

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Statement of Financial Activities	Note	General funds (Unrestricted)	Circuit Model Trust (Unrestricted)	Restricted funds	Total 2019	2018
		£	£	£	£	£
Incoming Resources						
Assessments on churches		351,846	-	-	351,846	355,279
Grants and donations		-	-	30,103	30,103	46,805
Income from lettings		1,680	-	-	1,680	1,470
Funds from churches ceasing worship		2,751	-	-	2,751	3,957
Sundry receipts		452	-	23,130	23,582	21,754
Total Incoming Resources		<u>356,729</u>	<u>-</u>	<u>53,233</u>	<u>409,962</u>	<u>429,265</u>
Resources Expended						
Stipends, salaries, NI & pension	8	224,910	-	49,202	274,112	255,371
Assessments to Connexion		59,901	-	-	59,901	62,100
Assessment to District		10,000	37,505	-	47,505	18,832
Levy payable to Connexion on Sale of Property		-	-	-	-	155,642
Realised losses on sale of properties		-	-	-	-	13,377
Telephone & travel		22,156	-	1,480	23,636	21,612
Insurance & rates		15,039	-	434	15,473	12,581
Maintenance expenses - manses		9,726	-	-	9,726	17,113
Maintenance expenses - other		-	-	-	-	2,024
Grants & donations		1,100	-	-	1,100	1,100
Office costs		13,678	-	359	14,037	14,560
Other		8,565	78	1,758	10,401	31,484
Total Resources Expended		<u>365,075</u>	<u>37,583</u>	<u>53,233</u>	<u>455,891</u>	<u>605,796</u>
Net outgoing resources before other recognised gains and losses		<u>(8,346)</u>	<u>(37,583)</u>	<u>-</u>	<u>(45,929)</u>	<u>(176,531)</u>
Deficit for the year		<u>(8,346)</u>	<u>(37,583)</u>	<u>-</u>	<u>(45,929)</u>	<u>(176,531)</u>
Funds brought forward	1	144,405	2,640,627	-	2,785,032	2,961,563
Total funds carried forward		<u>136,059</u>	<u>2,603,044</u>	<u>-</u>	<u>2,739,103</u>	<u>2,785,032</u>

The notes on pages 10 to 15 form part of these financial statements.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Balance Sheet	Note	General Funds (Unrestricted)	Circuit Model Trust (Unrestricted)	Restricted Funds	Total 2019	2018
		£	£	£	£	£
Fixed Assets						
Tangible fixed assets	2	-	2,010,171	-	2,010,171	2,010,171
		<u>-</u>	<u>2,010,171</u>	<u>-</u>	<u>2,010,171</u>	<u>2,010,171</u>
Current Assets						
Debtors and Prepayments	3	46,689	-	13,972	60,661	37,678
Cash	4	166,357	804,258	-	970,615	831,416
		<u>213,046</u>	<u>804,258</u>	<u>13,972</u>	<u>1,031,276</u>	<u>869,094</u>
Current Liabilities						
Creditors and Accruals	5	90,089	211,385	870	302,344	94,233
		<u>90,089</u>	<u>211,385</u>	<u>870</u>	<u>302,344</u>	<u>94,233</u>
Net Assets						
		<u>122,957</u>	<u>2,603,044</u>	<u>13,102</u>	<u>2,739,103</u>	<u>2,785,032</u>
Funds of the Circuit						
General Funds (Unrestricted)	11	122,957	-	13,102	136,059	144,405
Circuit Model Trust (Unrestricted)	12	-	2,603,044	-	2,603,044	2,640,627
Restricted Fund	13	-	-	-	-	-
Total Funds		<u>122,957</u>	<u>2,603,044</u>	<u>13,102</u>	<u>2,739,103</u>	<u>2,785,032</u>

The financial statements were approved by the Trustees and authorised for issue and signed on their behalf by:

..... **Chairman** **Date**

..... **Treasurer** **Date**

The notes on pages 10 to 15 form part of these financial statements.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements

Note 1 Accounting Policies

Basis of Preparation

These financial statements have been prepared under the historical cost convention (except that property is reflected at the fair value) and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102 - the Charities SORP (FRS 102) and taking note of the Update Bulletin issued in 2016. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements are prepared in sterling which is also the functional currency of the Circuit and are rounded to the nearest £.

The entity has taken advantage of the small charity exemption not to prepare a cash flow statement.

Incoming resources

These are included in the Statement of Financial Activities when the Circuit becomes entitled to the resources, the Trustees are reasonably certain they will receive the resource; and the monetary value can be measured with sufficient reliability.

Resources expended

Expenditure is recognised when a liability is incurred, or a constructive obligation arises that would result 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.

Pension cost

Minister's pension schemes are administered by Connexion with the Circuit contribution being at a rate of 26.9% of salary and Minister's own contributions being set at a of 9.3% of salary with an additional voluntary contribution. Lay employees, where applicable, receive a Circuit contribution at a rate of 6% of salary with their own contributions likewise set at a rate of 6% of salary, payable to an Isle of Man Insurance and Pensions Authority approved personal pension scheme in the employees own name, this being the employees responsibility to establish.

VAT

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

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements (continued)

Note 1 Accounting Policies (continued)

Tangible fixed assets

Tangible assets are capitalised if they have a useful economic life exceeding one year and there is a de minimis limit of £1,000. They are valued at cost or a reasonable value on receipt. Where cost is not available, the Circuit Meeting may provide a reasonable estimate of the building's current value to the Circuit to form a basis for initial recognition. Subsequent accounting for revaluations utilise fair value. The circuit has adopted a policy of obtaining periodic revaluations every 5 years. This is in accordance with the Methodist Accounting guidance.

No depreciation is provided on the buildings because the trustees consider the current residual fair value of the manse buildings and churches to be not less than its current value. Any depreciation would not be material. The properties have been reviewed for impairment.

Debtors and prepayments

Debtors and prepayments are in respect of amounts owing to the Circuit and Prepayments made by the Circuit.

Cash

Cash includes cash at bank and on hand.

Creditors and accruals

Creditors are in respect of amounts owed by the Circuit and any amounts accrued. This also includes the 1st quarter assessment for 2020 fiscal year received in August.

Funds

The funds held constitute: General Funds held for any purpose of the Circuit which are Unrestricted. The Circuit Model Trust Fund has wide purposes defined in Standing Orders and is categorised as unrestricted. Restricted funds relate to money which has been given, collected or donated for a specific purpose. It is a requirement of charity law that when funds are given or raised for a particular purpose, they must be used for that purpose. These funds have been split out in the Statement of Financial Activities and Balance Sheet and are detailed in Note 13. There are no Endowment funds. Any funds may be represented by more than just cash.

Transferring church buildings

When a church building closes for worship, the responsibility for the asset is transferred from the church to the Circuit, as managing trustee. Any such transfers are recognised in the Statement of Financial Activities to reflect the unrealised gain.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements (continued)

Note 1 Accounting Policies (continued)

Going concern

Based on the monetary assets and human resources available at 31 August 2019, the trustees believe that the Circuit is a going concern.

Note 2 Tangible fixed assets	2019	2018
	£	£
Manses	1,890,171	1,890,171
Park View	120,000	120,000
	<u>2,010,171</u>	<u>2,010,171</u>
		Buildings
		£
Valuation		
At 31 August 2018		2,010,171
Additions		-
Disposals		-
At 31 August 2019		<u>2,010,171</u>
Net book value		
At 31 August 2019		<u>2,010,171</u>
At 31 August 2018		<u>2,010,171</u>

All properties referenced above are held by the Trustees for Manx Methodist Church Purposes, as Custodian Trustee.

There were no additions or disposals made during the year.

In prior year, the total amount of levy paid to Connexion in respect of the sale of properties amounted to £155,642, this is included in the Statement of Financial Activities.

The Circuit has adopted the policy to revalue its fixed assets every five years. Valuations have been carried out by an independent valuer, Black Grace Cowley Limited, as at 31 August 2017. The valuation has been made in accordance with the RICS Valuation - Global Standards 2017 (The Red Book). The valuation was based on comparable market transactions and has been taken as deemed cost in the financial statements at 31 August 2019 and 31 August 2018.

The trustees believe the fair value of the properties that have been revalued as at 31 August 2017 have not changed at year end similarly the fair value of property acquired in 2018 remained unchanged which has been included within the financial statements at acquisition cost. The trustees believe these amounts represent the fair value of properties at year end.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements (continued)

Note 3	Debtors & Prepayments	2019	2018
		£	£
	Debtors	3,443	-
	Prepayments	41,882	24,753
	Amounts due from District	15,336	7,602
	Amounts due from Connexion	-	5,323
		<u>60,661</u>	<u>37,678</u>

Note 4	Cash	2019	2018
		£	£
	Isle of Man Bank Current Account	133,556	197,884
	Circuit Model Trust	804,258	630,455
	Lloyds Bank Current Account	32,601	2,877
	Petty cash	200	200
		<u>970,615</u>	<u>831,416</u>

The Circuit Model Trust balance comprises of accounts held by the Trustees for the Manx Methodist Church Purposes in its capacity as custodian trustee.

Note 5	Creditors & Accruals	2019	2018
		£	£
	Creditors	2,126	-
	Assessment on churches in advance	82,240	80,962
	Accruals	3,734	5,784
	Amount payable to District	1,989	-
	Ramsey Methodist Church Funds	211,385	-
	Donations for distribution	-	168
	Donations re Sierra Leone (Note 13)	870	7,319
		<u>302,344</u>	<u>94,233</u>

Assessment on churches in advance relates to the amounts received from Churches in advance for the first quarter of the 19/20 financial year. Prior year balance had been fully recognised as income during the year.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements (continued)

Note 5 Creditors & Accruals (continued)

The Circuit Model Trust is holding funds of £211,385 in respect of the sale of Ramsey Methodist Church, and is currently awaiting the decision from the congregation as to the potential purchase of a new property with these funds. The funds could be recalled at any time.

Note 6 Related Party Transactions

The Methodist Church is governed in accordance with its Constitution, Practice and Discipline (CPD) and is organised in four tiers; individual Churches whose governance is exercised by the Church Councils, Circuits (geographical groups of Churches) whose governance is exercised by Circuit Meetings, Districts (geographical groups of Circuits) whose governance is exercised by Synods (with Policy Committees exercising interim delegated authority), and a Connexion, directed by the Conference. In addition, on the Isle of Man, the Trustees for Manx Methodist Church Purposes (TMMCP) act as Custodian Trustee for Manx Methodist Church assets. Transactions with these related parties are clearly shown in the accounts and, where appropriate, are amplified by notes.

Note 7 Audit fees

Fees payable to the auditor for the preparation and audit of the financial statements for the year ending 31 August 2019 totalled £4,056 (2018: £3,960).

Note 8 Ministers and Employees' remuneration

During the financial years ending 31 August the Circuit incurred the following ministers' and employees' remuneration costs, as detailed in the Statement of Financial Activity:

	2019	2018
	£	£
Stipends, salaries and NI	238,457	224,793
Pension costs	37,957	30,578
Total remuneration	<u>276,414</u>	<u>255,371</u>

According to the Constitutional Practice and Discipline of the Methodist Church documents, Ministers are also entitled to claim reasonable expenses.

No individual received remuneration in excess of £60,000.

The average number of ministers and employees during the year is 13 (2018:11). There is no accrual for holiday pay as it is immaterial.

**Methodist Church
Isle of Man Circuit
Year ended 31 August 2019**

Notes to the Financial Statements (continued)

Note 9 Payment to Trustees

There were no payments made to trustees for additional services provided to the Circuit by agreement with the Circuit Meeting.

Similarly, there were no travel and accommodation expenses that have been paid to managing trustees during the year.

Note 10 Capital Commitments and Contingent Liabilities

As at 31 August 2019, there were no capital commitments and contingent liabilities were identified.

Note 11 General Funds (Unrestricted)

The purpose of the fund is for use at the discretion of the trustees in the furtherance of the general objectives of the Circuit and which have not been designated for other purposes.

Note 12 TMMCP (Unrestricted)

Fund designated for the maintenance of the centre.

Pursuant to the Deed of Union (1932), in 1934 a model trust deed (known as the "Model Deed") was adopted in the Isle of Man and certain property of the Methodist Church in the Isle of Man is held upon the trusts of that deed. Such property is held by the Trustees for Manx Methodist Church Purposes ("TMMCP") as custodian trustee."

Note 13 Restricted Funds

Amounts referred to as restricted funds include donations in respect of the Manor Ark and Sierra Leone projects, as detailed below:

Manor Ark, Pulrose

During the year ending 31 August 2019, receipts of £22,050 (2018: £23,799) and expenses of £29,219 (2018: £30,605) were incurred, leaving a £7,167 (2018: £6,806) receivable from District included within Debtors. This resulted in a net nil balance within the restricted funds at year end (2018: Nil).

Sierra Leone Project

The circuit paid out £6,424 (2018: £4,332) towards a specific project in Sierra Leone whilst incurring bank charges of £25. A balance of £870 (2018: £7,319) is included within creditors for the year ended 31 August 2019.

Note 14 General information

The Circuit's principal office is Trinity Methodist Church, Rosemount, Douglas, Isle of Man, IM1 3EY.