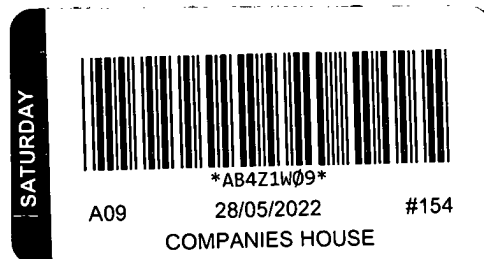


# Methodist International Centre Limited

## FINANCIAL STATEMENTS

for the year ended

30 August 2021



# Methodist International Centre Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

Mr. RWills (Chair) (appointed 18 August 2021)  
Rev. Dr. S J Burgess (Chair) (removed 16 July 2021)  
Mrs. M N Duhot  
Rev. J K Nyota (Chief Executive) (removed 26 April 2021)  
Mr. D A Picot  
Mr. D Swanney (appointed 16 December 2020)  
Rev. T A Swindell (appointed 16 December 2020)  
Mrs. V E Le Vaillant

### REGISTERED OFFICE

81-103 Euston Street  
London  
NW1 2EZ

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

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### SOLICITORS

Buckles Solicitors LLP,  
40 Farnival Street, Holborn,  
London  
EC4A 1JQ

# Methodist International Centre Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Methodist International Centre Limited ("the Company") for the year ended 30 August 2021.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are providing conference and hotel facilities.

### RESULTS AND DIVIDENDS

Methodist International Centre Ltd ("MICL") trades as TheWesley. It is a developing brand in the hospitality industry with the unique selling points of being an ethical, environmentally friendly (low carbon), and sustainable social enterprise. TheWesley trades in order to generate funds for the charitable purpose of The Methodist Church in Great Britain ("The Methodist Church"), the company's parent charity, while providing the Christian hospitality and support to people and students in need.

Several years ago, the Company developed accommodation in Italy, through its subsidiary undertaking, TheWesley Rome SRL. During the year this subsidiary was sold for £23,213, realising a surplus on disposal of £3,820 (see note 5).

The Methodist Church has received full planning permission to redevelop Camden Town Methodist Church into a new mixed-use building with new worship space and a 38-bedroom hotel to be operated by TheWesley. Construction work on this property started in January 2021 and is being fully funded by The Methodist Church, with TheWesley responsible for repaying the fit-out costs in the form of additional rent. The hotel is expected to be completed and opened during September 2022, with the hotel operated under a lease from The Methodist Church.

The impact of Covid19 during the financial year ending 30 August 2021 is unprecedented. The results for the year and the financial position at the year end are therefore unsatisfactory. Overall turnover has decreased by £4,089,264 (81%) excluding the Coronavirus job retention scheme (CJRS) support income, and direct costs have decreased by £1,542,334 (76%) due to the reduction in the level of operation. The direct costs did not reduce proportionately to the reduction in revenue due to the Company's decision to keep employees on the furlough scheme. During the year, the Company obtained £367,902 CJRS support from the government grant. This is included in other income.

The Savannah (the hotel's bar and restaurant) has been impacted significantly. During the year, the restaurant food revenue decreased by 94% while drinks revenue has reduced by 82% (2020: food revenue was decreased by 40.82% while drinks revenue declined by 54.62% compared to the prior year of 2019). The restaurant revenue has also been affected by HS2, the construction work associated with the development of a high-speed rail line outside the building. Since 2017 there has been a significant presence of HS2 operations adjacent to the hotel. This has a direct impact on the footfall of the bar and restaurant, reducing the potential revenue. HS2 is expected to be a long-term catalyst for the regeneration and growth of Euston upon completion. HS2 is now a single stage project opening in 2033, with the station design process now underway.

Income from conferences, including conference food, decreased by £1,365,333 to £71,334 (2020: £1,536,677), 95% less than previous year. The hotel income including the restaurant food and drinks has decreased by £2418,172 to £478,124 (2020: £2,896,296), a reduction of 83% compared to previous year's operations. This decrease in the revenue is following the macroeconomic environment on the hospitality industry during the year under review caused by Covid19.

Gross profit for the year was £54,796 (10%) compared to £2,503,468 (55.14%) for the previous year. After charging administrative expenses of £1,318,522, a decrease of £1,702,793 (56%) from the previous year, mainly due to a decrease in staff incentives, rent payable, business rate and bank charges expenses, the Company incurred a loss of £828,832 (2020: profit of £15,305).

The Company normally distributes its retained earnings as a donation under Gift Aid to The Methodist Church within nine months of the reporting date.

The Covid19 pandemic has had an unprecedented impact on the economy and the hospitality industry. MICL has taken considerable steps to protect the health and wellbeing of its staff and guests within the parameters set down by the UK government. The outbreak significantly impacted our hotel operations especially because of the length of the pandemic and the number of variants.

# Methodist International Centre Limited

## DIRECTORS' REPORT

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Most office and administrative staff have been working from home or doing hybrid working since Government advice was issued to do so during lockdown and movement restriction measures. In addition, the Directors have taken other measures to mitigate the impact of the pandemic. Staff not able to work from home or without sufficient work to do were furloughed in accordance with the UK Government's scheme and financial plans and forecasts have been adjusted in line with expected performance during 2020 and 2021.

During the lockdown periods, the hotel continued to offer discounted accommodation to NHS staff and other keyworkers. It also accommodated its key staff members servicing the property during the lockdown.

The Directors and senior management considered the impact of the current hospitality market performance following the easing of the first lockdown by the government. Occupancy is continuously monitored so that staffing levels can be reduced through redundancies in line with cashflow to manage the operations and reduce its costs.

The Company has also benefited from deferring its VAT liability in accordance with the government policy and received business rate relief from April 2020 to March 2021.

Following the different tier level restrictions introduced by the government from October 2020, the Company reduced its staff level to a core of 20 Staff, excluding the Directors of the Company. This has significantly reduced the wages cost of the operations. The Company also continued to benefit from the furlough scheme offered by the government depending on the need from the company operation level and the restriction imposed by the government. As the government restrictions and another lockdown continue, MICL has received government backed loans to stay solvent and ensure all the commitments are fulfilled. A facility under the Government's Coronavirus Business Interruption Loan Scheme (CBILS) for £500k was drawn down in July 2021 to secure trading for the foreseeable future.

The parent charity, The Methodist Church, has continued to support the business and has provided a rent holiday for 12 months of the current financial year to manage the pandemic effects on business and there is strong commitment to support the business going forward. Further evidence of their commitment to the Company is the continued works to develop a new hotel in Camden Town which will be operated by TheWesley and expected to open by September 2022. All these indicate that MICL is likely to remain a going concern for at least 12 months.

As of August 2021, the Company began to see signs of recovery, and occupancy rates in the hotel started to improve, while bookings for conference facilities were also beginning to pick up. Directors are confident that the Company is able to respond to market conditions, and also has sufficient funding to continue to trade for the foreseeable future.

### DIRECTORS

The directors who served the Company during the year were as follows:

Mr. R Wills (Chair) (appointed 18 August 2021)  
Rev. Dr. S J Burgess (Chair) (removed 16 July 2021)  
Mrs. M N Duhot  
Rev. J K Nyota (Chief Executive) (removed 26 April 2021)  
Mr. D A Picot  
Mr. D Swanney (appointed 16 December. 2020)  
Rev. T A Swindell (appointed 16 December. 2020)  
Mrs. V E Le Vaillant

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

### AUDITOR

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# Methodist International Centre Limited

## DIRECTORS' REPORT

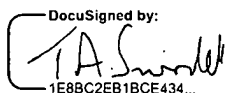
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An audit is required by the Company's Articles of Association. Our Auditor, RSM UK Audit LLP has indicated its willingness to continue in office and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the Board

DocuSigned by:  
  
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Revd. Timothy Swindell FCA  
Director

26 May 2022

# Methodist International Centre Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF METHODIST INTERNATIONAL CENTRE LIMITED

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### Opinion

We have audited the financial statements of Methodist International Centre Limited (the 'company') for the year ended 30 August 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 August 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF METHODIST INTERNATIONAL CENTRE LIMITED

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF METHODIST INTERNATIONAL CENTRE LIMITED

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However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and data protection. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Paul Oxtoby*

Paul Oxtoby (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham, West Midlands  
B2 5AF

27 May 2022

**Methodist International Centre Limited**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
for the year ended 30 August 2021

	<i>Notes</i>	2021 £	2020 £
TURNOVER		549,468	4,540,474
Cost of sales		<u>(494,672)</u>	<u>(2,037,006)</u>
Gross profit		54,796	2,503,468
Administrative expenses		(1,318,522)	(3,021,315)
Other Income	13	434,894	533,152
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(828,832)</u>	<u>15,305</u>
Taxation	3	-	(36,735)
LOSS FOR THE FINANCIAL YEAR		<u>(828,832)</u>	<u>(21,430)</u>
Retained Losses/(profits) at 1 September		(21,430)	1,388,160
Distribution under Gift Aid		-	(1,388,160)
Retained Losses at 30 August		<u><u>(850,262)</u></u>	<u><u>(21,430)</u></u>

**Methodist International Centre Limited****STATEMENT OF FINANCIAL POSITION**

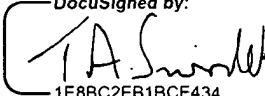
as at 30 August 2021

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible Assets	6	-	3,369
Property, Plant and Equipment	6	159,373	319,366
Investments	5	-	-
		<u>159,373</u>	<u>322,735</u>
<b>CURRENT ASSETS</b>			
Stocks		18,602	18,981
Debtors	7	12,468	431,425
Cash at bank and in hand		<u>560,664</u>	<u>724,151</u>
		591,734	1,174,557
<b>CREDITORS</b>			
Amounts falling due within one year	8	(315,344)	(732,697)
		<u>276,390</u>	<u>441,860</u>
Net Current Assets			
Creditors: amounts due after more than one year	9	(1,286,000)	(786,000)
		<u>(850,237)</u>	<u>(21,450)</u>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	25	25
Profit and loss account		<u>(850,262)</u>	<u>(21,430)</u>
		<u>(850,237)</u>	<u>(21,405)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on page 8 to 17 were approved by the directors and authorised for issue on 26 May 2022 and signed on its behalf by:

Revd. Timothy Swindell FCA

DocuSigned by:  
  
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# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

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### 1. ACCOUNTING POLICIES

Methodist International Centre Limited is a company limited by shares, domiciled, and incorporated in England. The address of the Company's registered office and principal place of business is 81-103 Euston Street, Euston House, London, NW1 2EZ.

The Company's principal activities are hotel and related accommodations and the provision of conference facilities. The Company forms part of a public benefit group.

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

#### CONSOLIDATED FINANCIAL STATEMENTS

The Company is not required to prepare consolidated financial statements under Companies Act 2006 by virtue of its status as a small company.

The Company's financial statements are consolidated in the financial statements of The Methodist Church in Great Britain, the ultimate controlling charitable parent entity. Copies of these financial statements may be obtained by writing to the Methodist Church, 25 Marylebone Road, London NW1 5JR.

#### GOING CONCERN

The accounts are prepared on a going concern basis.

Whilst the Covid19 pandemic continues to evolve, and its full impact on MICL cannot at present be fully understood, stress testing of MICL's operations and financial forecasts over 12 months post approval of these financial statements has been carried out.

This stress test involving a combination of mitigation strategies and the utilisation of support from its parent charity gives Directors confidence that MICL is able to deal with the impact of the pandemic even in the event of a further spike in infections and hospitalisations.

As a result of the outbreak and resultant Government actions, MICL's financial position was impacted significantly. Several adjustments to financial forecasts for 2021 and beyond were made, the significant ones being:

- The hotel occupancy has been much reduced, and consequently, the staffing level has been reduced.
- The Company had sought and received financial support from the parent charity, being a £786,000 interest-free loan. It was agreed in November 2021 by the parent that this loan would not be repayable until May 2024.
- A rent holiday for 21 months from December 2019 was originally agreed by the Shareholder in support of the Company. This was subsequently extended by six months to the end of February 2022, so rent repayments will recommence from March 2022.
- A Government Coronavirus Business Interruption Loan Scheme facility for £500,000 was drawn down in July 2021.
- Trading improved significantly in the period September to November, with the company achieving a Turnover of £940K and Net Profit of £264K. The company increased its cash balance during this period. At the end of November there was a cash balance of £866k.
- The Omicron Covid variant impacted trading from December 2021 until February 2022 but it is expected that sufficient reserves and resilience has been built up to withstand this. As of the end of February 2022 trading has started to improve again.

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

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### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

### INVESTMENTS

Fixed Assets investments are initially recognised at cost and subsequently recognised at cost less impairment.

### PROPERTY, PLANT AND EQUIPMENT

All tangible fixed assets are initially recorded at cost and are stated net of depreciation and any provision for impairment except where noted below. Tangible fixed assets with a cost below £1,000 are not capitalised. Depreciation is provided at the following annual rates in order to write the cost of assets less residual value over their estimated useful lives:-

Motor vehicles	20% straight line
Fixtures and fittings	20% straight line
Office equipment	33.33% straight line
Leasehold improvement	over the life of the lease to which they relate

### INTANGIBLE ASSETS

All intangible assets are initially recorded at cost and subsequently at cost less amortisation calculated at 33.33% on a straight line basis and any provision for impairment. The amortisation rate is set to write the cost of the assets over their estimated useful life.

### IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed asset and their recoverable amounts, being the higher of value in use and fair value less costs to sell, are recognised as impairments in profits or loss. Recognised impairment losses are reversed if, and only if, reasons for the impairment have ceased to apply. Reversals are recognised in profit or loss.

### TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates and it is derived totally from within the UK and from the Company's principal activities.

### STOCKS

All stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less than the estimated cost of disposal.

### CORONAVIRUS JOB RETENTION SCHEME

The grant received from the government during the financial year is recognised on an accrual basis.

### OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

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### RETIREMENT BENEFITS

For defined contribution schemes, the amount charged to profit and loss is the contributions payable in the year and contributions actually paid are shown as accrual or prepayments, where relevant.

### HOLIDAY PAY ACCRUAL AND OTHER BENEFITS

The accrual is calculated using the undiscounted additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

### FOREIGN CURRENCY

All business transactions that are denominated in foreign currencies are recognised at the prevailing transaction date exchange rate. Non-monetary assets such as equity investments are carried in the local currency at a historical transaction exchange rate.

At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated by using the rate of exchange ruling at that date. Any exchange rate gains or losses are recognised in profit or loss of the period in accordance with the accruals concept of accounting. All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### TAXATION

In line with Amendments to FRS 102 Triennial Review, the Company has accounted for the tax consequence of its intended distribution under gift aid earlier than the period in which that gift aid payment is made, on the basis that it is probable that the payments will be made within nine months of the accounting date to the parent charity. An expected gift aid payment is accounted for when there is a present legal obligation for the subsidiary to make the payments at the reporting date.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is based on taxable profit for the year, after taking account of intended gift aid payments that are probable as noted above. Taxable profit also differs from profit for the financial year because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted. Deferred tax liabilities are recognised in respect of all timing differences that exist at the balance sheet date, except in respect of gift aid as noted above. Timing differences are differences between taxable profits and profit for the financial year that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 August 2021

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#### 2. PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION

Profit on ordinary activities is stated after charging:

	2021 £	2020 £
Operating lease – land & buildings	-	149,479
Operating lease – plant & machinery	-	-
Directors' remuneration *	207,788	355,887
	<u>207,788</u>	<u>355,887</u>

\*Directors' remuneration includes 1 (2020: 1) Executive and 5 (2020: 5) Non-Executive Directors.

#### 3. TAXATION ON ORDINARY ACTIVITIES

	2021 £	2020 £
Tax charge on profit on ordinary activities	-	36,735
	<u>-</u>	<u>36,735</u>
Corporate tax expense	-	36,735
	<u>-</u>	<u>36,735</u>

The Company expects to recover the Corporation Tax paid from losses resulting from future trading before planning to returning to payments of Gift Aid to the parent charity.

#### 4. STAFF COSTS

The average weekly number of average employees during the year was:

	2021 No.	2020 No.
	32	85
	<u>32</u>	<u>85</u>

The employment costs of these employees were:

	2021 £	2020 £
Wages & salaries	1,052,232	2,234,597
Social security costs	100,842	225,977
Pension	21,236	88,325
Redundancy	42,303	-
	<u>1,216,613</u>	<u>2,548,899</u>

The amount paid under the defined contribution pension scheme was £21,236 (2020: £88,325). The assets of the scheme were held separately from those of the Company in an independently administered fund. The number of directors who accrued benefits under the company pension scheme was 1 (2020: 1). No amounts were outstanding at the year-end (2020: £nil).

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

### 5. FIXED ASSETS- INVESTMENTS

Subsidiary undertaking – at cost	2021 £	2020 £
At 1 September	253,743	253,743
Additions		-
Disposal	(253,743)	
	<u>-</u>	<u>253,743</u>
Impairment		
At 1 September	253,743	200,148
Charges	-	53,595
Disposal	(253,743)	
	<u>-</u>	<u>253,743</u>
Net book value as of 30 August	<u>-</u>	<u>-</u>

The Wesley Rome business was sold on 20 May 2021 for £23,213. Methodist International Centre Limited is no longer the owner of The Wesley Rome SRL. The sales proceeds are included in other income and the costs incurred in the sale are included in other expenses.

	2021 £
Sales Proceed form the sale of The Wesley Rome SRL	23,213
Costs of sale	19,393
	<u>3,820</u>
Surplus from the sale of The Wesley Rome SRL	<u>3,820</u>



# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

### 6. PROPERTY, PLANT & EQUIPMENT, and INTANGIBLE FIXED ASSETS

	Leasehold Improvements £	Furniture and Fixtures £	Office Equipment £	Motor Vehicle £	Total Tangible £	Intangibles £
Cost:						
At 1 September	270,173	514,415	143,947	20,695	949,230	27,438
Total	270,173	514,415	143,947	20,695	949,230	27,438
Depreciation/Amortisation						
At 1 September	246,126	274,532	96,789	12,417	629,864	24,069
Charge for year	24,047	102,883	30,535	4,139	161,604	1,758
Totals	270,173	377,415	127,324	16,556	791,468	25,827
Net Book Value:						
At 30 August 2021	-	137,000	16,623	4,139	157,762	1,611
	24,047	239,883	47,158	8,278	319,366	3,369

### 7. DEBTORS

	2021 £	2020 £
Trade debtors	2,867	22,228
Prepayments and accrued income	7,697	325,327
Other debtors	1,904	83,870
	12,468	431,425

### 8. CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	47,369	139,073
Other taxes and social security costs	111,363	258,883
Other creditors	79,731	124,984
Accruals and deferred income	73,837	162,986
Corporation tax payable	3,043	46,771
	315,343	732,697

The Company has an overdraft facility in place up to a limit of £100,000 from HSBC Bank Plc.

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 August 2021

### 9. Creditors: amount due after more than one year

	2021 £	2020 £
Loan from Methodist Church	786,000	786,000
HSBC Coronavirus Business Interruption Loan (CBIL)	500,000	-

The loan from the Methodist Council is unsecured and non-interest bearing. The loan is repayable from May 2024.

The Loan from HSBC was only used for general working capital requirements. This loan is guaranteed by the UK Government under the Coronavirus Business Interruption Loan Scheme. The first 12 months after the date of draw-down, 14 July 2021, is the initial Repayment Free Period. In this period there will no interest to be accrued. The first repayment will be made on the date 13 month from the draw-down. The repayment of the Loan is in 23 monthly instalments of 20,833.33 (exclusive of interest), and £20,833.41 on the Final Repayment date.

### 10. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The Company was under the control of its sole shareholder and custodian trustee, the Trustees for Methodist Church Purposes throughout the year. The ultimate controlling party is The Methodist Church in Great Britain through the Methodist Council. The Company's financial statements are consolidated into the financial statements of The Methodist Church in Great Britain. Copies of these financial statements may be obtained by writing to The Methodist Church, 25 Marylebone Road, London NW1 5JR.

The Company paid a rent of £nil (2020: £149,479) for the usage of the building during the year. During the year The Methodist Church in Great Britain gave a rent holiday for the whole the whole financial year. Because of the loss incurred during the year the Company did not make a distribution under Gift Aid of £nil (2020: nil) to the Methodist Council.

At the balance sheet date, the Methodist Council was owed £786,000 by the Company (2020: £786,000 owed to the Company). During the year the Company donated £nil (2020: £16,000) to the MCW Rafiki Trust where Revd. Dr. S J Burgess, Mr. J Barr and Revd. J K Nyota are Trustees. During the financial year donations and student support amount included £nil (2020: £34,563) which was paid to family member of one of the directors.

### 12 SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid	25	25

### 13 OTHER INCOME

	2021 £	2020 £
Coronavirus Job Retention Scheme	367,902	533,152
Grant-London Borough of Camden	43,703	-
Other Income	23,289	-
	<u>434,894</u>	<u>533,152</u>

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

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### 14 CONTINGENT LIABILITY

A claim has been made against the Company relating to an employment matter.

The directors are currently reviewing the position and while uncertainty exists over the position taken at the reporting date as it is possible that additional liabilities, which are not provided in these accounts, could become payable when this uncertainty is resolved. It is not possible to quantify at this point the value of any additional liabilities which could become payable, if any, at the conclusion of the claim.

# Methodist International Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 August 2021

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The following pages do not form part of the statutory financial statements, which are the subject of the independent Auditor's report on pages 6 and 7.

# Methodist International Centre Limited

## DETAILED PROFIT AND LOSS ACCOUNT

for the year ended 30 August 2021

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	2021	2020
	£	£
TURNOVER		
Conferences	71,344	1,536,677
Hotel	478,124	2,896,296
Coronavirus Job Retention Scheme	367,902	533,152
Miscellaneous	66,992	107,501
	<u>984,362</u>	<u>5,073,626</u>
COST OF SALES		
Direct costs	<u>494,672</u>	<u>2,037,006</u>
	<u>494,672</u>	<u>2,037,006</u>
Gross profit	489,690	3,036,620
ADMINISTRATIVE EXPENSES	(1,318,522)	(3,021,315)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(828,832)</u>	<u>15,305</u>

# Methodist International Centre Limited

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

for the year ended 30 August 2021

	2021	2020
	£	£
ADMINISTRATIVE EXPENSES		
Wages and salaries	720,035	1076,038
Employer's NI	70,546	124,709
Staff incentives	26,225	85,132
Rent re licences and other	-	149,479
Rates	35,827	205,994
Insurance	63,219	67,876
Light and heat	63,140	89,181
Printing, postage and stationery	3,130	12,492
Telephone	9,237	30,360
Repairs and maintenance	60,191	239,173
Travel costs	4,323	34,746
Advertising & marketing costs	(35,139)	163,696
Flowers	2,423	4,138
Training costs	1,391	7,972
Audit and accountancy fees	57,951	14,360
Consultancy fees	17,526	28,500
Recruitment Expenses	4,566	16,509
Bank charges	14,034	121,280
Refuse Collection	11,854	17,004
Uniforms	7	9,119
Staff Entertainment	-	12,684
Miscellaneous	5,281	23,328
Depreciation and amortisation	163,362	260,890
Investment impairment	-	53,595
Costs of disposal of subsidiary	19,393	-
Donations and student support	-	111,475
Bad debt written off	-	61,585
	<u>1,318,522</u>	<u>3,021,315</u>