BASIS
FOR THE YEAR ENDED 31 AUGUST 2016**

Forest Circuit

Circuit no **35/33**

Registered Charity - Registration number

1134384

Circuit Chair

Revd Olufemi Cole-Njie

Circuit Ministers

Revd Charles Illunga

Revd Dr Jongikaya Zihle

Revd Oseias Da Silva

Revd Hilary Cheng

Revd Ebute Obiabo (From September 2015)

Circuit Stewards

Cynthia Bonds

Dallion Roye

Phyllis Lloyd

Charles Green (Deceased October 2015)

Daniel Sotunde (From November 2015)

Circuit Treasurer

Mrs Florestine Corbett

FOREST METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

1 Introduction

1.1

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

On 18th February 2010, the Circuit was entered into the Register of Charities and the Charity Number is 1134384.

The Managing Trustees of the Forest Circuit are the members of the Circuit Meeting which meets generally twice each year to consider the work of God in the Circuit and the general management of the Circuit and its business. The membership of the Meeting is governed by the Standing Orders of the Methodist Church. The officers of the Circuit who are appointed by the Circuit Meeting to act upon its behalf comprise the Superintendent Minister, the Ministerial Staff Team, the Circuit Stewards and the Circuit Financial Steward (treasurer).

2 Objectives and Activities

2.1 Aims and organisation

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

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

2.2 Forest Methodist Circuit Vision

The Circuit's Mission Policy states "The Forest circuit exists to further God's Kingdom by enabling and supporting the local churches in their discipleship and mission; resourcing local Churches under the power of the Holy Spirit to function as effective worship, witness and welfare centres. The Circuit achieves this by holding the following values in all its dealings with individuals, communities, local and national authorities, other charities and businesses,

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

We shall review the implementation and the wording of this statement annually"

Essentially it provides for the

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

3 Review of progress and achievements

3.1 Forest Methodist Circuit Annual Report

The Forest Methodist Circuit Annual Report is prepared and presented to the circuit meeting. It gives full detail of the activities of the Circuit and all the churches making up the Circuit and the core central resources.

3.2 Circuit Goals

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

The goals of the Circuit are listed below:

To develop lay leadership - in breadth, depth, numbers and confidence

To ensure that every minister and local preacher is engaged in an intentional review and development of their ministry (primarily through the programmes of MDR, supervision training and the Continuing Development of Local Preachers).

FOREST METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

3.3 Plans for future years

Ensure that any local issues emanating from the Past Cases Review are dealt with sympathetically, fully and timeously.

Ensure that all those within the Circuit that should attend the Safeguarding Leadership Module do so.

Encourage initiatives for mission in Churches within the Circuit.

4 Financial Plans and Review

- The Circuit's financial requirements are reviewed each year in the context of the aims listed above and the local churches are invited to make offers of a share in meeting the total cost.
- The annual budget includes a provision for the general maintenance of the manses on the basis of £3,500 allocated to each property each year, however, if large expenditure is needed within the year to maintain manses or refurbish a newly purchased manse the work needed will be agreed and authorised on a case by case basis. Large capital requirements are generally met from funds held in the Circuit Advance Fund (restricted).

Circuit income is drawn primarily from the assessments paid by the twelve circuit churches;

during the year assessments increased to £330,701 (2015: £323,717), reflecting a higher circuit requirement.

Rental income was received during the year from the letting of two Manses: this income is regarded as relatively short term in nature.

Expenditure reduced to £388,319 (2015: £533,143) as there was major refurbishment work at a Manse in 2015 and assistance was given to one of the churches, namely Light House in 2015.

At 31st August 2016, unrestricted reserves, excluding the property fund, stood at £556,058 (2015: £581,605).

The Circuit's Funds are split into a number of designated categories:

Unrestricted Funds

- General Fund – this fund together with other unrestricted funds represent at least six months expenditure of the Circuit's general activities and whilst this represents a significant sum, it is considered important that this level of funding be maintained to meet unexpected expenditure. The balance at the year end was £6,363,509 after adjustments for accruals, including £6,300,000 relating to the manses within the Circuit but where the title lies with the Trustees for Methodist Church Purposes.
- Circuit Model Trust Fund – the residual balance of funds which arose from the sale of churches previously closed and sold and the previous sale of Manses (Balance at the year end £492,549).

Restricted Funds

- Circuit Benevolence Fund – funds held to allow the Circuit to respond quickly to instances of poverty and hardship (Balance at the year end £2,480). The balance is considered adequate.
- Sale of Chapel and Land Fund – Apart from interest received and TMCP admin charges this fund has not had any activity since 1997 and it is recommended that this fund is transferred into the Circuit Model Trust Fund for payment of impending building and maintenance works in the next year. (Balance at the year end £2,540).
- Circuit Development Fund. A small fund to be used primarily on funding an additional member of staff when the case arises (Balance at the year end £2,522).

4.1 Investment Policy

The investment of surplus funds is operated through 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 District has its funds in a deposit account with CFB. The Restricted Funds are managed by Trustees for Methodist Purposes (TMCP). These funds are also invested with the CFB.

4.2 Reserves Policy

Our Reserves Policy relates to our unrestricted funds which are freely available for any or all of the purposes of the Circuit. It is our policy to hold at least six months expenditure in hand to enable us to meet any calls for funding requirements.

FOREST METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

5 Trustees Responsibilities

For each financial year ending 31st August, the Trustees are required to prepare financial statements that give a true and fair view of the Circuit's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the Trustees must:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare accounts to comply with the Charities SORP;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for ensuring that sufficient accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Methodist Church - Forest Circuit and enables them to ensure that the financial statements comply with the law and Standing Orders of the Methodist Church.

They are also responsible for safeguarding the assets of the Circuit and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

5.1 Risk Management

The Circuit has been considering the various risks facing the Circuit and the impact and the likelihood of issues happening, which will be reviewed every few years.

The headings under which the risks are being categorised include:

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

6 Structure, governance and management

6.1 Structure

The Forest Methodist Circuit is an unincorporated association and is governed by the Methodist Church Act 1976, the deed of Union and the Model Trust Deeds of the Methodist Church. It was registered with the Charity Commissioners on 18th February 2010.

Circuits are the coordinating charities for local groups of churches; circuits pay the stipends of the ministers and employ lay staff to serve the churches in the circuit; most decisions are made at or ratified by the circuit meetings. The Methodist conference meets once each year as the supreme denominational body for all Methodist Churches.

- 1 Overall regulatory authority rests with the Methodist Conference.
- 2 The Connexional office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) in individual Circuits within the District.
- 3 The Circuit Meeting passes regulatory control down to church councils for local implementation by the presbyter, the Church Stewards, and other officers, and this regulatory authority is then exercised by church councils as Managing Trustees of their charity.

6.2 Purpose of the Circuit

The purposes of the Forest Methodist Circuit are and deemed to have been since the date of the union the advancement of:

- a the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church, and
- b any charitable purposes for the time being of any connexional, District, Circuit, local or other organisation of the Methodist Church, and
- c any charitable purpose for the time being of any society or institution subsidiary or ancillary to the Methodist Church, and
- d any purpose for the time being of any charity being a subsidiary or ancillary of the Methodist Church.

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

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

FOREST METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

6.3 Governance

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

Day to day management of the circuit is undertaken by the Circuit Leadership team along with the Local Preachers meeting, the Circuit Finance and Property Committee and the Circuit Policy Committee.

6.4 Public Benefit Requirement

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

This guidance sets out two key principles:

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

The church exists to:

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

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

6.5 Related Parties

The Circuit is part of the London District and is also accountable to the Methodist Conference.

The following Methodist Churches are linked to the circuit:

North Chingford, South Chingford, Leytonstone, Loughton, Wanstead, Woodford, Winchester Road, Leyton Trinity, Shern Hall, Light House, Cann Hall and Loughton Trinity (Debden).

7 Reference and Administration Details

7.1 The full name of the Charity is Forest Methodist Circuit.

7.2 The Forest Methodist Circuit is registered as a charity with the Charity Commission in England and Wales. The organisation's Charity No is 1134384.

7.3 The address of the Circuit for correspondence is 1 Lister Road, Leytonstone High Road, London E11 3DA. The name of the person to whom correspondence should be addressed is Revd Olufemi Cole-Njie, the Circuit Chair.

7.4 The trustees that served during the year were:

Revd Olufemi Cole-Njie, Revd Charles Illunga, Revd Dr Jongikaya Zihle, Revd Oseias Da Silva, Revd Hilary Cheng and Revd Ebute Obiabo.

The Circuit's Bankers are: HSBC and the Central Finance Board of the Methodist church "CFB".

7.5 Investments managed by the Circuit are held by Trustees for Methodist Church Purposes "TMCP"

7.6 Trustee Training

A range of guidance produced by Methodist Connexion to support the effective running of the circuit, specifically the leaflet 'The role of a Trustee in the Methodist Church' is given to all new circuit meeting members as induction to their role as trustees.

7.7 Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

7.8 Auditors

The auditors Clay Ratnage Strevens & Hills had been auditors to the Circuit for eight years since the Circuit was formed.

FOREST METHODIST CIRCUIT

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE FOREST METHODIST CIRCUIT

We have audited the accounts of the Forest Methodist Circuit for the year ended 31 August 2016 set out in this report. 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 "The Financial Reporting Standard" applicable in the UK).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the trustees are responsible for the preparation of accounts 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 accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 August 2016 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.

FOREST METHODIST CIRCUIT

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF FOREST METHODIST CIRCUIT

Matters on which we are required to report by exception

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

- the information given in the trustees' report is inconsistent in any material respect with the accounts; 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.

Clay Ratnage Strevens & Hills

Clay Ratnage Strevens & Hills
Chartered Accountants
& Statutory Auditors
Suite D, The Business Centre
Faringdon Avenue
Romford
Essex RM3 8EN

Date:

6/3/2017

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

FOREST METHODIST CIRCUIT

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Circuit Development Fund (Restricted)	Sale of Chapel and Land Fund (Restricted)	Circuit Benevolent Fund (Restricted)	Total 2015-16	Total 2014-15 Restated
		£	£	£	£	£	£	£
Income								
1 Donations & Legacies		-				68	68	1,107
2 Interest and Investment Income		66	4,400	14	20	-	4,500	4,942
3 Other income	4	-	-	-	-	-	-	108
4 Assessment on Churches	3	330,701					330,701	323,717
5 Contributions from Circuit Model Trust Funds		-	-	-	-	-	-	-
6 Connexional Advance & Property Fund		-	-	-	-	-	-	-
7 Capital Receipts		-	-	-	-	-	-	-
8 Grants (including trfs from DAF)		-	-	-	-	-	-	-
9 Manse Rent Received		27,600		-	-	-	27,600	27,600
10 Total Income		358,367	4,400	14	20	68	362,869	357,474
Expenditure								
11 Grants and Donations	5	1,200	-	-	-	-	1,200	57,602
12 Salaries and associated costs	6	201,018	-	-	-	-	201,018	205,892
13 Property (incl Ins., C tax, utilities etc)	7	28,548	-	-	-	-	28,548	105,974
14 Office Expenses (Admin., tel. travel etc.)	8	24,855	1,191	-	5	-	26,051	27,680
15 District assessment		81,624	35,892	-	-	-	117,516	113,116
16 Depreciation		1,083	-	-	-	-	1,083	1,320
17 Other Expenditure (incl training)	9	8,703	-	-	-	-	8,703	18,079
18 Audit	10	4,200	-	-	-	-	4,200	3,480
19 Manse loan interest		-	-	-	-	-	-	-
20 Capital Expended		-	-	-	-	-	-	-
21 Total Expenditure		351,231	37,083	-	5	-	388,319	533,143
22 Net Income/(Expenditure)		7,136	(32,683)	14	15	68	(25,450)	(175,669)
23 Transfers between funds	18	70,000	(70,000)			-	-	-
24 Sub Total		77,136	(102,683)	14	15	68	(25,450)	(175,669)
25 Gains/(losses) on revaln fixed assets		-	-	-	-	-	-	3,727,240
26 Gains/(losses): on investment assets		-	-	-	-	-	-	-
27 Net investment in funds		77,136	(102,683)	14	15	68	(25,450)	3,551,571
28 Restatement of opening comparative figures		3,647,522	-	-	-	-	3,647,522	-
29 Total funds brought forward from last year		2,638,851	595,232	2,508	2,525	2,412	3,241,528	3,337,479
30 Total funds carried forward at end of year		6,363,509	492,549	2,522	2,540	2,480	6,863,600	6,889,050

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

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

1,706	337
8,716	10,708
(8,716)	(9,339)
1,706	1,706

The notes on pages 9 to 17 form part of these accounts.

FOREST METHODIST CIRCUIT

BALANCE SHEET

AS AT 31 AUGUST 2016

Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Circuit Development Fund (Restricted)	Sale of Chapel and Land Fund (Restricted)	Circuit Benevolent Fund (Restricted)	Total 2016	Total 2015 Restated
	£	£	£	£	£	£	£
Tangible Fixed Assets							
Manse and other fixed assets	11	6,303,250	-	-	-	6,303,250	6,303,963
Investment properties		-	-	-	-	-	-
Investments		-	-	-	-	-	-
Total fixed assets		6,303,250	-	-	-	6,303,250	6,303,963
Current Assets							
Debtors and Prepayments	12	61,780	-	-	-	61,780	64,792
Trustees for Methodist Church Purposes - Interest Acct	13	-	492,549	-	-	492,549	595,232
Central Finance Board	14	36,938	-	2,522	2,540	44,480	19,994
Cash at Bank and in hand	14	49,921	-	-	-	49,921	14,967
Total current assets		148,639	492,549	2,522	2,540	648,730	694,985
Creditors and Accruals (due in under one year)	15	88,380	-	-	-	88,380	109,898
Net current (liabilities)/assets		60,259	492,549	2,522	2,540	560,350	585,087
Total assets less current liabilities		6,363,509	492,549	2,522	2,540	6,863,600	6,889,050
Long term liabilities							
Loans to the Circuit		-	-	-	-	-	-
Grants Payable		-	-	-	-	-	-
Other liabilities due after one year		-	-	-	-	-	-
Net assets		6,363,509	492,549	2,522	2,540	6,863,600	6,889,050
Funds of the District							
General Fund (Unrestricted)		6,363,509				6,363,509	6,286,373
Projects (Designated)			492,549			492,549	595,232
Total Unrestricted funds						6,856,058	6,881,605
Circuit Development Fund (Restricted)				2,522		2,522	2,508
Other Funds (Restricted)					2,540	2,540	2,525
Circuit Benevolent Fund (Restricted)						2,480	2,412
Total Restricted funds						7,542	7,445
Total Funds		6,363,509	492,549	2,522	2,540	6,863,600	6,889,050

The notes on pages 9 to 17 form part of these accounts.

Approved by the managing trustees on 8 March 2017 and signed on their behalf by:



Revd Ohufemi Cole-Njie

Circuit Chair

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting framework and accounting policies

i Accounting framework

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

ii Public benefit entity

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

iii Basis

These accounts have been prepared on the basis of historical cost except that Manses are shown at their market value at the end of the year, on the accruals basis to show a true and fair view of the Circuit's financial position and activities.

iv Content

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

v FRS102 SORP 2015

This is the first year that the FRS 102 SORP2015 has applied to the Circuit's accounts. These accounts are compliant with FRS 102 and with the FRS 102 SORP2015. The comparative figures from the previous year's published accounts have been restated to be on the same basis: details of the adjustments appear in Note 2.

vi Going concern

Based on the monetary assets and human resources available at 31 August 2016, the trustees believe that the Circuit is a going concern.

vii Consolidation

The Circuit oversees the work of ministers and lay workers in Churches within the Circuit, but does not have control over those Churches, ministers or lay workers except in extreme circumstances, none of which were applicable. For this reason, the financial statements of the Churches within the Circuit are not consolidated into these financial statements.

viii Income recognition

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

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

ix Expenditure

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

x Grants

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

xi VAT

Since the Circuit is not Vat registered, all input Vat is charged with the expenses to which it relates.

xii Tangible fixed assets

These are capitalised if they can be used for more than one year. The Manses are shown in the accounts at market valuation at the end of the financial year. Depreciation is provided on Computer Equipment at 25% reducing balance.

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

xiii Debtors and creditors; bank and cash

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

xiv Transition to FRS 102 SORP2015

Restatement of Manses valuation has been required in making the transition to FRS 102 section 1A.

xv Ministers' manse costs

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

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

2 Prior year

2.1 Restatement of comparative figures

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 SORP 2015, any comparative figures have needed restatement. Restatement in respect of Manse valuation has happened and therefore a reconciliation of opening balances is required.

The following adjustments, exclusively to Manse valuation, show how the revaluation of Manses for 2014-15 has been restated so that Manses valuation are shown on the same basis as the accounts for 2015-16.

	Per 2013-14 as previously stated	Prior year adjustment	As stated in 2014-15
Manses Valuation	2,652,478	3,647,522	6,300,000

2.2 Comparative SOFA from previous year's accounts

Income	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Circuit Development Fund (Restricted)	Sale of Chapel and Land Fund (Restricted)	Circuit Benevolent Fund (Restricted)	Total 2015
	£	£	£	£	£	
1 Donations & legacies	-	-	-	-	1,107	1,107
2 Interest and Investment Income	78	4,830	14	20	-	4,942
3 Other Income	108	-	-	-	-	108
4 Assessments on Churches	323,717	-	-	-	-	323,717
5 Contributions from Circuit Model Fund	-	-	-	-	-	-
6 Connexional Advance & Property Fund	-	-	-	-	-	-
7 Capital Receipts	-	-	-	-	-	-
8 Grants (including transfers from CAF)	-	-	-	-	-	-
9 Manse Rent received	27,600	-	-	-	-	27,600
10 Total income	351,503	4,830	14	20	1,107	357,474
Expenditure						
11 Grants and Donations	30,602	27,000	-	-	-	57,602
12 Salaries and associated costs	205,892	-	-	-	-	205,892
13 Property (incl Ins., C tax, utilities etc)	105,974	-	-	-	-	105,974
14 Office Expenses (Admin., tel. travel etc.)	26,356	-	-	-	-	26,356
15 District assessment	72,409	40,707	-	-	-	113,116
16 Depreciation	1,320	-	-	-	-	1,320
17 Other Expenditure (incl training)	18,079	1,319	-	5	-	19,403
18 Audit	3,480	-	-	-	-	3,480
19 Manse loan interest	-	-	-	-	-	-
20 Capital Expended	-	-	-	-	-	-
21 Total Expenditure	464,112	69,026	-	5	-	533,143
22 Net Income/(Expenditure)	(112,609)	(64,196)	14	15	1,107	(175,669)
23 Transfers between funds	74,452	(74,452)	-	-	-	-
24 Sub Total	(38,157)	(138,648)	14	15	1,107	(175,669)
25 Gains/(losses) on revaln fixed assets	79,718	-	-	-	-	79,718
26 Gains/(losses): on investment assets	-	-	-	-	-	-
27 Net investment in funds	41,561	(138,648)	14	15	1,107	(95,951)
28 Total funds brought forward from last year	2,597,290	733,880	2,494	2,510	1,305	3,337,479
29 Total funds carried forward at end of year	2,638,851	595,232	2,508	2,525	2,412	3,241,528

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

2.3 Balance Sheet as at 31 August 2015

Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Circuit Development Fund (Restricted)	Sale of Chapel and Land Fund (Restricted)	Circuit Benevolent Fund (Restricted)	Total 2015
	£	£	£	£	£	£

Tangible Fixed Assets

Manse and other fixed assets	11	2,656,441	-	-	-	-	2,656,441
Investment properties		-	-	-	-	-	-
Investments		-	-	-	-	-	-
Total fixed assets		2,656,441	-	-	-	-	2,656,441

Current Assets

Debtors and Prepayments	12	64,792	-	-	-	-	64,792
Trustees for Methodist Church Purposes - Interest Acct	13	-	595,232	-	-	-	595,232
Central Finance Board	14	12,549	-	2,508	2,525	2,412	19,994
Cash at Bank and in hand	14	14,967	-	-	-	-	14,967
Total current assets		92,308	595,232	2,508	2,525	2,412	694,985

Creditors and Accruals (due in under one year)	15	109,898	-	-	-	-	109,898
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Net current (liabilities)/assets		(17,590)	595,232	2,508	2,525	2,412	585,087
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Total assets less current liabilities		2,638,851	595,232	2,508	2,525	2,412	3,241,528
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Long term liabilities

Loans to the District		-	-	-	-	-	-
Grants Payable		-	-	-	-	-	-
Other liabilities due after one year		-	-	-	-	-	-

Net assets		2,638,851	595,232	2,508	2,525	2,412	3,241,528
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Funds of the District

General Fund (Unrestricted)		2,638,851					2,638,851
Projects (Designated)			595,232				595,232
Total Unrestricted funds							3,234,083
Circuit Development Fund (Restricted)				2,508			2,508
Other Funds (Restricted)					2,525		2,525
Circuit Benevolent Fund (Restricted)						2,412	2,412
Total Restricted funds							7,445
Total Funds		2,638,851	595,232	2,508	2,525	2,412	3,241,528

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

3 Assessment on Churches

All Churches (see list given below in this note) paid their assessments to the Circuit during the year or shortly after its end.

An assessment on churches is annually determined by Circuit by reference to the number of staff in the churches but may also take into account a church's ability to pay. Churches in the Circuit are as follows:

Church Name	2015-16	2014-15
South Chingford	16,452	16,289
North Chingford	17,610	17,436
Sherm Hall	49,615	48,969
Cann Hall	10,780	10,597
Loughton	66,776	65,958
Woodford	17,552	17,170
Winchester Road	31,473	31,100
Leytonstone	34,342	33,900
Leyton Trinity	32,907	32,581
Loughton Trinity (Debden)	5,000	2,000
Wanstead	14,837	14,690
Light House	33,357	33,027
	<u>330,701</u>	<u>323,717</u>

4 Other income

The Circuit does not undertake fundraising.

5 Grants, Donations and related Support costs

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

	2015-16	2014-15
Donations General	1,200	1,900
Grant - Leyton Trinity Methodist Church	-	5,000
Grant - Loughton Trinity Methodist Church	-	15,000
Grant - Winchester Road Methodist Church	-	7,000
Grant - Light House Methodist Church	-	28,702
	<u>1,200</u>	<u>57,602</u>

Salaries and associated costs

	2015-16	2014-15
Gross Pay	142,995	143,538
Employer's National Insurance Contribution	13,180	13,334
Employer's pension contribution to the defined benefit scheme	36,896	36,812
Circuit Administrator's Gross Pay	7,947	12,208
	<u>201,018</u>	<u>205,892</u>

Gross salaries paid to six ministers and one office administrator in the year.

Payment to Trustees

It is Circuit policy to offer to reimburse members of the Circuit Council and others involved in the administration of Circuit affairs for expenditure properly incurred in carrying out their duties. The Chair of the Circuit undertakes the primary executive role within the Circuit. Apart from the Chair of the Circuit and Trustees, no member of the Circuit Council was in receipt of any payment for work undertaken on behalf of the Circuit, although certain travelling and administration costs were reimbursed whenever this was requested. None of the trustees is an employee of the Circuit.

No accrual is made for the Chair's entitlement to a sabbatical as her functions are undertaken by other Circuit Chair or delegated persons at minimal extra cost to the Circuit.

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

6 Salaries and associated costs (Continued)

Pensions

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

7	Property costs	2015-16	2014-15
	Manse repairs	8,782	87,619
	Insurance and utilities	7,840	6,719
	Council tax	11,926	11,636
		<u>28,548</u>	<u>105,974</u>

It should be noted that the Circuit chair and Trustees are required to occupy the Circuit manses. Circuit pays for the Manse repairs on a regular basis. Any major refurbishments are discussed and approved at the Circuit meeting before the work starts. Increased costs in 2015 was due to major refurbishment work carried out at one of the Manse. Circuit pays for Manse's insurances, utilities and council tax for all the Manses occupied by Chair and Trustees except for 2 Manses which are let out.

8	Office expenses	2015-16	2014-15
	Telephone	4,226	3,750
	Travel	13,382	15,676
	Postage and stationery	7,247	6,930
	Investment management fees - CMTF	1,196	1,324
		<u>26,051</u>	<u>27,680</u>

9	Other expenditure	2015-16	2014-15
	Training	3,455	3,317
	Preachers Fees and Expenses	451	999
	Sundries	1,413	3,553
	Removal Costs	1,200	7,402
	Professional Fees and Survey Costs	2,184	2,808
		<u>8,703</u>	<u>18,079</u>

10	Fees for examination or audit of the accounts	2015-16	2014-15
	Auditors' fees	2,100	1,740
	Other fees (eg: advice, accountancy services)	2,100	1,740
		<u>4,200</u>	<u>3,480</u>

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

11 Total Tangible Fixed Assets

	Land and Building Manses	Computer Equipment	Total
Cost or valuation			
Balance at 1st Sept 2015	6,300,000	9,064	6,309,064
Additions in the year	-	370	370
Revaluations in the year	-	-	-
Balance at 31st August 2016	6,300,000	9,434	6,309,434
Accumulated depreciation			
Balance at 1st Sept 2015	-	5,101	5,101
Depreciation charge for the year	-	1,083	1,083
Revaluations in the year	-	-	-
Balance at 31st August 2016	-	6,184	6,184
Net Book Value at 31st August 2016	6,300,000	3,250	6,303,250
Net Book Value at 31st August 2015	6,300,000	3,963	6,303,963

The Land and Buildings (Manses) were revalued in the year by the Trustees. No depreciation is provided on the building because the Trustees consider the current fair value of the manse buildings (on the assumption that it had reached the end of its useful economic life by the year-end) to be not less than its current value. Any depreciation would not be material. The manses have been reviewed for impairment.

Investment properties

No manse is currently deemed not to be held for the long term purposes of the Circuit.

12 Debtors and prepayments

All sums shown as Debtors at 31 August 2016 were received during the following year. All sums paid in advance at 31 August 2016 were for purposes required during 2016-17.

	2015-16	2014-15
Trade debtors		
Amounts owed by bodies connected with the charity	37,511	40,517
Prepayments and accrued income		
Stipends paid in advance	15,915	16,158
Council tax and utilities	1,448	1,415
Professional fees	3,456	4,002
Training	-	700
Other expenses (Philo Trust)	500	-
Interest accrued	1,000	1,000
Other loans	1,950	1,000
	24,269	24,275
Total	61,780	64,792

13 Trustees for Methodist Church Purposes

The funds that support the Circuit Model Trust Fund are held by TMCP. TMCP is the legal owner and Custodian Trustee of all Methodist Model Trust property, including Legacies, Endowments and Accumulated funds. TMCP ensure that, through providing guidance and acting under their direction, the Managing Trustees comply with charity law and Methodist law and policy as determined by the Methodist Conference.

14 Central Finance Board (CFB) and cash at bank

The circuit has one current account at HSBC Plc, an authorised institution. The sums held on the account are immediately available. In addition, the Circuit has two deposit accounts at CFB. Interest is earned on these CFB accounts and credited monthly.

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

15 Creditors and accrued expenses

Creditors	2015-16	2014-15
Expenses reimbursement	1,081	7,339
Audit and accountancy fees	4,200	3,480
Other creditors	2,101	2,101
Loan payable to other church (Leytonstone)	15,000	15,000
Funds received due to be paid	10,422	11,045
	32,804	38,965
Accruals and deferred income		
Deferred income for activity next year	54,710	70,067
Deferred income for rent income next year	866	866
Total of creditors and accrued expenses	88,380	109,898

A temporary loan received from Leytonstone church in 2015 has been repaid in October 2016. Funds received have been distributed to various external organisation after 31 August 2016, except for £1,706. It is expected that all sums accrued at 31 August 2016 would be paid during the year to 31 August 2017.

16 Grant commitments

There were no future commitments at 31 August 2016

17 Circuit funds (Unrestricted and Restricted)

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

The funds held constitute: General Funds for any purpose and Circuit Development Fund, the capital normally being unavailable for spending and the income from which is either Restricted or Unrestricted. Details of each material fund are disclosed in the notes below.

Project

		2015-16	2014-15
General Funds - Unrestricted	For use at the discretion of the trustees in the furtherance of the objectives of the Circuit. This excludes funds which have been designated for a specific purpose.	6,363,509	6,286,373
Designated Funds - Unrestricted	The residual balance of funds which arose from the sale of churches previously closed and sold and the previous sale of Manses. For specific purposes but not restricted by document or deed to that purpose alone	492,549	595,232
Circuit Development Fund - Restricted	A small fund to be used primarily on funding an additional member of staff when the case arises	2,522	2,508
Sale of Chapel and Land Fund - Restricted	Apart from interest received and TMCP admin charges this fund has not had any activity since 1997.	2,540	2,525
Circuit Benevolent Fund - Restricted	To help meet the exceptional needs of presbyters and deacons Circuit lay employees and their dependents within the Forest Circuit that cannot be met at a local church or Circuit level alone, by providing a resource from which confidential payments can be made at the discretion of the Trustees.	2,480	2,412
		6,863,600	6,889,050

18 Transfer between funds

	2015-2016	2014-2015
TMCP contribution to CFB account	70,000	74,452

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

19 Volunteer contribution

Every entity (Connexion, District, Circuit, Church) within the Methodist church in GB is heavily reliant on volunteers who contribute their skills, time and money in the furtherance of the work of the Church. Principally this contribution is by serving on committees of the Circuit that deal with mission, manses, finance, policy, grants, training, development. We are grateful to all of them for their help and commitment.

FOREST METHODIST CIRCUIT

FOR THE YEAR ENDED 31 AUGUST 2016

DECLARATIONS

Treasurer

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

Signature of Treasurer

Florestine Corbett

Date

08/03/2017

Name

Mrs Florestine Corbett

Address

85 Norlington Road, London E10 6LA

Corbett
Presentation to the District Policy Committee for approval.

I confirm that the Accounts have been presented to the Circuit Policy Committee on
ere approved.

Signature of the Chair of the meeting

Name of the Chair of the meeting

Revd Olufemi Cole-Njile

Date