

FOREST METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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).

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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 £361,140 (2017: £333,629), reflecting a higher circuit requirement.

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

Expenditure increased to £515,203 (2017: £393,052) as there was an increase in repairs and refurbishment work carried out at three manses in 2018 and a grant paid of £36,000 to Loughton Methodist Church which was approved in the March 2014 meeting.

At 31st August 2018, unrestricted reserves, excluding the property fund, stood at £343,533 (2017: £472,635).

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 £6,401,889 after adjustments for accruals, including £6,344,167 relating to the manses within the Circuit but where the title lies with the Trustees for Methodist Church Purposes.
- Designated 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 £285,811).

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 £1,142). 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 £2,562).
- 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 £2,543).
- Other Fund - Grenfell Tower Donations Fund was set up to support residents and families of those affected by the fire, emergency workers who responded and the ongoing needs of the community.

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 the 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.

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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.

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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 Anthony Malcolm, the Circuit Chair.

7.4 The trustees that served during the year were:
Revd David Jebb, Revd Charles Illunga, Revd Oseias Da Silva, Revd Hilary Cheng, Revd Ebute Obiabo, Revd Michaela Youngson, Revd Nigel Cowgill and Revd Anthony Malcolm (From February 2019).

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 ten years since the Circuit was formed.

Approval

The report was approved by the trustees on 14/3/19 and signed in their behalf by:

Revd Anthony Malcolm
Circuit Chair



FOREST METHODIST CIRCUIT

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE FOREST METHODIST CIRCUIT

Opinion

We have audited the financial statements of Forest Methodist Circuit (the 'charity') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011

Basis of opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Clay Ratnage Strevens & Hills

Date: *26/03/2019*

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 2018

	Notes	General Fund (Unrestricted) £	Designated Funds (Unrestricted) £	Circuit Development Fund (Restricted) £	Sale of Chapel and Land Fund (Restricted) £	Circuit Benevolent Fund (Restricted) £	Other Fund (Restricted)	Total 2017-18 £	Total 2016-17 £
Income									
1 Donations and Legacies	3	-	2,293	-	-	10	-	2,303	4,255
2 Interest and Investment Income		70	2,152	11	15	-	-	2,248	3,123
3 Other income		-	-	-	-	-	-	-	-
4 Assessment on Churches	2	361,140	-	-	-	-	-	361,140	333,629
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		16,068	-	-	-	-	-	16,068	15,836
10 Total Income		377,278	4,445	11	15	10	-	381,759	356,843
Expenditure									
11 Grants and Donations	4	600	36,000	-	-	600	3,773	40,973	2,080
12 Salaries and associated costs	5	178,651	-	-	-	-	-	178,651	204,938
13 Property (incl Ins., C tax, utilities etc)	6	138,808	-	-	-	-	-	138,808	26,770
14 Office Expenses (Admin., tel. travel etc.)	7	20,186	933	-	5	-	-	21,124	28,212
15 District assessment		89,296	26,230	-	-	-	-	115,526	115,398
16 Depreciation		907	-	-	-	-	-	907	812
17 Other Expenditure (incl training)	8	15,374	-	-	-	-	-	15,374	11,242
18 Audit	9	3,840	-	-	-	-	-	3,840	3,600
19 Manse loan interest		-	-	-	-	-	-	-	-
20 Capital Expended		-	-	-	-	-	-	-	-
21 Total Expenditure		447,662	63,163	-	5	600	3,773	515,203	393,052
22 Net Income/(Expenditure)		(70,384)	(58,718)	11	10	(590)	(3,773)	(133,444)	(36,209)
23 Transfers between funds		121,870	-121,870	-	-	-	-	-	-
24 Sub Total		51,486	(180,588)	11	10	(590)	(3,773)	(133,444)	(36,209)
25 Gains/(losses) on revaln fixed assets		-	-	-	-	-	-	-	-
26 Gains/(losses): on investment assets		-	-	-	-	-	-	-	-
27 Net investment in funds		51,486	(180,588)	11	10	(590)	(3,773)	(133,444)	(36,209)
28 Restatement of opening comparative figures		-	-	-	-	-	-	-	-
29 Total funds brought forward from last year		6,350,403	466,399	2,532	2,552	1,732	3,773	6,827,391	6,863,600
30 Total funds carried forward at end of year		6,401,889	285,811	2,543	2,562	1,142	-	6,693,947	6,827,391

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

Balance brought forward from last year	1,706	1,706
Offerings/Gifts - received for External Organisations	6,857	8,216
Offerings/Gifts - passed to External Organisations	(7,471)	(8,216)
Balance still to be paid	1,092	1,706

The notes on pages 9 to 15 form part of these accounts.

FOREST METHODIST CIRCUIT

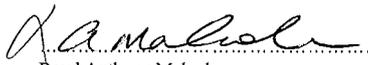
BALANCE SHEET

AS AT 31 AUGUST 2018

Notes	General Fund (Unrestricted)	Designated Funds (Unrestricted)	Circuit Development Fund (Restricted)	Sale of Chapel and Land Fund (Restricted)	Circuit Benevolent Fund (Restricted)	Other Fund (Restricted)	Total 2018	Total 2017
	£	£	£	£	£		£	£
Tangible Fixed Assets								
Manse and other fixed assets	10	6,346,890	-	-	-	-	6,346,890	6,346,605
Investment properties		-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-
Total fixed assets		6,346,890	-	-	-	-	6,346,890	6,346,605
Current Assets								
Debtors and Prepayments	11	78,809	-	-	-	-	78,809	42,248
Trustees for Methodist Church Purposes - Interest Acct	12	-	285,811	-	-	-	285,811	466,399
Central Finance Board	13	40,432	-	2,543	2,562	1,142	46,679	30,741
Cash at Bank and in hand	13	9,637	-	-	-	-	9,637	24,244
Total current assets		128,878	285,811	2,543	2,562	1,142	420,936	563,632
Creditors and Accruals (due in under one year)	14	73,879	-	-	-	-	73,879	82,846
Net current (liabilities)/assets		54,999	285,811	2,543	2,562	1,142	347,057	480,786
Total assets less current liabilities		6,401,889	285,811	2,543	2,562	1,142	6,693,947	6,827,391
Long term liabilities								
Loans to the Circuit		-	-	-	-	-	-	-
Grants Payable		-	-	-	-	-	-	-
Other liabilities due after one year		-	-	-	-	-	-	-
Net assets		6,401,889	285,811	2,543	2,562	1,142	6,693,947	6,827,391
Funds of the District								
General Fund (Unrestricted)		6,401,889					6,401,889	6,350,403
Projects (Designated)			285,811				285,811	466,399
Total Unrestricted funds							6,687,700	6,816,802
Circuit Development Fund (Restricted)			2,543				2,543	2,532
Other Funds (Restricted)				2,562			2,562	2,552
Circuit Benevolent Fund (Restricted)					1,142		1,142	1,732
Other Funds (Restricted)						-	0	3,773
Total Restricted funds							6,247	10,589
Total Funds		6,401,889	285,811	2,543	2,562	1,142	6,693,947	6,827,391

The notes on pages 9 to 15 form part of these accounts.

Approved by the managing trustees on 14/3/19 and signed on their behalf by:


 Revd Anthony Malcolm
 Circuit Chair

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 Going concern

Based on the monetary assets and human resources available at 31 August 2018, the trustees believe that the Circuit is a going concern.

vi 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.

vii Income recognition

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

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

viii Expenditure

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

ix Grants

Grants are recognised annually only as and when any performance conditions attaching to the award are met, even when the 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.

x VAT

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

xi 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 2018

xii 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.

xiii 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 2018

2 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	2017-18	2016-17
South Chingford	16,617	16,617
North Chingford	17,786	17,786
Sherm Hall	65,199	50,111
Cann Hall	11,337	10,818
Loughton	67,444	67,444
Woodford	17,513	17,512
Winchester Road	31,788	31,788
Leytonstone	46,488	34,712
Leyton Trinity	33,238	33,238
Loughton Trinity (Debden)	5,000	5,000
Wanstead	15,039	14,912
Light House	33,691	33,691
	<u>361,140</u>	<u>333,629</u>

3 Donations Received

Donations were received during the year as shown in the table below:

	2017-18	2016-17
Benevolent Fund	10	482
Grenfell Fire Donations	-	3,773
Legacies	2,293	
	<u>2,303</u>	<u>4,255</u>

4 Grants, Donations and related Support costs

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

	2017-18	2016-17
Donations General	600	850
Benevolent Fund	600	1,230
Grenfell Fire Donations paid out	3,773	-
Grant to Loughton Methodist Church	36,000	-
	<u>40,973</u>	<u>2,080</u>

5 Salaries and associated costs

	2017-18	2016-17
Gross Pay	121,830	140,853
Employer's National Insurance Contribution	12,870	12,706
Employer's pension contribution to the defined benefit scheme	29,043	37,419
Circuit Administrator's Gross Pay	13,812	13,257
Administration charge and apprenticeship levy	1,096	703
	<u>178,651</u>	<u>204,938</u>

Gross salaries paid to five 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 their 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 2018

5 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.

6 Property costs	2017-18	2016-17
Manse repairs	114,744	6,394
Insurance and utilities	8,403	8,102
Council tax	15,661	12,274
	<u>138,808</u>	<u>26,770</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. Circuit pays for Manse's insurances, utilities and council tax for all the Manses occupied by Chair and Trustees except for 1 Manse which is let out.

7 Office expenses	2017-18	2016-17
Telephone	4,020	4,279
Travel	10,580	15,722
Postage and stationery	5,586	7,221
Investment management fees - CMTF	938	990
	<u>21,124</u>	<u>28,212</u>

8 Other expenditure	2017-18	2016-17
Training	2,385	3,299
Preachers fees and expenses	2,057	1,619
Sundries	2,349	2,427
Removal costs	4,775	-
Professional fees and survey costs	3,808	3,897
	<u>15,374</u>	<u>11,242</u>

9 Fees for examination or audit of the accounts	2017-18	2016-17
Auditors' fees	1,920	1,800
Other fees (eg: advice, accountancy services)	1,920	1,800
	<u>3,840</u>	<u>3,600</u>

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

10 Total Tangible Fixed Assets

	Land and Building Manses	Computer Equipment	Total
Cost or valuation			
Balance at 1st Sept 2017	6,344,167	9,434	6,353,601
Additions in the year		1,192	1,192
Revaluations in the year	-	-	-
Balance at 31st August 2018	<u>6,344,167</u>	<u>10,626</u>	<u>6,354,793</u>
Accumulated depreciation			
Balance at 1st Sept 2017	-	6,996	6,996
Depreciation charge for the year	-	907	907
Revaluations in the year	-	-	-
Balance at 31st August 2018	<u>-</u>	<u>7,903</u>	<u>7,903</u>
Net Book Value at 31st August 2018	<u>6,344,167</u>	<u>2,723</u>	<u>6,346,890</u>
Net Book Value at 31st August 2017	<u>6,344,167</u>	<u>2,438</u>	<u>6,346,605</u>

The Land and Buildings (Manses) were not revalued in the year by the Trustees who believe that the valuations on 31 August 2018 are not materially different to the valuations on 31 August 2016. 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.

11 Debtors and prepayments

All sums shown as Debtors at 31 August 2018 were received during the following year. All sums paid in advance at 31 August 2018 were for purposes required during 2018-19.

	2017-18	2016-17
Trade debtors		
Amounts owed by bodies connected with the charity	<u>61,587</u>	<u>21,774</u>
Prepayments and accrued income		
Stipends paid in advance	10,947	14,628
Council tax and utilities	1,745	1,541
Professional fees	-	1,205
Interest accrued	1,000	1,000
Other loans	3,530	2,100
	<u>17,222</u>	<u>20,474</u>
Total	<u>78,809</u>	<u>42,248</u>

12 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.

13 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 2018

14 Creditors and accrued expenses		
Creditors	2017-18	2016-17
Expenses reimbursement	2,056	5,125
Audit and accountancy fees	3,840	3,600
Other creditors	2,101	2,101
Loan payable to other church (Loughton)	-	12,000
Funds received due to be paid	<u>6,857</u>	<u>9,923</u>
	14,854	32,749
Accruals and deferred income		
Deferred income for activity next year	58,161	49,233
Deferred income for rent income next year	864	864
Total of creditors and accrued expenses	<u><u>73,879</u></u>	<u><u>82,846</u></u>

Funds received have been distributed to various external organisation after 31 August 2018, except for £1,092. It is expected that all sums accrued at 31 August 2018 would be paid during the year to 31 August 2019.

- 15 Grant commitments**
There were no future commitments at 31 August 2018.

- 16 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		2017-18	2016-17
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.	6,401,889	6,350,403
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	285,811	466,399
Circuit Development Fund - Restricted	A small fund to be used primarily on funding an additional member of staff when the case arises	2,543	2,532
Sale of Chapel and Land Fund - Restricted	Apart from interest received and TMCP admin charges this fund has not had any activity since 1997.	2,562	2,552
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.	1,142	1,732
Other Funds (Restricted - Grenfell Tower)	To support residents and families of those affected by the fire, emergency workers who responded and the ongoing needs of the community.	-	3,773
		<u>6,693,947</u>	<u>6,827,391</u>

17 Transfer between funds	2017-18	2016-17
TMCP contribution to CFB account	<u>121,870</u>	-

FOREST METHODIST CIRCUIT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

18 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 gratefull to all of them for their help and commitment.

FOREST METHODIST CIRCUIT

FOR THE YEAR ENDED 31 AUGUST 2018

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

F. Corbett

Name

Mrs Florestine Corbett

Date

22/3/2019.

Address

85 Norlington Road, London E10 6LA

Presentation to the Circuit Policy Committee for approval.

I confirm that the Accounts have been presented to the Circuit Policy Committee on *14/3/19*..... and were approved.

Signature of the Chair of the meeting

A. Malcolm

Name of the Chair of the meeting

Revd Anthony Malcolm

Date

22/3/19

