

# Administrative Details

for the year ended 31<sup>st</sup> August 2024

## Trustees in the period 2023-24:

Rev Dr Tim Macquiban, Chair (resigned Oct 2024)  
Canon Dr Jennifer Smith, Deputy Chair  
Rev Dr Stan Brown  
Rev Dr Joanne Cox-Darling  
Mr Alan Davies  
Rev Geoffrey Farrar  
Dr Clive Norris (resigned Dec 2024)  
Rev Colin Smith  
**Mrs** Barbara Easton (appointed Nov 2023)

## Trustees as of January 2025:

Canon Dr Jennifer Smith, Chair  
Mr Alan Davies, Deputy Chair  
Rev Dr Stan Brown  
Rev Dr Joanne Cox-Darling  
Rev Geoffrey Farrar  
Rev Colin Smith  
Mrs Barbara Easton  
**Mr** Bala Gnanapragasam (appointed Oct 2024)  
**TITLE** Julian Christopher (appointed Oct 2024)

## Registered office:

Southlands College, 80 Roehampton Lane, London, SW15 5SL

## Auditors:

haysmacintyre  
Chartered Accountants  
10 Queen Street Place  
London EC4R 1AG

## Solicitors:

Pothecary Witham Weld  
70 St George's Square  
London SW1V 3RD

## Bankers:

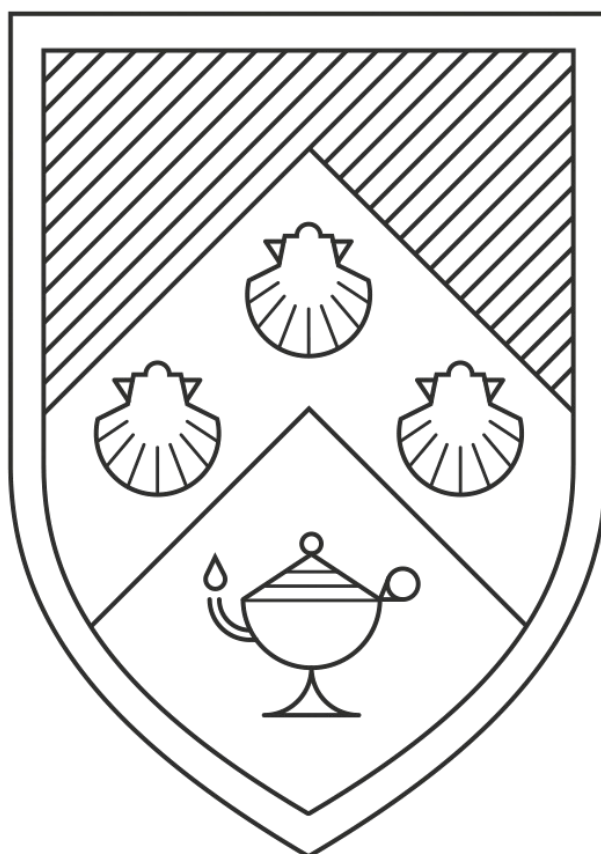
Methodist Central Finance Board  
9 Bonhill Street  
London EC2A 4PE

HSBC  
West End Corporate Banking Centre  
70 Pall Mall  
London SW1Y 5EZ

# Southlands Methodist Trust Report and Financial Statements For the Year Ended 31 August 2024



— S M T —



The Southlands  
Methodist Trust  
is a charity of the  
Methodist Church in Britain

Registered charity number 1100660

Southlands College  
80 Roehampton Lane  
London SW15 5SL

SWF@roehampton.ac.uk  
[www.susannawesleyfoundation.org](http://www.susannawesleyfoundation.org)  
020 8392 4462

# **SOUTHLANDS METHODIST TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

### **FOR THE YEAR ENDED 31 AUGUST 2024**

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**Trustees:**

Canon Dr Jennifer Smith, Chair  
 Rev Dr Tim Macquiban (resigned November 2024)  
 Rev Dr Stan Brown  
 Rev Dr J Cox-Darling  
 Dr Clive Norris  
 Mr Alan Davies, Deputy Chair  
 Rev Geoffrey Farrar  
 Mrs Barbara Easton (appointed September 2023)  
 Rev Dr Janet Corlett (appointed November 2023, resigned November 2024)  
 Mr Julian Christopher (appointed November 2024)  
 Bala Gnanapragasam (appointed November 2024)

**Chief Executive:** Dr Christopher Stephens

**Registered office:** Southlands College  
 80 Roehampton Lane  
 London  
 SW15 5SL

**Auditors:** HaysMac LLP  
 Chartered Accountants  
 10 Queen Street Place  
 London EC4R 1AG

**Bankers:** Methodist Central Finance Board  
 9 Bonhill Street  
 London  
 EC2A 4PE

HSBC  
 West End Corporate Banking Centre  
 70 Pall Mall  
 London  
 SW1Y 5EZ

**Solicitors:** Anthony Collins  
 134 Edmund Street  
 Birmingham  
 B3 2ES

**Investment managers:** Epworth Investment Management Ltd  
 Methodist Church House  
 25 Tavistock Place  
 London  
 WC1H 9SF

## **SOUTHLANDS METHODIST TRUST**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2024**

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#### **STRUCTURE GOVERNANCE AND MANAGEMENT**

The Trustees present their report and audited financial statements for the year ended 31 August 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), in preparing the annual report and financial statements of the charity.

The Southlands Methodist Trust (SMT) is a registered unincorporated charity (Charity number 1100660). The Governing Document is a Deed of Trust.

Trustees are appointed by a decision of Methodist Council, at the recommendation of members of the Trustees. When vacancies arise, a sub-group of the trustee board is formed in order to conduct a search process. This includes both direct approaches and approaches through the Church's Connexional Team, asking for expressions of interest. From time to time, advertisements of vacancies are also used in the press. CVs of those expressing interest in appointments are considered by the sub-group and brought to a full meeting of the trustee board, where a decision is made to recommend names to Council. Trustees are given training as and when considered useful.

#### **RISK ASSESSMENT**

The Trustees have active involvement in the day to day running of the charity. This involvement ensures that they are fully aware of the risks and required action to sufficiently mitigate those risks. The trustees have identified the following risks:

- Investments will drop in value
- Grants made will not be used in accordance with the charity's wishes.
- The sale of the main asset of the Trust has ended the fixed income pattern for the charity and led to some uncertainty for planning future work.

Action taken to mitigate the risks:

- The investments are managed by the Methodist Central Finance Board and the trustees have confidence in their ability to manage them competently.
- Grants are considered by specialist sub-groups and approved for payment at trustees meetings, following a scrutiny process.
- Trustees maintain a comprehensive risk assessment across all relevant areas, which is updated by staff regularly and reviewed at a full meeting of the trustee board at least annually.

#### **OBJECTIVES AND ACTIVITIES**

The aims and purposes of the charity are:

- 1) as part of the work carried out through the Discipleship and Ministries Learning Network, to support in association with the College and University the development of Christian, and specifically Methodist, scholarship, research and innovation, of local, national and global significance and to facilitate the public dissemination of such developments.
- 2) to enable members of the Methodist community and wider public in Britain and internationally to benefit from the academic and other expertise and experience within the College and the University and the facilities available within them.
- 3) To enrich the community life of the College and the work of its chaplaincy in ways that reflect its Methodist values and ethos.
- 4) to maintain and develop the relationship between the Methodist Church, the College and the University in the context of developing the contribution made to the work carried out through the Discipleship and Ministries Learning Network.

## **SOUTHLANDS METHODIST TRUST**

## TRUSTEES' REPORT (continued)

### FOR THE YEAR ENDED 31 AUGUST 2024

#### OBJECTIVES AND ACTIVITIES (continued)

- 5) to further the wider charitable purposes of the Methodist Church through close working with the other persons and bodies responsible for the work carried out through the Discipleship and Ministries Learning Network.

#### Fundraising

SMT does not fundraise with the public and has not received any complaints in this regard during the year.

#### Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity. The Trustees review the activities of the Charity against its aims on an ongoing basis and are satisfied that all

activities continue to be related to the aims which are set in such a way as to benefit society as a whole. Grant applicants are also asked to demonstrate how their work will contribute to the public benefit. The benefits are set out in the review of activities shown below.

#### Research & Knowledge Exchange

##### Project Sponsorship

Each year the Head of Southlands College works with the trustees of the SMT and the staff of the Susanna Wesley Foundation to manage and administer a grants-awarding scheme for RKE projects across Roehampton's departments. These projects support the research profile of the university, meet the charitable purposes of the Trust, and have benefit to the public more broadly. In 2023-24 a number of projects took place across Roehampton's departments:

1. Promoting Access to Clean Energy in Rural Communities: A Training Programme for Women in Kenya
2. Addressing the impact of racial trauma on young refugee people
3. Intergenerational Adaptation in the Complementary School Sector: Language, Culture, Identity and Community Needs
4. Macroeconomic Dynamics and Mental Health
5. Post-harvest losses reduction in the downstream marine fisheries for women fish traders: The Case of Majengo in Mombasa County, Coast Region, Kenya
6. Mindfulness meditation and creative writing

A further series of grants were awarded for the following academic year:

1. The 1917 Redux – The Occupation of Palestine
2. Designing Embodied Education in Dance
3. An exploration into the emotional labour process in nursing: developing improvements for service delivery
4. Improving Inclusive Practice in Education for Pupils with Special Educational Needs and Disabilities (SEND)
5. A taste of home: supporting international students with dietary change and homesickness
6. Archiving the Estate – Emplotment, Objects and Memory
7. Harmonizing Heritage: African Music's Role in Amplifying Black Excellence
8. Unpaid Labour and Mental Health
9. Exploring how neurodiverse students can be best supported as they transition to university and throughout their degree
10. A Mobile App for Disabled Youth in Offa Community, Kwara State, Nigeria

Collaboration between staff at Southlands College, the Susanna Wesley Foundation, the trustees of Southlands Methodist Trust and academics at Roehampton has led to some longer-term research projects with more significant funding over the last few reporting years.

#### SOUTHLANDS METHODIST TRUST

## TRUSTEES' REPORT (continued)

### FOR THE YEAR ENDED 31 AUGUST 2024

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23/24 saw the start of a new project around welcoming LGBTQ+ people in churches in Ghana. The work is being conducted by the Centre for Religion and Public Life (CRPL-Ghana), and it aims to:

- assess how LGBTQ+ people are currently received in churches in Ghana
- explore how churches should disciple them
- explore the extent to which beliefs are changing about the Bible's positions on same-sex relationships.
- equip churches with hermeneutical tools
- help churches be inclusive communities by creating safe spaces for LGBTQ+ persons.

A continuing project in the reporting year was 'Faith Long Lived'. The project, carried out by a research team at the University of Roehampton, has focused on older Christians and their experience of reciting the creeds over the course of several decades. The process of dissemination has involved papers and presentations at various conferences, including one at the University of Tübingen celebrating the 700<sup>th</sup> anniversary of the Council of Nicaea, and with a potential paper next year at a conference on Nicaea at St Mellitus. A major article on 'creeds as practice' is yet to be submitted. Other creative ways of sharing and reflecting on the findings are also being planned.

### The Susanna Wesley Foundation

The Susanna Wesley Foundation (SWF) is a centre for research, dialogue and innovation based at Southlands College, supported by the Southlands Methodist Trust. The Foundation facilitates research and inquiry which is of benefit to churches but also more widely, with the aim of building flourishing, inclusive communities.

#### Conference

SWF's 2024 conference, 'Challenging Hope', brought together contributors and participants from across the globe, and from a wide range of disciplines and walks of life. The Conference provided a shared experience of challenging hope through conversation, knowledge exchange, academic learning, creativity and hospitality.

#### Our community and partnerships

The Foundation continues to sponsor students undertaking PhDs and professional doctorates in theology. Current students' areas of study are as below:

- Storytelling and culture change in local Methodist Churches
- Using theological action research to explore new contextual churches as potential catalysts for change in theology and practice
- The work of lay employees within British Methodism and its relationship to vocation and calling
- Poverty and inclusion, theology, and the local church
- Communion as embodied theatre in the faith formation of teenagers.
- Embodied Ways to Know God: the spiritual writings of Edith Stein as informing an empathic practice of Disability Theology.

The Foundation has been credited by a leader in the University's theology department as helping 'to shape a quality theology research culture' at Roehampton.

The Foundation's capacity for building community and making connections is evidenced also in its relationships and collaborations with Roehampton academics in other disciplines, and with other bodies and organisations outside the University whose work aligns with SWF's ambition to influence practice, resource churches, and create flourishing communities. This has led to partnerships with the Saltley Trust, Theos, the Free Churches Group, and the Institute of Leadership and Social Ethics (ILSE) in Leuven, as well as support for academic groupings such as the British and Irish Association for Practical Theology (BIAPT) and the Society for the Study of Christian Ethics (SSCE). The

### SOUTHLANDS METHODIST TRUST

## TRUSTEES' REPORT (continued)

### FOR THE YEAR ENDED 31 AUGUST 2024

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Foundation contributes to bursaries for students from under-represented groups to enable them to participate in the BIAPT and SSCE annual conferences.

#### **Innovation and learning through our website, resources and podcasts**

The Foundation uses its website and periodic newsletters to build community, showcase some of its research, provide a platform for its resources, and offer insights and reflections on SWF themes. The podcasts open important areas for discussion and offer a true exchange of ideas and perspectives between conversation partners who demonstrate a capacity for listening and learning from one another, sometimes highlighting in the conversation how they will incorporate their new learning into their practice.

#### **A new SWF programme: 'Crafting Hope Together'**

'Crafting Hope Together', a new SWF programme in 23-24, provided a space for those involved in leading church ministry to gather in a small, supportive, ecumenical group of peers to share stories, ideas, resources, and support. The aim was to enable participants to tune into their thinking and their feelings in different ways so helping them to develop new perspectives on their ministry and the issues they face. A participant described the first of three in-person sessions as 'one of the best days of learning I have been on.'

#### **Learning about learning**

The year saw the publication of several articles, under the banner of 'Learning Faith', in November's edition of Anvil, (a journal of theology and mission). These arose out of our large-scale theological action research project around learning in the Methodist Church.

Our interest in learning led to support for a project in partnership with Saltley Trust 'Learning from the edges.' The project takes an action research methodology, already resulting in changed practice and renewed understanding for those involved.

The project 'Developing Reflective Learning on Diaconal Identities and Work with Refugees and Asylum Seekers' is ongoing but there is already much learning about both the potential of the learning process used in the project, and about the substantive topic of Christian engagement with refugees and asylum seekers.

#### **Learning about 'impact'**

A key driver for the work of the Foundation is to enable the exchange of insights and understandings to 'make a difference' and to impact collective and individual practice, for the benefit of communities. Our focus is particularly around churches and those who work in them (and with them), but over the last year we have started to explore both the processes involved in making a difference and methods of assessing impact in various different contexts. We anticipate that learning about impact will not only sharpen how we work and where we direct our resources but will also ensure that more of our work, and that of our academic and institutional partners, has public benefit.

#### **Diversity and Inclusion**

The Foundation's work with the Methodist Church around diversity and inclusion continued in 23/24, with further consideration of an earlier SWF report evaluating awareness and perceptions of the Methodist Church's strategy to bring about a fully inclusive Church

#### **Plans for The Future**

The Susanna Wesley Foundation will continue to take an approach which encourages dialogue and collaboration, and which draws on different disciplines, on lay as well as ordained perspectives, and on practitioner as well as academic insights. The desire to influence practice, and to share understandings for the benefit of churches and communities, will provide impetus for further work around impact over the coming year, supporting the University's research and knowledge exchange agenda and helping to extend the reach of the Foundation's different activities and involvements.

## **SOUTHLANDS METHODIST TRUST**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2024**

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SWF will continue to support the University's work in practical theology, to sponsor doctoral students, and to contribute to the research and evaluation of various aspects of the Methodist Church's policies and practices, including the implementation of the Church's strategy for equality, diversity and inclusion, and new work around online communion. Various projects reported here will continue in 2024-25, with a focus on the analysis and dissemination of research findings, and the theme of 'hope' will continue to feature. A review of projects undertaken over the last decade will contribute to an event in Spring 2025 when we will bring together those from disparate disciplines and interests to demonstrate the range of our work and to effect some new connections and collaborations.

### **Alumni Engagement**

Staff and students at Southlands collaborate closely with trustees and staff of the Southlands Methodist Trust to shape opportunities to enrich our community by engaging with this dispersed community. The SMT provides ongoing support for driving this work by funding the Archives Historian, whose responsibilities include engagement with our alumni communities.

### **Chaplaincy**

The SMT provides funding and support to enable our chaplains to receive training and acquire resources to help their work flourish. It also supports additional staffing for the chaplaincy, and in 2023–24 this included the appointment of a Creative Partner. The Southlands Creative Partnership focused work on four projects in the life of the college. These were:

- The Sharing Space project: developing a range of new resources exploring what it means to share space with each other, in all our uniqueness and diversity, and to promote a positive curiosity about ourselves and those we meet.
- Supporting the development of creative ecumenical liturgical resources to support Chaplaincy outreach throughout the year.
- Creating and editing resources related to the vocation of Education
- Developing a strategy for inclusive creative arts at The Well, with some creative management of the exhibitions and concerts that this strategy encompasses.

As part of all these projects work will be done to share the resources and events we create, within the university, within the Methodist Connexion, and further afield.

The SMT has committed to funding the Creative Partner for a further year to continue and expand this programme of work in the future.

### **College Archives**

The Southlands Methodist Trust employs an Archives Historian to oversee and develop the college's historic archive, with the support of the university through the provision of suitable space and access.

Significant progress has been made on the sorting and cataloguing of the vast quantity of unmarked supplementary material held in the archive. Where appropriate, material has been returned to the relevant archives in the university, multiple copies have been disposed of and damaged items protected. The recently collated newspaper archive will be digitised by the University Library Reprographic department and held as a joint digital resource with the originals being retained in the Southlands archive. All this work has ensured that the resources of the archive are better known and made more available to students and researchers.

Plans for next year include a special exhibition in the college chapel, featuring portraits of women from the history of Southlands and Roehampton.



## **SOUTHLANDS METHODIST TRUST**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2024**

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### **Enhancing Methodist Education**

Southlands College and the University of Roehampton continued to support strands of the Church's Transforming Lives strategy, working with the Methodist Schools Committee to explore and enhance the ways by which the Church can nurture teacher education as a Christian vocation. To support this vision, the SMT released funds for scholarships that support Roehampton students training to be teachers, and to work in educational roles. The Southlands Teaching Scholarships and Southlands Anniversary Scholarships (Education) represent a major investment in supporting those especially from less privileged backgrounds to pursue teaching vocations.

Alongside this, work was done to formulate a research and knowledge exchange programme which might answer the *Transforming Lives* strategy's call for learning more about (and enhancing) the impact of Methodist values and approaches to the quality of education in schools. Collaborative activity with the Methodist Schools Committee and the Methodist Independent Schools Trust led to proposals for a programme of work to enhance a research-led teaching sector, and work to implement action in this area will be pursued in the year ahead.

During this year, the SMT continued also to provide a significant grant to Methodist Schools. This enables MAST to sustain a leadership staff team which manages the practical implementation of the trustee body's responsibilities and decisions. Their work has included significant development of the Church's academisation programme in response to changing government policies.

### **FINANCIAL REVIEW**

At the start of the year the net assets of the Trust amounted to £12m of which £800,000 was an expendable endowment and the remaining £11.2m represented general funds. Income is derived from interest on and dividends from the invested assets and lease income from the investment property (now sold). The Trust does not undertake public fundraising activities. Expenditure during the year totalled £823k, which was expended on activities within the charitable objects of the Fund, most of which was spent on events and research carried out under the Susanna Wesley Foundation banner. £17.6k was spent on governance. Net assets at the end of the year totalled £11.8m.

More details of the financial position of the charity are set out in the Statement of Financial Activities, together with the Balance Sheet and Notes to the Financial Statements.

In June 2024, the Mount Clare Estate was sold for £10.75m. After sales, marketing and legal fees, a net £10.5m was realised. Since the property was included in the balance sheet at valuation, the gain reported in the 2023/24 financial statements was £50,000.

### **RESERVES POLICY**

In accordance with the Trust Deed, the Trustees hold, as an expendable endowment, £800,000. The trustees policy with regards the investment of the endowed funds is that all income and gains are credited to the unrestricted funds to be applied in accordance with the overall reserves policy. The Trust's reserves (after allowing for amounts tied up in fixed assets) amounts to £11m. The trustees' general policy on reserves is that, unless there is an exceptional reason to seek permission to utilise the expendable endowment, they will maintain it and retain other reserves or build them further to a level that will generate sufficient income to achieve the aims of the charity.

The Trustees aim to retain around 1 year of Operating and Capital Costs as cash reserves, being approximately £850k, which is substantially lower than the cash reserves held as at year end, but the Trustees have undertaken a strategic review so this position will change during the next financial year.

For the year ended 31 August 2024, operating costs were £823k (including £93k of grant liabilities and £336k of fees relating to the Mount Clare Estate sale). The forecast for 2024-25 financial year is £670k in operating costs. Future years' operating costs will be in the region of £700-900k.

## **SOUTHLANDS METHODIST TRUST**

**TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 AUGUST 2024**

74% of the income (£321.7k) for the Trust was derived from the Mount Clare lease. The remaining 26% (£114k) was derived from Dividends and Interest on investment funds and cash assets, and donations, in line with forecasts. For future years 100% of the income will be derived from Interest and Dividends on investment and cash funds. The funds derived from the sale of Mount Clare will be kept separate and invested to generate the budgeted income expected.

**INVESTMENT POLICY AND PERFORMANCE**

The charity's policy is to invest surplus funds in an investment fund managed by Epworth Investment Management Ltd. The trustees have monitored the performance during the year and are satisfied with the returns earned and capital growth.

Due to high interest rates, the Trustees have decided to keep the Mount Clare net proceeds in a cash account while they undertake a strategic review. This is expected to be complete in the second quarter of 2025, when decisions will be taken as to how best to invest these funds.

**KEY MANAGEMENT PERSONNEL**

The charity's key management personnel consist of the Research Director and the Chief Executive. Their pay is agreed annually by the trustees in line with industry averages.

**STATEMENT OF TRUSTEE'S RESPONSIBILITIES**

The trustees are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the surplus or deficit for that year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that the investments have been acquired in accordance with their powers and that the charities can meet all their obligations.

**AUDITORS**

On 18 November 2024 the company's auditor changed its name from haysmacintyre LLP to HaysMac LLP. A resolution re-appointing HaysMac LLP will be proposed at the forthcoming Trustees' meeting.

**BY ORDER OF THE BOARD OF TRUSTEES**

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**Can Dr Jennifer Smith, Chair of Trustees**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTHLANDS METHODIST TRUST**

### **Opinion**

We have audited the financial statements of Southlands Methodist Trust for the year ended 31 August 2024 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2024 and of the charity's net movement in funds 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 for opinion**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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. 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.

### **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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF

### SOUTHLANDS METHODIST TRUST (continued)

#### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Canon law, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Canon Law, the Charities Act 2011, The Statement of Recommended Practice for Charities (SORP 2019), FRS102 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year-end or those with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, including the valuation of the charity's investment property.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

HaysMac LLP  
Statutory Auditors  
10 Queen Street Place  
London EC4R 1AG

Date:

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

## SOUTHLANDS METHODIST TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

## FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	Unrestricted funds £	Endowment funds £	Total funds 2024 £	Total Funds 2023 £
<b>Income and endowments from:</b>					
Donations and legacies		6,936	-	6,936	173
Charitable activities		-	-	-	15,955
Investments	2	429,056	-	429,056	450,730
<b>Total income</b>		<b>435,992</b>	<b>-</b>	<b>435,992</b>	<b>466,858</b>
<b>Expenditure on:</b>					
Raising funds	3	15,000	-	15,000	11,175
Charitable activities	4	807,551	-	807,551	691,121
<b>Total expenditure</b>	6	<b>822,551</b>	<b>-</b>	<b>822,551</b>	<b>702,296</b>
<b>Net (expenditure) before gains and losses on investments</b>		<b>(386,559)</b>	<b>-</b>	<b>(386,559)</b>	<b>(235,438)</b>
Net gains/(losses) on investments	09/12	192,595	-	192,595	(52,271)
<b>Net (expenditure)/net movement in funds</b>		<b>(193,964)</b>	<b>-</b>	<b>(193,964)</b>	<b>(287,709)</b>
<b>Reconciliation of funds:</b>					
Balance brought forward at 1 September 2023		11,182,785	800,000	11,982,785	12,270,494
<b>BALANCES CARRIED FORWARD AT 31 AUGUST 2024</b>	15	<b>£10,988,821</b>	<b>£800,000</b>	<b>£11,788,821</b>	<b>£11,982,785</b>

- All funds in both years are unrestricted.
- All transactions are derived from continuing activities.
- All recognised gains and losses are included in the Statement of Financial Activities.

## SOUTHLANDS METHODIST TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2024

	Notes	£	2024	£	£	2023	£
<b>FIXED ASSETS</b>							
Investments	9			1,403,250			1,630,670
Tangible fixed assets	10			7,710			11,565
				<u>1,410,960</u>			<u>1,642,235</u>
<b>CURRENT ASSETS</b>							
Debtors	11	-			126		
Cash at bank and in hand		10,658,041			46,717		
Investment property	12	-			10,700,000		
		<u>10,658,041</u>			<u>10,746,843</u>		
<b>CREDITORS: due within one year</b>	13	(260,222)			(391,863)		
<b>NET CURRENT ASSETS</b>				<u>10,397,819</u>			<u>11,354,980</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>11,808,779</u>			<u>11,997,215</u>
<b>CREDITORS: due after one year</b>	14			(19,958)			(14,430)
<b>NET ASSETS</b>				<u>£11,788,821</u>			<u>£11,982,785</u>
<b>FUNDS AND RESERVES</b>							
General funds	15			10,988,821			11,182,785
Endowment funds				800,000			800,000
				<u>£11,788,821</u>			<u>£11,982,785</u>

Approved by the Trustees on and signed on their behalf by:

.....

Can Dr Jennifer Smith

Chair of Trustees

.....

Mr Alan Davies

Trustee

## SOUTHLANDS METHODIST TRUST

## CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2024**

	<b>2024</b> <b>£</b>	<b>2023</b> <b>£</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net cash used in operating activities (see below)	(937,747)	(661,235)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends, interest and rent from investments	429,056	450,730
Purchases of investments	(568,983)	(2,513,166)
Proceeds from sale of investments	11,688,998	2,689,960
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>11,549,071</b>	<b>627,524</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
Change in cash and cash equivalents in the year	10,611,324	(33,711)
<b>CASH AND CASH EQUIVALENTS</b>		
At the beginning of the year	46,717	80,428
At the end of the year	<b>£10,658,041</b>	<b>£46,717</b>

**RECONCILIATION OF NET INCOME TO NET CASH  
INFLOWS FROM OPERATING ACTIVITIES**

Net (expenditure) for the reporting period (as per the statement of financial activities)	(193,964)	(287,709)
(Gains)/losses on investments	(192,595)	52,271
Depreciation	3,855	3,855
Dividends, interest, and rents from investments	(429,056)	(450,730)
Decrease in debtors	126	2,827
(Decrease)/increase in creditors	(126,113)	18,251
Net cash used in operating activities	<b>£(937,747)</b>	<b>£(661,235)</b>

**SOUTHLANDS METHODIST TRUST****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 AUGUST 2024**

## 1. ACCOUNTING POLICIES

### Statement of compliance

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The format of the financial statements has been presented to comply with the Charities Act 2011, and The Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

The Charity is a Public Benefit Entity as defined by FRS102.

### Basis of Accounting

The financial statements have been prepared under the Charities Act 2011 on the historical cost convention [as modified by the valuation of investments], which is consistent with the prior year.

### Going concern

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern. In particular sufficient funds exist to allow the charity to meet its commitments.

### Significant judgments and sources estimation uncertainty

In the view of the trustees in applying the accounting policies adopted, no other judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

### Income

All income is included in the SOFA once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The following specific policies apply to categories of income:

Donations & Grants where related to performance and specific deliverables are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of its recognition it is deferred and included in creditors. Where entitlement occurs before income being received the income is accrued.

Investment income is credited to income when it is receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

### Expenditure

Expenditure is recognised as soon as the related liability is incurred and has been classified under headings that aggregate all costs relating to that category. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Expenditure on raising funds comprises investment manager's fees. Expenditure on charitable activities comprises expenditure directly related to charity's objects.

Overhead and support costs relating to the charitable activities have been apportioned based on staff time. The allocation of overhead and support costs is analysed in note 13. Governance costs comprise direct cost for the statutory and governance expenditure of the charity and have also been allocated to charitable activities.

### Pensions

The charity's liability is limited to the annual contributions payable. All contributions are charged to the Statement of Financial Activities in the year in which they accrue.



## SOUTHLANDS METHODIST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 2024

**1. ACCOUNTING POLICIES (continued)****Investments**

Investments are initially recognised at their transaction cost and subsequently valued at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of Financial Activities.

**Fixed assets**

Expenditure on fixed assets is capitalised where the cost (or the value if donated) is in excess of £500; otherwise it is written off through the Statement of Financial Activities.

Tangible fixed assets are depreciated at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected life, as follows:-

Fixtures and fittings to be written off over seven years.

**Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

**Debtors and creditors**

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Funds**

General funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which is not restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds comprise funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated unrestricted funds are set out in the notes to the accounts.

Restricted income funds comprise unexpended balances of donations and grants held in trust to be applied for specific purposes.

Endowment funds comprise trust funds which are subject to specific trusts declared by the donors or with their authority. The income arising from the investments is applied only in accordance with the conditions imposed by the donors (where specified) or for the general purposes of the Charity. The Trustees have power of discretion to convert the expendable endowment fund into income. It is however their policy to retain the capital of this fund to generate income. Income arising on this fund can be used in accordance with the objects of the Trust and is included in unrestricted income.

## FOR THE YEAR ENDED 31 AUGUST 2024

<b>2. INVESTMENT INCOME</b>	<b>2024 £</b>	<b>2023 £</b>
Rental income from Mount Clare	321,735	400,000
Interest on cash deposits	70,846	1,317
Dividends on investments	36,475	49,413
	<u>£429,056</u>	<u>£450,730</u>
<b>3. RAISING FUNDS</b>	<b>2024 £</b>	<b>2023 £</b>
Investment management fees	<u>£15,000</u>	<u>£11,175</u>
<b>4. CHARITABLE ACTIVITIES</b>	<b>2024 £</b>	<b>2023 £</b>
Support of assistant chaplain/chaplaincy projects	(24,000)	34,602
Support of music provision/student awards	150	409
Scholarships and bursaries	(7,850)	25,700
Archive development	17,103	13,320
Head of College and Chaplain's Funds	8,549	9,490
Southlands Venture	(54)	912
Southlands Fund	1,721	-
SWF research centre	311,956	222,447
Small grants	2,052	32,837
MAST grant	803	85,678
Southlands College Assistant Head of College	-	55,000
Methodism's University College	20,574	41,973
Conferences and events	5,386	924
IAMSCU	5,989	41,612
MethEd Net	731	-
Ecumenical work	169	-
Learning from the Edges	-	23,453
Mount Clare Development planning	336,452	21,918
Mount Clare Temple restoration	20,153	1,434
Support costs	90,072	64,548
Governance costs	17,595	14,864
	<u>£807,551</u>	<u>£691,121</u>

**5. TRUSTEES**

No trustees received remuneration for their services during the year (2023: £nil).

Reimbursed travel expenses of £3,695 were paid to 5 trustees during the year (2023: travel expenses of £1,515 were paid to 3 trustees).

## SOUTHLANDS METHODIST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 2024

## 6. ANALYSIS OF TOTAL EXPENDITURE – 2024

	Direct costs £	Grants £	Support and governance costs £	Total £
Raising funds	-	-	15,000	15,000
Charitable activities	609,774	91,250	-	701,024
Support costs	-	-	88,932	88,932
Governance	-	-	17,595	17,595
	<u>£609,774</u>	<u>£91,250</u>	<u>£121,527</u>	<u>£822,551</u>

Grants totalling £78k were paid to Roehampton University to support students. Other grants are paid to institutions in line with the charity's objects. Support costs have been allocated to direct costs.

## ANALYSIS OF TOTAL EXPENDITURE -2023

	Direct costs (including staff costs) £	Grants £	Support and governance costs £	Total £
Raising funds	-	-	11,175	11,175
Charitable activities	315,465	296,244	-	611,709
Support costs	-	-	64,548	64,548
Governance	-	-	14,864	14,864
	<u>£315,465</u>	<u>£296,244</u>	<u>£90,587</u>	<u>£702,296</u>

## SUPPORT COSTS BREA

	2024 £	2023 £
Salaries	69,855	52,602
Professional fees	23,621	7,935
Other costs	(4,544)	4,011
	<u>£88,932</u>	<u>£64,548</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2024**

<b>7. STAFF COSTS</b>	<b>2024 £</b>	<b>2023 £</b>
Salaries	193,785	178,269
Employers NI	16,080	14,482
Pension costs	12,713	11,034
	<u>£222,578</u>	<u>£203,785</u>

The number of employees during the year was 6 (4.9 full time equivalent employees) (2023 – 4.5) with all employee time involved in charitable activities or providing support services to charitable activities. One employee had emoluments between £60,000 - £70,000 (2023 - one). The charity's key management personnel consist of the Research Director and the Chief Executive. Payments to them amounted to £116,212 (2023 - £95,459). The pension scheme is a defined contribution scheme and has no other commitments or obligations beyond the contributions paid.

<b>8. NET MOVEMENT IN FUNDS</b>	<b>2024 £</b>	<b>2023 £</b>
This is stated after charging: Auditor's remuneration	<u>£10,000</u>	<u>£12,550</u>

<b>9. OTHER INVESTMENTS</b>	<b>2024 £</b>	<b>2023 £</b>
At 1 September 2023	1,630,670	1,859,735
Investment additions	568,983	2,513,166
Investment disposals	(938,998)	(2,689,960)
Investment gains/(losses)	142,595	(52,271)
Market value at 31 August 2024	<u>£1,403,250</u>	<u>£1,630,670</u>
Epworth Climate Stewardship	121,687	255,425
Epworth General Equity	746,223	632,046
Epworth UK Equity	121,788	264,434
FP Foresight	98,414	190,391
L&G UK	27,657	32,681
Rathbone	28,261	58,279
Rathbone GBF	70,255	-
Royal London	21,107	25,058
Royal Mint	14,071	-
Spark Change	41,175	-
Threadneedle UK	13,995	25,054
Vanguard UK	56,306	33,127
Vanguard US	42,311	114,175
	<u>£1,403,250</u>	<u>£1,630,670</u>

**SOUTHLANDS METHODIST TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

## FOR THE YEAR ENDED 31 AUGUST 2024

**10. TANGIBLE FIXED ASSETS****Cost**

At 1 September 2023 and at 31 August 2024

**Fixtures and fittings**

£

26,985

**Depreciation**

At 1 September 2023

15,420

Charge in year

3,855

19,275

**Net book value:**

At 31 August 2024

£7,710

At 31 August 2023

£11,565

**11. DEBTORS****2024**  
£**2023**  
£

Trade Debtors

-

41

Prepayments

-

85

£-

£126

**12. SHORT TERM INVESTMENTS – INVESTMENT PROPERTY****2024**  
£**2023**  
£

Brought forward

10,700,000

-

Transferred from fixed assets

-

10,700,000

Disposals

(10,700,000)

-

£-

£10,700,000

The Investment Property was sold in June 2024 for £10.75m.

**13. CREDITORS due within one year****2024**  
£**2023**  
£

Deferred income

-

66,667

Accrued expenses

26,980

42,170

Tax and social security

5,258

4,677

Pension payable

1,750

1,597

Other creditors

153,603

16,232

Grants payable

72,631

260,520

£260,222

£391,863

**14. CREDITORS due after one year****2024**  
£**2023**  
£

Grants payable

19,958

14,430

## SOUTHLANDS METHODIST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 2024

## 15. STATEMENT OF FUNDS – 2024

	Balance at 1 September 2023 £	Income £	Expenditure £	Investment Gains/(losses) £	Balance at 31 August 2024 £
Endowment funds:					
Southlands College Fund	800,000	-	-	-	800,000
Total Endowment funds	800,000	-	-	-	800,000
General reserves	11,182,785	435,992	(822,551)	192,595	10,988,821
	<u>£11,982,785</u>	<u>£435,992</u>	<u>£(822,551)</u>	<u>£192,595</u>	<u>£11,788,821</u>

## 16. STATEMENT OF FUNDS – 2023

	Balance at 1 September 2022 £	Income £	Expenditure £	Investment Gains/(losses) £	Balance at 31 August 2023 £
Endowment funds:					
Fixed assets fund (Southlands (College))	800,000	-	-	-	800,000
Total Endowment funds	800,000	-	-	-	800,000
General reserves	11,470,494	466,858	(702,296)	(52,271)	11,182,785
	<u>£12,270,494</u>	<u>£466,858</u>	<u>£(702,296)</u>	<u>£(52,271)</u>	<u>£11,982,785</u>

Endowment funds represent the capital value of donations received from the Southlands College Trust governed by trust deed dated 5 October 2000. The trust fund is an expendable endowment where the capital can only be spent on the express permission of the Methodist Council.

## 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment Funds £	General Funds £	Total 2024 £
<b>Fund balances at 31 August 2024 are represented by:</b>			
Fixed assets	800,000	610,961	1,410,961
Current assets	-	10,658,039	10,658,039
Current liabilities	-	(260,221)	(260,221)
Long-term liabilities	-	(19,957)	(19,957)
Net assets	<u>£800,000</u>	<u>£10,988,822</u>	<u>£11,788,822</u>

## SOUTHLANDS METHODIST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

ANALYSIS OF NET ASSETS BETWEEN FUNDS	Endowment Funds £	General Funds £	Total 2022 £
<b>Fund balances at 31 August 2023 are represented by:</b>			
Fixed assets	800,000	11,542,235	12,342,235
Current assets	-	46,843	46,843
Current liabilities	-	(391,863)	(391,863)
Long-term liabilities		(14,430)	(14,430)
Net assets	<u>£800,000</u>	<u>£11,182,785</u>	<u>£11,982,785</u>

## 18. TAXATION

The Southlands Methodist Trust is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the exemptions available to registered charities.

## SOUTHLANDS METHODIST TRUST

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 2024

19. STATEMENT OF FINANCIAL  
ACTIVITIES - 2023

	Unrestricted funds £	Endowment funds £	Total funds 2023 £
<b>Income and endowments from:</b>			
Donations and legacies	173	-	173
Charitable activities	15,955	-	15,955
Investments	450,730	-	450,730
<b>Total income</b>	<b>466,858</b>	<b>-</b>	<b>466,858</b>
<b>Expenditure on:</b>			
Raising funds	11,175	-	11,175
Charitable activities	691,121	-	691,121
<b>Total expenditure</b>	<b>702,296</b>	<b>-</b>	<b>702,296</b>
<b>Net (expenditure) before losses on investments</b>	<b>(235,438)</b>	<b>-</b>	<b>(235,438)</b>
Net (losses) on investments	(52,271)	-	(52,271)
<b>Net (expenditure)/ net movement in funds</b>	<b>(287,709)</b>	<b>-</b>	<b>(287,709)</b>
<b>Reconciliation of funds:</b>			
Balance brought forward at 1 September 2022	11,470,494	800,000	12,270,494
<b>BALANCES CARRIED FORWARD AT 31 AUGUST 2023</b>	<b>£11,182,785</b>	<b>£800,000</b>	<b>£11,982,785</b>



# Southlands Methodist Trust

Audit Findings Report  
For the Year Ended 31 August 2024

HaysMac<sup>★</sup>



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## i. Introduction and Executive Summary

This report summarises our key findings in connection with the audit of the financial statements of Southlands Methodist Trust for the year ended 31 August 2024.

### **Our audit approach**

Our work was planned and performed in order to issue an audit opinion on the financial statements in accordance with International Standards on Auditing (UK) ("ISAs") and the terms of our letter of engagement. Our audit approach is a risk-based approach founded on us gaining a thorough understanding of the entity and its business in order to allow us to identify the risks of material misstatement within the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the entity operates. We then use this assessment to develop an effective and efficient approach to the audit.

### **Limitations**

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and the controls thereon.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

### **Overall conclusion and opinion**

At the time of issuing this report we anticipate issuing an unqualified opinion on the financial statements.

## ii. Significant audit risks, and other focus areas identified during audit planning

We set out below the significant audit risks identified at the planning stage and the conclusions of our audit work:

SIGNIFICANT AUDIT RISK AREA	HOW WE ADDRESSED THIS	COMMENTARY
<b>Presumed risk in revenue recognition</b> Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition.	We have undertaken a review of transactions around the year end to ensure income as being recorded in the correct period including reviewing accrued and deferred income.  We have assessed the appropriateness of the recognition policies to confirm they are in line with the requirements of the Charity SORP and FRS 102.	Our audit work on revenue did not identify any material issues.
<b>Presumed risk of management override</b> We are required to consider and respond to the risks arising from management override of controls.  Specifically, the risk over the use of journal entries to mask fraud and the manipulation of management estimates and judgements to materially alter the financial results and position.	We reviewed the accounting estimates and judgements.  We have analysed the journals made in the year and determined the risk criteria for identifying higher risk journals. Subsequently significant, unusual or unexpected journal postings have been investigated and verified.	The results of our planned audit work are considered to be satisfactory in this area.

### iii. Accounting and Audit Matters

#### 3.1 Qualitative aspects of accounting practices and financial reporting

##### iv. Key accounting estimates

Accounting estimates are defined by ISA 540 as monetary amounts for which the measurement, in accordance with the requirements of UK GAAP, is subject to estimation uncertainty. We consider that there are no key accounting estimates affecting Southlands Methodist Trust's financial statements for the current year.

##### v. Key judgements

Management exercises judgement in application of accounting policies while preparing the financial statements. By their nature, judgements are subjective and could be subject to bias, which affects the presentation of Southlands Methodist Trust's performance or financial position. We set out below the key judgements applied in the preparation of the financial statements for the current year.

SIGNIFICANT ACCOUNTING JUDGEMENT &	COMMENTARY
<b><i>Endowment Fund</i></b>  The charity has an endowment fund of £800k representing the capital value of donations from the Southlands College Trust, which has not moved for many years.	We understand that this is the original capital held by the charity when it was formed. The status of the funds are that they are an expendable endowment where the capital can only be used following joint agreement from the trustees and the Methodist Council. The policy has always been to hold the amounts at the original value however we recommend that this is reviewed by the trustees including the investment policy for such monies. The results of this review can then be used to determine the appropriate disclosures in the financial statements.

#### 3.2 Accounting and audit matters

##### i. Letter of representation

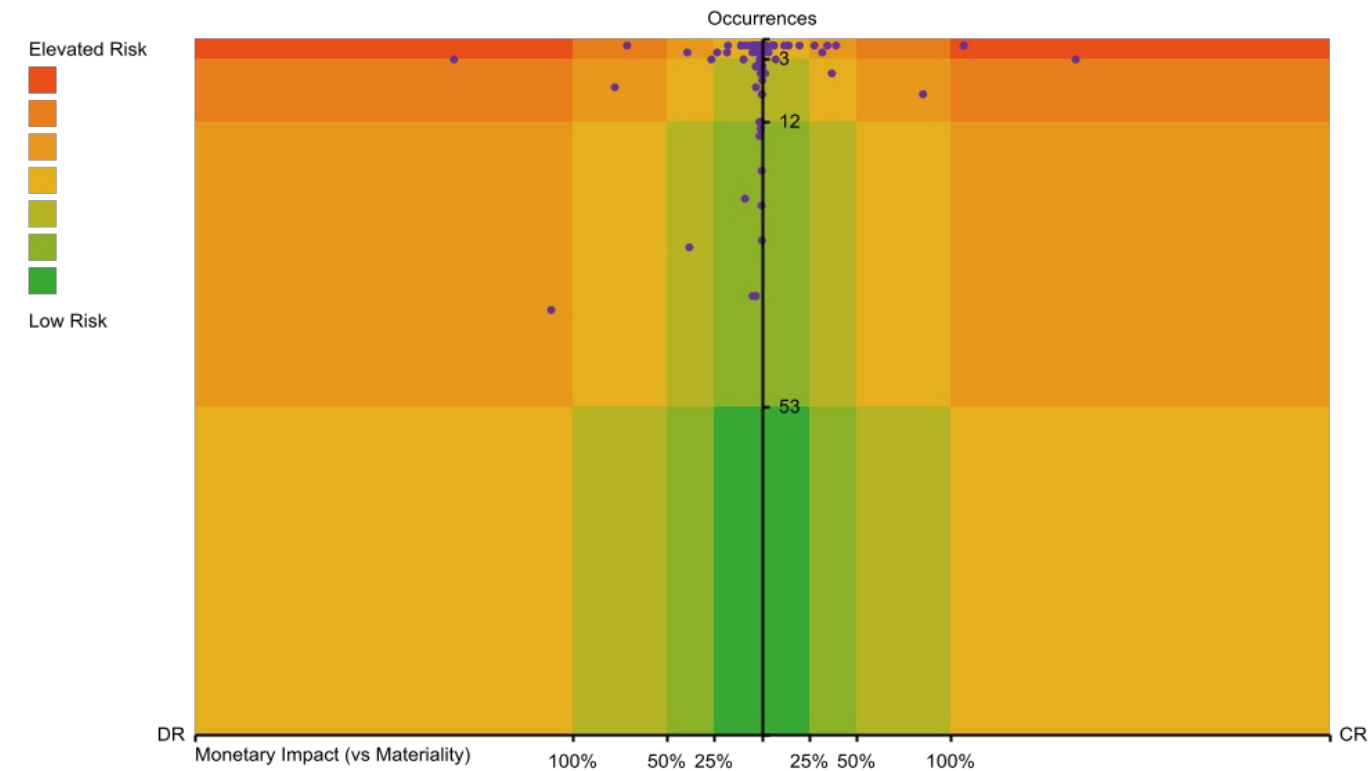
International Standards on Auditing require us to obtain written representations from the trustees when you approve the financial statements.

The letter contains only standard matters with no additional items specific to Southlands Methodist Trust.

##### vi. Data analytics

In addition to our usual audit tests we have used our data analytics software to interrogate transactions making up the financial statements. We extracted the full transactional listing from your accounting system. By then reconciling on a line-by-line basis the aggregate impact of the transactions made during the period we were able to confirm the completeness of the population. We then used characteristic based data analytics and a multi-dimension risk scoring logic which analysed every transaction in the population against a set of potential risk identifiers, highlighting the transactions we deemed to pose a heightened risk of fraud, error or misstatement.

The visualisation shows each unique accounting entries posted during the year, plotting the number of identical transactions (frequency) and the impact they have on the reported profit number. The visualisation highlights unusual entries which heavily impact the surplus/deficit in the top left and top right of the chart.



During the period there were a total of 874 transactions within Southlands Methodist Trust's Quickbooks Online system. When combined, 167 unique general ledger code combinations were found. A total of 3 combinations were flagged in the highest risk category, being those occurring fewer than 4 times and having a significant impact on reported profit (in red). There were 9 transactions within these combinations. These mainly relate to posting of accruals, accrued income, and posting of depreciation. We have investigated these entries and have not found any matters of concern.

**Test: Suspense accounts** - review of transactions posted to a suspense account in the year

**Risk:** The existence of suspense accounts can be indicative of accounting processes or systems being incomplete in their design or finance staff bypassing designed controls. Using suspense accounts causes inefficiencies and reduces the traceability of transactions.

**Conclusion:** There were 21 (2%) entries posted to suspense accounts in the year. Use of these accounts should be limited as far as possible. These accounts were cleared to zero by the year-end.

**Test: Keywords** - transactions where the description field or general ledger contain keywords

**Risk:** This test identifies any users who makes postings to the accounting system with keywords that are flagged for investigation. Postings made with words such as "correction", "amendment" or "error" can relate to manual corrections that increase the risk of fraudulent or erroneous transactions.

**Conclusion:** There were 19 (2%) transactions highlighted with "keywords" from our data analytics. These were reviewed as part of the audit, and we noted that the majority of these journals related to correcting journals for allocations and items such as depreciation postings. We consider these as normal accounting adjustments for month end and period end processes, and we did not note any issues in our review of these transactions.

**Test: Closing Entries** - review of transactions posted in the last 14 days of the year

**Risk:** Closing entries include year-end adjustments that are often significant values and only processed on an annual basis therefore risk of management override. We note that due to high values and frequency of journals posted in the final two weeks there is a greater risk of errors going undetected as well as an increased risk of management override.

**Conclusion:** A total of 46 (5%) transactions were entered in the last 14 days of the reporting period. We have reviewed a sample of journals posted in the year including a selection of year end journals. We have also reviewed the controls in place for posting and reviewing the journals within the finance team and we have not noted any controls weaknesses or issues with our testing.

## vii. Detailed control points

During the course of our audit we identify detailed control points that we feel need to be brought to the attention of the Trustees and certain recommendations for improvements and/or corrective action. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation. The matters and detailed control points that we have identified are graded within the following framework to assist the Trustees in assessing their impact.

RATING	RATING TYPE	CHARACTERISTICS OF RATING TYPE
Significant	These findings are considered to be significant to the management of risk in the business. The finding represents a serious weakness in systems and controls currently in place or a potentially fundamental control that has been omitted from the risk management systems as currently in operation.	<ul style="list-style-type: none"> <li>• Key control omitted</li> <li>• Key control not designed or operating effectively, for example as indicated by multiple exceptions found during our review work</li> <li>• Evidence of override of controls in place with significant or potentially fraudulent outcomes</li> <li>• Non-compliance with laws and regulations</li> </ul>
Important	Important findings that should be reviewed by management, pending corrective action and or updates to systems and controls.	<ul style="list-style-type: none"> <li>• Errors and exceptions noted during our testing that had corrected retrospectively during the year by management.</li> <li>• Potential improvement to existing control noted</li> <li>• Possibility for override of controls exists</li> <li>• Our review noted numerous exceptions but not in key controls</li> </ul>
Limited	Findings that identify non-compliance with established systems and controls.	<ul style="list-style-type: none"> <li>• Minor control weakness, for example limited exceptions noted during our review work</li> </ul>
Advisory	Items requiring no immediate action but which may be of interest to management or best practice advice.	<ul style="list-style-type: none"> <li>• Information for department management</li> <li>• Control operating but scope for efficiency and/or effectiveness improvements exist</li> <li>• Control operating but not necessarily in accordance with best practice</li> <li>• Recent or anticipated developments may necessitate new controls.</li> </ul>

We wish to bring the following matters to your attention which arise from the current year audit as well as the latest status of outstanding issues arising from previous year audits:

## Current and prior years



There were no control points to bring to the Trustees' attention.

## viii. Emerging issues

### Charity reporting and governance matters

#### Charities Act 2022

The Charities Act 2022 (the Act) made amendments to the Charities Act 2011 (the 2011 Act) in a number of specific areas, largely in response to the recent Law Commission review of charity legislation and with the overarching objective of making life simpler for charity trustees, as well as harmonising certain procedures, such as making amendments to a charity's objects, across the various different corporate structures within which charities operate. The majority of changes are now in force, with the most recent changes adopted on 7 March 2024 relating to:

1. Making changes to governing documents
2. Selling, leasing or otherwise disposing of charity land
3. Charity mergers
4. Authorisation of certain trustee payments
5. Defective or potentially defective trustee appointments

Because the Act is an amending act, the form and content of charity financial reporting will continue to be governed by the Charities Act 2011. However, all relevant Charity Commission guidance has now been updated to reflect these changes.

For further information about the changes resulting from the Charities Act 2022, including those that came into force on 31 October 2022 and 14 June 2023, can be [found here](#).

#### Charity Commission guidance on the impact of the cost of living crisis

The Charity Commission has published guidance on managing financial difficulties arising from the cost of living crisis, covering the following main subject areas:

1. Trustees' duties and decision making
2. What to do if you experience financial difficulties
3. What to do if your charity cannot continue to operate
4. Reporting a serious incident to the Charity Commission

The new page emphasises various existing guidance for Trustees, but with a specific focus on the impact of the current economic climate, and it can be [found here](#).

### Charity Commission guidance on social media use

On 18 September 2023, the Charity Commission published new guidance concerning charities' use of social media. The guidance addresses both charities' own use of social media and Trustees' responsibilities in this regard, and the potential risks surrounding charity employees' use of social media. The guidance is clear that charities using social media should have a social media policy in place and should ensure that it is followed. A checklist for developing a social media policy has also been created by the commission.

The Commission is clear that employees should be free to use social media in their own right but notes the potential for private posts to be interpreted as the views of the charity, with the risk to the charity's reputation that this could bring, and the consequent need for charities to consider setting guidelines to govern their employees' use of media and to set policies concerning how the charity would respond to any negative exposure.

The guidance can be [found here](#).

### Charity commission guidance for charities facing decisions about donations

On 4 March 2024 the Charity Commission published guidance to help charities when deciding to accept, refuse or return a donation. Whilst the default position should be accepting donations to further a charities objectives, the Commission appreciates that there are times when this will be difficult for a charity and has set out an approach to support trustees when making difficult decisions. The guidance is set out in a way to ensure that the law, trustee duties and charity's powers are all considered.

The guidance sets out examples of when donations must be refused or returned, donations that are likely to be refused/returned, additional considerations and how to document the decision made by trustees.

The guidance can be [found here](#).

### Collaborative working and mergers: an introduction (CC34)

Following the changes as a result of the implementation of Charities Act 2022, the Charity Commission has produced new guidance on working in collaboration with other charities either as:

- working as two separate organisations on a joint project
- merging two legally separate charities to form one charity

The guidance considered in more detail the definitions of the above, key thoughts, legal considerations, practical implications in terms of when to get the Commission involved and different structures.

The guidance can be [found here](#).

### Fundraising levy review

In April 2024 the Fundraising Regulator announced plans to increase their yearly fundraising levy for the first time since its introduction in 2016. Each year there are around 2,000 charities covered by the levy, which is charged to charities who are registered with the Fundraising Regulator. The levy will increase

for everyone, but the more you as a charity spend on fundraising, the higher that percentage increase will be. Conversely, the less you spend on fundraising, the lower it will be.

The revised rates take effect from September 2024, with further increases from September 2025. Details of the rate changes can be [found here](#).

#### Charity Commission report on public trust in charities and the role and experience of trustees

On 18 January 2024, the Charity Commission released a report which contained ten years' worth of research into the public views of charities and about charity trustees. Increasing public trust is a key focus for the Charity Commission and this report will help steer future guidance and support for charities. Key findings from the research programme include:

- Public trust is complex and impacted by a number of factors from regulation to negative actions, however everyone has different views based on personal circumstances
- Public trust is stabilising
- Responsible use of funds remains a key factor in trust of charities
- People believe charities are making an impact
- Trustees understanding the role and responsibilities is good but there is more to be done. For example 1 in 5 trustees did not fully appreciate that they had a collective responsibility for critical functions e.g. financial oversight and the charity's annual accounts

The full report can be [found here](#).

#### Charity Commission guidance for trustees on investment policies

The Charity Commission has updated its guidance on charities and investments following its call for information and consultation on financial investments. The updated guidance reflects the judgment of the Chancery Division in *Butler-Sloss & Ors v The Charity Commission for England and Wales & Anor*, and is known as CC14.

As a reminder, the verdict clarifies that where trustees are of the reasonable view that particular investments (or classes of investments) potentially conflict with the charitable purposes, the trustees have the discretion to exclude such investments. They should exercise that discretion by reasonably balancing all relevant factors including the likelihood and seriousness of the potential conflict, and the likelihood and seriousness of any potential financial effect from the exclusion of such investments.

The guidance can be [found here](#).

#### Updated guidance on decision-making for charity trustees (CC27)

In September 2024 the Charity Commission published updates to its guidance on making trustee decisions. The aim of these updates is to make the guidance more accessible and easier to use, however the backbone of the guidance remains the seven principles developed by the courts when they reviewed decisions made by trustees, which we have set out below.

When making decisions, trustees must:

- act within their powers
- act in good faith
- be sufficiently informed
- take into account all relevant factors
- identify and disregard any irrelevant factors
- manage conflicts of interest
- ensure their decision is within the range of decisions that a reasonable trustee body could make

The revised guidance can be [found here](#).

#### Updated guidance on “improving your charity’s finances” (CC12)

In September 2024 the Charity Commission published updates to its guidance on “improving your charity’s finance”. These updates are aimed at making the guidance more accessible and provide advice on actions that can protect charities against financial difficulties, as well as understanding what to do if a charity is insolvent, or at risk of insolvency.

The updated guidance, which is separated depending on the legal structure of the charity, can be [found here](#).

#### Charity Commission guidance for charity meetings

The charity commission guidance on charity meetings was also updated in July 2024 to make it more accessible and easier to use. The guidance covers how meetings should be planned, run and recorded, and sets out the ways in which meetings can be held (face to face, virtual or hybrid). The guidance emphasises that you must check your governing document to ensure that you are acting in accordance with its rules about meetings, to ensure that decisions are not invalidated.

The guidance can be [found here](#).

#### Charity Commission guidance on appointment of trustees

The Charity Commission updated its guidance on recruitment of trustees in March 2024, surrounding when the Commission can confirm trustee appointments.

Where an appointment is defective, or potentially defective, the Commission can confirm the appointment by making an order where the person consents to

their appointment. Whilst making the order, the Commission can also validate a past act of the person concerned. This will only be undertaken where the charity is unable to confirm the appointment or validate the past act itself via its governing document, the Trustee Act 1925 or the Companies Act 2006.

Further guidance can be [found here](#).

#### Charity Commission guidance on Charity Banking

In July 2024 the charity commission published information on charity banking and the support available to charities who are struggling with accessing adequate banking services. This follows on from an open letter which the Commission wrote to the Chief Executives of UK banks, requesting their urgent action on issues that charities are facing with their banks which include:

- Having accounts closed or suspended suddenly for long periods of time
- Facing a reduction in bespoke banking services
- Experiencing poor customer service and administrative delays
- Finding that online banking is not designed to match the way charities operate

The guidance can be [found here](#).

#### Volunteers

The Social Purposes sector relies heavily on its volunteers. Typically, these are unpaid and may in certain circumstances be paid out of pocket expenses. This is usually limited to food, drink, travel or any equipment they need to buy to undertake their duties. Normally, there are no employment taxes implications for reimbursement of these out of pocket expenses as long as they are reasonable.

If the volunteers are paid expenses that do more than reimburse the costs incurred then HMRC may contend that they are receiving remuneration for their services. In which case, the payments will be taxable as employment income if it can be shown that they either hold an office or employment. If they do not hold an office or employment, the payments may be Miscellaneous Income.

In a recent Employment tribunal case *M Groom v Maritime and Coast Guard Agency*, the volunteer was judged to be a worker which confers employment rights such as holiday pay, National Minimum/Living wage etc. It is therefore imperative that the correct policies, controls and governance are in place to avoid any possible successful employment status challenge by HMRC.

## Financial Reporting

## Financial reporting framework

### UK GAAP Developments – FRS 102

Following the recent Periodic Review and other amendments to UK and Ireland accounting standards, the Financial Reporting Council (FRC) has issued now revised versions of FRSs 100, 101, 102, 103, 104 and 105. The FRC has also revised the “Overview of the financial reporting framework”.

The changes to FRS 102 include the significant revisions made to leasing and revenue recognition which arose from the Periodic Review 2024. Most of these amendments are effective for accounting periods beginning on or after 1 January 2026, although those changes that relate to “supplier finance arrangements” have an earlier effective date of accounting periods beginning on or after 1 January 2025.

These amendments seek to provide greater consistency and more (but not total) alignment to international accounting standards including:

- A new 5 step model for revenue recognition, which is aligned to IFRS 15: Revenue from Contracts with Customers, (with some simplifications);
- On balance sheet lease accounting for lessees, aligned to IFRS 16: Leases, (with certain practical exemptions); and
- Other modifications to fair value measurement, uncertain tax positions, business combinations, and a revised Section 2 aligned with IASB’s Conceptual Framework.

The effective date for most amendments is periods beginning on or after 1 January 2026, with early adoption permitted. The new standard sets out the requirements for the restatement of comparative amounts. There are choices available in some areas of change but others are more prescriptive so you will need to take care to ensure that you have complied with each relevant requirement and made the appropriate disclosures.

The transition to the new requirements will take careful planning for many organisations currently following FRS 102. For instance, many organisations will see leases (and debt) hit their balance sheets for the first time. For some this will seem strange and for most will require careful planning to ensure, amongst other things, that all leases are captured, the financial effects are known, effects on reporting requirements e.g covenants are understood.

The new accounting standards are available on the [FRC website here](#). Note that despite the effective dates in the future, the new versions are described as the “current edition” with versions that are still in use described as “superseded editions”.

With the changes to FRS 102, there will also be changes to the Charities SORP, which had its last major revision in 2015 along with amendments in 2019. We are expecting its release in 2025, with an effective date from 1 January 2026 in line with the changes in FRS 102. Along with the changes noted above, we are expecting it to also introduce a third tier of charity as well as revisiting the allocation of overhead expenditure.”.

### New requirements for other information

#### Taskforce on Climate-related Financial Disclosures

New Climate-related Financial Disclosure regulations apply to:

- All UK companies that are currently required to produce a Non-Financial Information Statement. This includes UK companies that have more than 500

employees and are either traded companies, banking companies or insurance companies.

- UK registered companies with securities admitted to AIM with more than 500 employees.
- UK registered companies which are not included in the above categories that have more than 500 employees and a turnover of more than £500m.
- LLPs which have more than 500 employees and a turnover of more than £500m.

Where relevant, the disclosures are required at a group level. This means the reporting requirements and scope thresholds apply on a consolidated basis. For example, where a company was a parent company at any time within the financial year, if in that year a group headed by it had more than 500 employees and an aggregate turnover of more than £500m net, then the parent company would be within the scope of the requirements.

The regulations require in-scope companies and LLPs to provide a description of:

- the entity's governance arrangements in relation to assessing and managing climate-related risks and opportunities;
- how the entity identifies, assesses and manages climate-related risks and opportunities;
- how processes for identifying, assessing and managing climate-related risks are integrated into the entity's overall risk management process;
- the principal climate-related risks and opportunities arising in connection with the entity's operations;
- the time periods by reference to which those risks and opportunities are assessed;
- the actual and potential impacts of the principal climate-related risks and opportunities on the entity's business model and strategy;
- the analysis of the resilience of the entity's business model and strategy, taking into consideration different climate related scenarios;
- the targets used by the entity to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and
- the key performance indicators (KPIs) used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those KPIs are based.

Certain reporting requirements, for example those relating to strategy, metrics and targets, may be omitted in full or in part if the directors (or members in the case of LLPs) conclude that, taking account of the nature of the business and how it is conducted, the information is not necessary for an understanding of the entity's business. If this is the case, directors/members need to provide a clear and reasonable explanation for not providing the information.

#### [FRC on reporting quality](#)

The Financial Reporting Council (FRC) has published a thematic review on the reporting by the UK's largest private companies which has found mixed quality when explaining material complex or judgemental matters. Accounting policies were often boilerplate and not tailored to the specific circumstances. There



was also a criticism of the disclosures around financial instrument risks, such as liquidity, whereas good examples described the specific risks and quantified the exposure and sensitivity. Good strategic reporting gave clear and concise explanations on developments, performance and understanding of the entity and did not need to be voluminous to be effective. Read more [here](#).

### FRC publishes revised Ethical Standard

The Financial Reporting Council (FRC) has updated its Ethical Standard for Auditors with the revised standard being effective from 15 December 2024. The changes are designed to align the UK with international ethical standards, simplify and clarify the existing standard and to introduce a new targeted restriction on fees from entities related by a single controlling party. The FRC has cancelled its plans to extend prohibitions of tax services provided to the controlling shareholders of unlisted companies in favour of enhanced independence risk assessments. Read more [here](#).

### New Code published

The FRC has published a revised UK Corporate Governance Code (Code) which will come into effect for accounting periods beginning on or after 1 January 2025, except for the provisions in respect of internal controls which will follow a year later. Apart from the changes to internal controls, the changes are minimal with the FRC believing effective governance must be targeted and proportionate. Boards will be required to explain in a declaration in their annual reports how internal controls have been implemented and the outcomes, although boards will be left to decide what should comprise its material internal controls. The underlying principle of comply or explain remains in the Code. Following the publication of the Code, the FRC has issued guidance to support companies applying it. The guidance includes links to the Code and other relevant material and is set out in similar sections to the Code itself. Whilst the guidance is not mandatory and Financial Reporting does not form part of the Code, it is designed to illustrate good practice for directors and their advisors. Read more [here](#).

### FRC's focus for 2024/25

The Financial Reporting Council (FRC) has announced its areas of supervisory focus during its 2024/25 reviews. The following five sectors will be prioritised for reviews of accounts and audits: construction and materials; food producers; gas, water and multi-utilities; industrial metals and mining; and retail. The FRC will focus on the following areas when performing its reporting reviews and audit quality reviews: risks related to the current economic environment, such as going concern, impairment, recoverability and recognition of tax assets/liabilities; climate related risks, including TCFD disclosures; implementation of IFRS 17 – Insurance Contracts; and cash flow statements.

### FRC issues reporting expectations

The Financial Reporting Council (FRC) has published its Annual Review of Corporate Reporting together with its expectations for the coming reporting season. The FRC reviewed 263 company reports, raised queries with 112 companies and required 25 companies to restate their accounts. Issues on impairment, judgements and estimates were the most frequent areas of query, although the FRC continued to find significant issues with cashflows. The FRC said its key disclosure expectations for 2023/24 include: uncertainties and the approach to them to be sufficiently clear to users; a clear description of the business risks in the strategic report; transparency on the material risks from financial instruments; clarity on climate; and critically reviewing the annual report and accounts before issue.

### FRC consults on enhancing auditor reporting of laws and regulation breaches

The FRC has opened a consultation on strengthening the requirements of ISA (UK) 250 on auditors to detect and report material misstatements from non-compliance with laws and regulations. It also seeks to clarify instances where auditors should report such breaches, and other significant matters, to the

relevant regulators. The FRC proposes a more robust risk assessment to help auditors identify those laws and regulations that have, or may potentially have, a material effect on the financial statements. The consultation closed on 12 January 2024 and is proposed to be effective for accounting periods beginning on or after 15 December 2024.

#### Additional proposed non-financial reporting rules withdrawn

The Government has withdrawn proposed reporting rules following consultation with companies who expressed concern on the additional burdens the proposals would create. The proposals, published in July 2023, would have created additional corporate reporting requirements for large UK listed and private companies, including an annual resilience statement, distributable profits figure, material fraud statement and triennial audit and assurance policy statement. The Government has said it will set out options to reduce the burden of red tape and, whilst it remains committed to wider audit and corporate governance reform, the necessary legislation will be brought forward “when Parliamentary time allows”.

## Employment Tax

#### Increase in employer's National Insurance contributions (NIC)

The Government, as part of the Autumn Budget, announced an increase in employer's Class 1 National Insurance contributions (NIC), rising by 1.2% to 15% and the reduction to the threshold at which employers will start to pay NIC to £5,000. It is intended that threshold limit will be fixed until 5 April 2028 and will increase in line with CPI.

The increase will also apply to Class 1A NIC (benefits in kind) and Class 1B (PAYE settlement agreements) will also apply from 6 April 2025.

The Employment Allowance will increase from 6 April 2025 from £5,000 to £10,500. The increased allowance will be available to all employers, not just those with a Class 1 NIC liability of less than £100,000.

#### Double pick-up cabs

Following some confusing announcements earlier in 2024, the Government has announced that double pick-up vans will for 6 April 2025 be classified and taxed as a company car. This will mean a significantly increased benefit in kind and Class 1A charge where a double pick-up cab is provided. Transitional rules will be introduced for employers where a double pick-up van was purchased, leased or ordered before 6 April 2025. The provision will end at the earlier of sale, termination of the lease or 5 April 2029.

The Government provided further information concerning the mandatory payrolling of benefits in kind (BiK), with effect from April 2026. It was confirmed the mandatory reporting of BiK will go ahead from 6 April 2026, with the exception of loans (including overdrawn loan accounts) and taxable living accommodation which will need to be reported on a P11D or payrolling of both benefits can be undertaken on a voluntary basis. Further consultation will be published in terms of loans and taxable living accommodation. Additionally, further details concerning the reporting of benefits provided by a third party supplier is awaited as well as how employers are expected to manage any expat payroll arrangements.

#### Increase in National Living Wage

Ahead of the Autumn Statement the Government announced increases in the National Minimum Wage and National Living Wage rate increases which will

come into effect from 1 April 2025.

Details	NMW rate £	Increase £	Percentage increase %
National Living Wage (21 and over)	£12.21	£0.77	6.7
18-20 year old rate	£10.00	£1.40	16.3
16-17 year old rate	£7.55	£1.15	18.0
Apprentice rate	£7.55	£1.15	18.0
Accommodation offset	£10.66	£0.67	6.7

As part of the announcement the minimum hourly rates of pay for those aged between 16-years of age and the apprentice rate have been aligned.

Employers will need to ensure that their payroll data is fully updated to reflect the increases.

#### [Pension salary exchange](#)

After much speculation, the Government has not made any changes in tax relief on employees' pension contributions. Furthermore, NIC will not be levied on employer pension contributions, so pension salary exchange can be used to mitigate the increase in employers NIC.

If you do not provide your employer pension in conjunction with a pension salary exchange arrangement, then this will be an ideal time to consider implementing such an arrangement, the benefits of which include:

- Providing pensions in a National Insurance efficient manner.
- Encourage employees to think about their saving for their retirement.
- Increase employee engagement.
- Help employers to maximize their salary budget.

If you already have a pension salary exchange in place, given the Government's recent announcements, now will be an ideal time to see whether it is achieving all your objectives.

The use of a tax and NIC efficient salary can also be used to provide employees with an electric car. The chargeable percentage for electric vehicles will increase by 2% in 2028/29 and 2029/30, rising to 9% in 2029/30. The use of providing an electric vehicle in conjunction with a salary sacrifice will continue to

be a viable option for employers who are looking at providing cars to their employees/directors.

#### [Umbrella companies – tackling anti-avoidance](#)

The Government continues to challenge the perceived tax avoidance with the use of umbrella company arrangements. Future legislation will be published whereby the obligation to operate PAYE on payments made to workers whose services are provided through an umbrella company will sit with the agency. Where there is no agency, then the obligation will fall onto the end client. It is expected that further guidance will follow before the draft legislation is published.

#### [Company vans](#)

The government will uprate the Van Benefit Charge and the Van Fuel Benefit Charges by CPI from 6 April 2025.

#### [Ending contrived car ownership schemes](#)

The government will publish draft legislation relating to loopholes in car ownership arrangements, through which an employer or a third party sells a car to an employee, often via a loan with no repayment terms and negligible interest, then buys it back after a short period.

This arrangement means those benefiting don't pay company car tax, which other employees pay, and so this measure will seek to level the playing field.

The changes will take effect from 6 April 2026.

#### [Mandating the reporting of benefits in kind via payroll software](#)

The government confirms that the use of payroll software to report and pay tax on benefits in kind will become mandatory, in phases, from April 2026. This will apply to income tax and Class 1A NICs.

#### [Taxation of Employee Ownership Trusts and Employee Benefit Trusts](#)

The government is introducing a package of reforms to the taxation of Employee Ownership Trusts and Employee Benefit Trusts.

These reforms will prevent opportunities for abuse, ensuring that the regimes remain focused on encouraging employee ownership and rewarding employees.

The changes will take effect from 30 October 2024.



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