

**Charity registration number 1129441**

**WALWORTH METHODIST CHURCH  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

# WALWORTH METHODIST CHURCH

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

Revd P Weary  
Mr E Agyemang-Badu  
Mrs C Ogunsola  
Mr O Akinyemi  
Mr C Pratt  
Mrs R Fraser  
Mrs A Pratt  
Ms E Adenuga  
Ms Z Adu  
Ms J Robinson  
Mr P Yorke  
Mr Matthew Asumang  
Mr Desmond Sesay  
Ms E Redwood-Sawyer  
Mrs O Duyllemi  
Mr O Mensah  
Mr Y Oduga  
Mrs N Chidawa  
Mr O Olokun  
Mr Y Ogunsola  
Rev David Markay  
Rev David Gillman  
Ms Sabrina Prempeh  
Mr Gershon Ward-Anderson  
Ms Dolly Grant  
Mr Sam Anang  
Mrs E Fletcher

(Appointed 1 September  
2021)

Mr D Turay  
Mrs G Dravie-Dixon  
Mr L Dada  
Mrs A Bammeke  
Mrs M Cobbah  
Mr F Conteh

### Charity number

1129441

### Principal address

54 Camberwell Road  
London  
SE5 0EN

### Auditor

PJT & Co Limited  
Accountancy House  
90 Walworth Road  
London  
SE1 6SW

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# **WALWORTH METHODIST CHURCH**

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# **WALWORTH METHODIST CHURCH**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees present their annual report and financial statements for the year ended 31 August 2021.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

#### **Objectives and activities**

##### ***Summary of the objects***

The advancement of:

- the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church;
- any charitable purpose for the time being of any connexional, district, circuit, local or other organisation of the Methodist Church;
- any charitable purpose for the time being of any society or institution being a society or institution subsidiary or ancillary to the Methodist Church;
- any purpose for the time being of any charity being a charity subsidiary or ancillary to the Methodist Church.

##### ***Summary of the main activities***

The trustees have paid due regard to guidance issued by the Charity commission in deciding what activities the charity should undertake, in particular, the specific guidance on charities for the advancement of religion.

To this end, the Church offers services of public worship and prayer; programmes and activities for children and adults to learn about the Christian faith; groups and programmes for youth, young adults and the elderly; pastoral care and practical support for individuals within and outside the church community and rooms that are available for use by local community organisations.



# **WALWORTH METHODIST CHURCH**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Achievements and Performance**

For a second financial year the activities of Walworth Methodist Church continued to be constrained by the COVID pandemic. The measures that were taken to mitigate the effects of the pandemic were detailed in last year's annual report; in summary, we were able to continue to operate on the following basis:

- Sunday worship was provided as a pre-recorded service via YouTube.
- A WhatsApp group was set up for church members to aid communication. Announcements and regular updates were also provided via our website and Facebook groups.
- Business meetings, including the church council, were conducted via Zoom.
- The Sunday School met weekly on Sunday evenings, also via Zoom.
- The ministers and office staff worked remotely from home.
- Various church organisations and fellowships found different ways of meeting 'virtually', some weekly, others on a less frequent basis.
- With no Sunday offering an appeal was put out for members to contribute electronically by standing order.
- The 'class leaders' were encouraged to keep in touch with the members under their pastoral care to ascertain whether there were any particular needs. Pastoral care was conducted by telephone, video calling and doorstep visitation at a distance.
- The Church fellowships identified members who were struggling financially and provided material support.

At the beginning of the year under review, risk assessments for reopening the building and recommencing Sunday worship were developed and approved by the church council. With considerable caution Sunday worship in the church sanctuary recommenced on a trial basis on 13th December 2020. Unfortunately, London was placed into Tier 4 restrictions on 19th December and worship was suspended for as long as these restrictions were in place, in line with the other churches of the Southwark and Deptford Circuit.

We eventually reopened for public worship on 30th May 2021 with services at 9.30am and 11.30am. For the remainder of the year, attendance was about 25-40% of the pre-Covid level. The pre-recorded services were replaced by a live stream of the 11.30am service, so those unable or unwilling to attend 'in person' worship could still join in. The church council regularly reviewed the restrictions put in place and the choir, walk-up offering and Sunday School remained suspended, or operated online only, at the year's end. New arrangements were introduced to ensure that the monthly celebration of the Lord's Supper could continue.

Throughout lockdown the Church Council, Finance and Property Committee, Employment/HR Committee and the various church organisations and fellowships continued to meet remotely by Zoom and similar media. Maintenance work was carried out on the premises, meetings were organised with tenants in arrears and the Church Council agreed a major reorganisation of the church office staffing.

In our ministry team, Revd Paul Weary requested and was granted a one year and final extension through to August 2022. He is grateful to church members for their care and support while he was on sick leave January to February 2021. Fortunately, he had recovered sufficiently to provide cover for Revd David Markay's sabbatical which took place from 1st May to 31st July.

This was the last year of Mr Elvis Agyemang-Badu's tenure as church treasurer, he very generously serving an additional year above the six-year norm, pending the appointment of a new treasurer. During this year the amount donated online, either by standing order or one-off donations, rose to £39,000. Over the same period the assessment paid to the circuit was reduced from £106,000 to £58,000. This allowed the church to break even and we are very grateful both to those who gave so generously and to the Southwark and Deptford Circuit in acknowledging our enormous drop in income and responding accordingly. We thank Mr Agyemang-Badu for his service as church treasurer.

#### **Acknowledgement**

The trustees wish to thank the administrative staff of the church for their support in helping them carry out their responsibilities

# **WALWORTH METHODIST CHURCH**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Financial review**

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

# WALWORTH METHODIST CHURCH

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Structure, governance and management

Walworth Methodist Church is part of The Methodist Church in Great Britain and was historically an excepted charity. Under the provisions of the Charity Act 2006 Walworth Methodist Church was registered on 6 May 2009 under charity number 1129441. The Church is constituted in accordance with the Constitutional Practice and Discipline (CPD) of the Methodist Church.

The trustees who served during the year were:

Revd P Weary  
Mr E Agyemang-Badu  
Mrs C Ogunsola  
Mr O Akinyemi  
Mr C Pratt  
Mrs R Fraser  
Mrs A Pratt  
Ms E Adenuga  
Ms Z Adu  
Ms J Robinson  
Mr P Yorke  
Mr Matthew Asumang  
Mr Desmond Sesay  
Ms E Redwood-Sawyer  
Mrs O Duyilemi  
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Mr Y Oduga  
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Ms Dolly Grant  
Mr Sam Anang  
Mrs E Fletcher  
Mr D Turay  
Mrs G Dravie-Dixon  
Mr L Dada  
Mrs A Bammeke  
Mrs M Cobbah  
Mr F Conteh

(Appointed 1 September 2021)

The procedure for appointing trustees is set out in CPD. The Church Council is made up of office holders who are appointed by the Church Council and who serve *ex-officio*, and additional members appointed by the Annual Church Meeting.

# **WALWORTH METHODIST CHURCH**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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The church is managed on a day to day basis by the ministers of the church (Rev. Paul Weary and Rev David Markay) with paid and volunteer support staff and appointed church officers.

The trustees' report was approved by the Board of Trustees and signed on their behalf by:



**Rev David Markay**  
Trustee  
Dated: 17 January 2023

# **WALWORTH METHODIST CHURCH**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# WALWORTH METHODIST CHURCH

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF WALWORTH METHODIST CHURCH

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#### Opinion

We have audited the financial statements of Walworth Methodist Church (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

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

#### Emphasis of matter

We draw your attention to the restricted fund note<sup>15</sup> of the financial statements. This is in regard to the breach that had taken place in the previous years when restricted fund cash had been used for general activities of the church. The breach had been reported to the charities commission and the board has committed to restoring these balances as soon as general funds are available. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **WALWORTH METHODIST CHURCH**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF WALWORTH METHODIST CHURCH**

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, 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 cease operations, or have no realistic alternative but to do so.

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

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

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 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations;
- The laws and regulations applicable to the charity were identified through discussions with trustees and treasurer, and from our understanding of charity sector;
- We identified on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, data protection, anti-bribery, and employment legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management team and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit



# **WALWORTH METHODIST CHURCH**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF WALWORTH METHODIST CHURCH**

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We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management team as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- checked and tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and reviewing correspondence with relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Piyush Chandulal Jasani (Senior Statutory Auditor)**  
**for and on behalf of PJT & Co Limited**

18 January 2023

**Chartered Accountants**  
**Statutory Auditor**

Accountancy House  
90 Walworth Road  
London  
SE1 6SW



# WALWORTH METHODIST CHURCH

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b><u>Income from:</u></b>					
Donations and legacies	3	62,476	12,095	74,571	121,537
Other operating activities	4	196,087	-	196,087	188,120
Investments	5	28	-	28	127
<b>Total income</b>		<b>258,591</b>	<b>12,095</b>	<b>270,686</b>	<b>309,784</b>
<b><u>Expenditure on:</u></b>					
Raising funds	6	520	-	520	520
Raising funds and Charitable activities	7	218,119	3,890	222,009	373,409
<b>Total resources expended</b>		<b>218,639</b>	<b>3,890</b>	<b>222,529</b>	<b>373,929</b>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>39,951</b>	<b>8,205</b>	<b>48,156</b>	<b>(64,145)</b>
Fund balances at 1 September 2020		210,707	8,608,557	8,819,264	8,883,410
<b>Fund balances at 31 August 2021</b>		<b>250,658</b>	<b>8,616,762</b>	<b>8,867,420</b>	<b>8,819,265</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

# WALWORTH METHODIST CHURCH

## STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Property, plant and equipment	11		518		1,038
Investment properties	12		8,730,000		8,730,000
			<u>8,730,518</u>		<u>8,731,038</u>
<b>Current assets</b>					
Trade and other receivables	13	17,187		10,315	
Cash at bank and in hand		142,812		115,840	
		<u>159,999</u>		<u>126,155</u>	
<b>Current liabilities</b>	14	(23,098)		(37,929)	
Net current assets			136,901		88,226
<b>Total assets less current liabilities</b>			<u>8,867,421</u>		<u>8,819,264</u>
<b>Income funds</b>					
Restricted funds	15		8,616,762		8,608,557
<u>Unrestricted funds</u>					
Designated funds	16	21,636		21,636	
General unrestricted funds		229,023		189,071	
		<u>250,659</u>		<u>210,707</u>	
			<u>8,867,421</u>		<u>8,819,264</u>

The accounts were approved by the Trustees on 17 January 2023

Rev David Markay  
Trustee

Vidal Sumner  
Treasurer

# WALWORTH METHODIST CHURCH

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	19		26,945		(59,936)
<b>Investing activities</b>					
Interest received		28		127	
<b>Net cash generated from Investing activities</b>			28		127
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			26,973		(59,809)
Cash and cash equivalents at beginning of year			115,840		175,648
<b>Cash and cash equivalents at end of year</b>			142,812		115,840

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

##### 1.1 Accounting convention

The accounts have been prepared in accordance with the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

##### 1.5 Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category

Costs of generating funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of the trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Motor vehicles	50% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

[Property rented to a group entity is accounted for as property, plant and equipment.]

#### 1.8 Impairment of non-current assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Donations and gifts	2,397	12,095	14,492	42,140
Miscellaneous income	214	-	214	189
Church collections	59,865	-	59,865	79,208
	<u>62,476</u>	<u>12,095</u>	<u>74,571</u>	<u>121,537</u>
<b>For the year ended 31 August 2020</b>	<u>90,240</u>	<u>31,297</u>		<u>121,537</u>

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Other trading activities

	2021	2020
	£	£
Letting and licensing arrangements	196,087	188,120

### 5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	28	127

### 6 Raising funds

	2021	2020
	£	£
<u>Operating costs</u>		
Depreciation and impairment	520	520
	520	520



# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 7 Raising funds and Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2021 £	2020 £
Staff costs	45,510	46,864
Establishment costs	32,826	44,030
Repairs and maintenance	8,486	17,145
General expenses	2,420	577
Printing, posting and stationery	10,636	10,872
Donations, gifts and subscription	1,000	15,254
Church expenses	9,681	19,075
Travel and subsistence	2,150	5,540
Fund raising and events	-	16,500
Ministerial expenses	874	740
Security costs	2,988	24,705
Welfare and Christmas for elderly and children	345	4,000
Refunds and return of deposits	-	295
Peace garden project	-	3,304
	<u>116,916</u>	<u>208,901</u>
Share of support costs (see note 8)	58,000	106,000
Share of governance costs (see note 8)	47,093	58,508
	<u>222,009</u>	<u>373,409</u>
<b>Analysis by fund</b>		
Unrestricted funds	218,119	321,687
Restricted funds	3,890	51,722
	<u>222,009</u>	<u>373,409</u>
<b>For the year ended 31 August 2020</b>		
Unrestricted funds	321,687	
Restricted funds	51,722	
	<u>373,409</u>	



# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Support costs

	Support costs £	Governance costs £	2021 £	2020 £	Basis of allocation
Circuit assessment	58,000	-	58,000	106,000	
Audit and accountancy	-	6,600	6,600	6,900	Governance
Governance costs	-	40,493	40,493	51,607	Governance
	<u>58,000</u>	<u>47,093</u>	<u>105,093</u>	<u>164,507</u>	
Analysed between Charitable activities	<u>58,000</u>	<u>47,094</u>	<u>105,094</u>	<u>164,509</u>	

Governance costs includes payments to the auditors of £6,600(2020- £6,600) for audit fees.

### 9 Trustees

In the year under review, no reimbursements for travel and phone expenses were made to trustees.

### 10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Governance	<u>3</u>	<u>3</u>
<b>Employment costs</b>	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	<u>45,510</u>	<u>46,864</u>

There were no employees whose annual remuneration was more than £60,000.

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 11 Property, plant and equipment

	Fixtures and Motor vehicles fittings		Total
	£	£	£
<b>Cost</b>			
At 1 September 2020	134,569	14,120	148,689
At 31 August 2021	134,569	14,120	148,689
<b>Depreciation and impairment</b>			
At 1 September 2020	133,531	14,120	147,651
Depreciation charged in the year	520	-	520
At 31 August 2021	134,051	14,120	148,171
<b>Carrying amount</b>			
At 31 August 2021	518	-	518
At 31 August 2020	1,038	-	1,038

#### 12 Investment property

	2021 £
<b>Fair value</b>	
At 1 September 2020 and 31 August 2021	8,730,000

Investment property comprises 54-64 Camberwell Road. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 28 September 2020 by Bunch & Duke, Chartered Surveyors, who are not connected with the charity. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

#### 13 Trade and other receivables

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Other receivables	17,187	10,315

#### 14 Current liabilities

	2021 £	2020 £
Other taxation and social security	1,784	-
Trade payables	12,706	6,478
Other payables	2,006	2,006
Accruals and deferred income	6,600	29,443
	23,096	37,927

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			
	Balance at 1 September 2019	Incoming resources	Resources expended	Balance at 1 September 2020	Incoming resources	Resources expended	Balance at 31 August 2021
	£	£	£	£	£	£	£
J B Memorial fund	5,743	20	(3,000)	2,763	3	-	2,766
Building Reserve	48	-	-	48	-	-	48
Special Appeals	65,909	12,627	(10,518)	68,018	3,137	(2,890)	68,265
Revaluation Reserve	8,439,948	-	-	8,439,948	-	-	8,439,948
Charitable Funds	1,300	-	-	1,300	-	-	1,300
Fellowship Funds	116,034	19,150	(38,704)	96,480	8,955	(1,000)	104,435
	<u>8,628,982</u>	<u>31,797</u>	<u>(52,222)</u>	<u>8,608,557</u>	<u>12,095</u>	<u>(3,890)</u>	<u>8,616,762</u>

The charity keep ledgers that identify the unspent balances due for the restricted funds and separate bank accounts have been set up to segregate the principal restricted funds from the main current account. In the earlier years, restricted funds had been applied to finance the general activities of the charity. The trustees have identified the extent of the use of the restricted funds and are gradually restoring the balance of these funds.

### 16 Designated funds

The trustees have designated the following amounts for specific purposes:

	Movement in funds		Movement in funds		
	Balance at 1 September 2019	Incoming resources	Balance at 1 September 2020	Incoming resources	Balance at 31 August 2021
	£	£	£	£	£
Church Maintenance and Development Reserve	21,636	-	21,636	-	21,636
	<u>21,636</u>	<u>-</u>	<u>21,636</u>	<u>-</u>	<u>21,636</u>

# WALWORTH METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 17 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Designated funds 2021 £	Total 2021 £	Total 2020 £
Fund balances at 31 August 2021 are represented by:					
Property, plant and equipment	518	-	-	518	1,038
Investment properties	-	8,730,000	-	8,730,000	8,730,000
Current assets/(liabilities)	228,505	(113,238)	21,636	136,903	88,228
	<u>229,023</u>	<u>8,616,762</u>	<u>21,636</u>	<u>8,867,421</u>	<u>8,819,266</u>

#### 18 Related party transactions

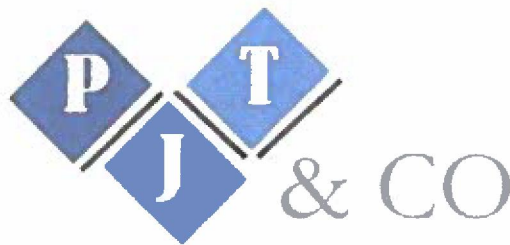
In the year under review, the following payments were made to trustees by the church:

Trustees engaged by the church for organist services in the year were paid £465 (£2,730- 2020).

19 Cash generated from operations	2021 £	2020 £
Surplus/(deficit) for the year	48,157	(64,145)
Adjustments for:		
Investment income recognised in statement of financial activities	(28)	(127)
Depreciation and impairment of property, plant and equipment	520	520
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(6,872)	17,500
(Decrease) in trade and other payables	(14,831)	(13,684)
<b>Cash generated from/(absorbed by) operations</b>	<u>26,946</u>	<u>(59,936)</u>

#### 20 Analysis of changes in net funds

The charity had no debt during the year.



CHARTERED CERTIFIED ACCOUNTANTS  
& REGISTERED AUDITORS

ACCOUNTANCY HOUSE  
90 WALWORTH ROAD  
LONDON  
SE1 6SW

TEL: 020 7703 7594  
FAX: 020 7701 2018  
E-MAIL: [info@pjandco.com](mailto:info@pjandco.com)  
WEB: [www.pjandco.com](http://www.pjandco.com)

## PRIVATE & CONFIDENTIAL

The Trustees,  
Walworth Methodist Church  
54 Camberwell Road  
London  
SE5 0EN

Our reference: WAL05/PCJ

16 January 2023

Dear Sirs,

## PROVISION OF PROFESSIONAL SERVICES

This letter and the attached detailed schedule[s] of service, together with our standard terms of business, set out the basis on which we are to provide those services.

We are bound by the code of ethics of the Association of Chartered Certified Accountants (ACCA), and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines.

We have listed below the work which you have instructed us to carry out, the detail of which is contained in the attached detailed schedule[s]. The attached **Key Facts** schedule lists the specific facts relevant to your entity for the services we are to provide, and must be read in conjunction with the detailed schedules. Together these state your and our responsibilities in relation to the work to be carried out.

Only the services which are listed in the attached detailed schedules, as tailored for your specific circumstances in **Key Facts**, are included within the scope of our instructions. If there is additional work that you wish us to carry out, or the **Key Facts** do not accurately describe the services to be provided, please let us know as soon as possible. If we agree to carry out additional work for you, we will provide you with an amended engagement letter, **Key Facts** and, if relevant, new detailed schedules.

### Agreement of terms

This engagement will start for the period commencing as detailed below:

	<b>Service provided</b>	<b>Start date</b>
<b>2</b>	<b>Audit for</b>	
	2.05 Unincorporated charity	31 August 2021

The terms set out in this letter shall take effect immediately upon you confirming your agreement as requested below. As we are instructed to start work before receiving your confirmation we will treat that as acceptance of all the terms of this engagement letter, unless we hear from you to the contrary within 14 days of you giving that instruction.

**Further assistance**

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know by contacting Piyush Jasani on 02077037594. Further details are set out in our standard terms of business.

We will be pleased to discuss any other areas where we may be able to assist you.

**Confirmation of your agreement**

Please confirm your agreement to all the terms of this letter and the attached schedules by signing and returning the Client Response (CR) at the end of this letter. Once it has been agreed, this letter will remain effective until it is replaced.

This letter, together with the attached schedules, constitutes the entire contract between us. Subject to company law provisions for auditors, you or we may agree to vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

If this letter and the attached schedules are not in accordance with your understanding of our terms of appointment, please contact us.

Yours sincerely

Piyush Jasani

Partner

**PJT & Co Limited**

## Walworth Methodist Church

### KEY FACTS FOR SERVICES PROVIDED

All the attached detailed schedules have been standardised for all our services.

Where it is necessary to tailor the schedules to the specific services being provided to you, those details are provided below, together on the left hand side with the version date (YYMM) when the detailed service schedule was last updated and the relevant paragraph number in the detailed service schedule.

#### 1 Standard Terms of Business

The firm's standard terms of business are included and are located at the back of the detailed schedules.

#### 2 Audit

The relevant detailed schedule explaining our respective responsibilities is:

Version:

2211

**2.05 Unincorporated charity- accruals accounts**

Introduction Piyush Jasani is the person PJT & Co Limited has assigned as your auditor.

1.1(c), 2.1 The financial statements will be prepared in accordance with the FRS 102 for small entities accounting basis.

2.23 Vidal Sumner and David Markay is your primary audit contact with whom we shall initially liaise each year regarding your audit.



## Walworth Methodist Church

### UNINCORPORATED CHARITY– ACCRUALS AUDIT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors under the *Charities Act 2011* (ChA 2011) and to clarify our respective responsibilities in respect of the audit of the unincorporated charity.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in **Key Facts** as the engagement partner.

#### 1 Your responsibilities as trustees

##### 1.1 Our audit will be conducted on the basis that you acknowledge and understand that you have responsibility:

- (a) to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity at the end of the financial year and of the incoming resources and application of the resources of the charity for that period;
- (b) in preparing those financial statements, to:
  - (i) select suitable accounting policies and then apply them consistently;
  - (ii) make judgments and accounting estimates that are reasonable and prudent; and
  - (iii) prepare the financial statements on the going concern basis, considering in particular, the charity's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charity will continue in operation;
- (c) for keeping sufficient accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable you to ensure that the financial statements comply with the ChA 2011 and regulations thereunder and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

##### 1.2 You have agreed to provide us with:

- (a) access to all information of which you are aware that is relevant to the preparation of the financial statements such as the charity's books of account and all other relevant records and documentation, including minutes of all trustees' meetings and of all appropriate management meetings and other matters;
- (b) additional information that we may request from you for the purpose of the audit, including access to information relevant to disclosures;
- (c) unrestricted access to persons within the charity from whom we determine it necessary to obtain audit evidence; and
- (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until





CHARTERED CERTIFIED ACCOUNTANTS  
& REGISTERED AUDITORS

after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.

- 1.3 You have a duty to prepare an annual report for each financial year complying in its form and content with the ChA 2011 and regulations thereunder. You are also required to have regard to the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.
- 1.4 You are responsible for ensuring that the charity complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.5 Where audited information is published on the charity's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner.
- 1.6 It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are neither required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the charity's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

#### **Scope of audit**

- 1.7 We expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the financial statements. We are entitled to receive details of all written resolutions that are to be circulated to members, to attend all general meetings of the charity, and to receive notice of all such meetings.

## **2 Our responsibilities as auditors**

- 2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK). Under the ChA 2011 we have a statutory responsibility to report to you as trustees whether, in our opinion:
  - the financial statements give a true and fair view, in accordance with applicable accounting standards, as stated in **Key Facts**, of the state of the charity's affairs as at the year end and of the incoming resources and application of the resources of the charity in that year;
  - the financial statements have been prepared properly in accordance with regulations made under the ChA 2011;
  - the financial statements have been appropriately prepared on the going concern basis; and
  - the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the charity's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved.

In arriving at our opinion we are required by law to consider the following matters, and to report on any in respect of which we are not satisfied:

- whether sufficient accounting records have been kept by the charity in accordance with ChA 2011, s. 130; or
- whether the financial statements are in agreement with the accounting records; or
- whether we have obtained all the information and explanations to which we are entitled for the purpose of our audit.

In arriving at that opinion those standards require us to comply with ethical requirements.



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- 2.2 It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.
- 2.3 Our report will be made solely to the charity's trustees, as a body, in accordance with Regulations made under ChA 2011, s. 154. Our audit work will be 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 will not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.
- 2.4 There are certain other matters, which according to the circumstances may need to be dealt with in our report, for example non-compliance with a requirement of Regulations to be made under the ChA 2011. Although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.
- 2.5 Under ChA 2011, s. 156(2) we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our audit and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 156(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
- 2.6 In addition, we have a professional duty to report if the financial statements do not comply in any material respect with applicable accounting standards unless in our opinion non-compliance is justified in the circumstances. In determining whether or not any departure is justified we will consider:
- (a) whether the departure is required in order for the financial statements to give a true and fair view; and
  - (b) whether adequate disclosure has been made concerning the departure.
- 2.7 Our professional duties also include:
- (a) incorporating in our report a description of the trustees' responsibilities for the financial statements, where the financial statements or accompanying information do not include such description; and
  - (b) considering whether other information in documentation containing the financial statements is consistent with the audited financial statements and our knowledge acquired during the course of the audit.
- 2.8 Under the *Charities (Accounts and Reports) Regulations 2008* (SI 2008/629), you are required to report as to whether you have given consideration to the major risks to which the charity is exposed, and to the systems designed to mitigate those risks. Compliance with the Charities SORP requires you to confirm that those risks have been reviewed and that systems have been established to mitigate those risks. We are not required to audit this statement, or to form an opinion on the effectiveness of the risk management and control procedures.





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- 2.9 Where the charity is a subsidiary of a charitable group, the audited financial statements of this charity are included in the group financial statements of the parent. We are required by auditing standards to cooperate with the auditors of the parent and to provide them with representations and confirmations concerning the conduct of the audit of this charity. You agree that we may correspond with the auditors of the parent and respond to their reasonable requests for information (which may include granting them access to our working papers) concerning the preparation and audit of the group financial statements without further authority from you.
- 2.10 Where the charity is the parent of a group and all components are audited by the same firm, the audited financial statements of this charity are the group financial statements. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each subsidiary company the firm already has access to the management of those companies concerning their individual audited financial statements, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group financial statements without further authority from you.
- 2.11 Where the charity is the parent of a group and not all component auditors are from the same firm, the audited financial statements of this charity are the group financial statements. As the group engagement auditors, we are required by auditing standards to coordinate the work of the auditors of the subsidiary companies and to provide them with guidance concerning the conduct of the audit of the group. You agree that we may correspond with the management of the subsidiary companies, and their auditors, and request reasonable information (which may include access to the subsidiary auditor's working papers) concerning the preparation and audit of the group financial statements without further authority from you.
- 2.12 We will inform you of all significant facts that may bear upon our integrity, objectivity and independence.

#### **Scope of audit**

- 2.13 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:
- whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;
  - the reasonableness of significant accounting estimates made by the trustees;
  - whether there is adequate disclosure of the applicable financial reporting framework; and
  - the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

- 2.14 Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).
- 2.15 We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether the charity has maintained sufficient accounting records. We will need to



CHARTERED CERTIFIED ACCOUNTANTS  
& REGISTERED AUDITORS

obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

- 2.16 The nature and extent of our tests will vary according to our assessment of the charity's accounting and internal control systems, and may cover any aspects of the business's operations. We shall report to the management any significant deficiencies in, or observations on, the charity's systems that come to our attention of which we believe the trustees should be made aware. Any such report may not be provided to any third party without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.
- 2.17 In performing our audit procedures, we may make use of analytical tools. To facilitate this, we may request that you extract data, provide back-ups or provide alternative access to your accounting systems. How we will use analytical tools and any data provided will be set out in the communication of our planned approach.
- 2.18 As noted in section 1, the responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the trustees. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.
- 2.19 As part of our normal audit procedures, we will request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring to your attention misstatements in the financial statements which are not adjusted, we shall require written representation of your reasons.
- 2.20 To enable us to conduct a review of your financial statements, which constitutes part of our audit, we will request sight of any documents or statements which will be issued with the financial statements.
- 2.21 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the financial statements.
- 2.22 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **Communication**

- 2.23 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.
- We shall contact your primary contact listed in **Key Facts** by telephone prior to each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.
  - We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
  - We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.
- 2.24 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.
- 2.25 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged



CHARTERED CERTIFIED ACCOUNTANTS  
& REGISTERED AUDITORS

on the audit, for example information provided in connection with accounting, taxation and other services.

- 2.26 **Limitation of liability** - We specifically draw your attention to the limitation of liability paragraphs in our standard terms and conditions which set out the basis on which we limit our liability to you and to others. You should read this in conjunction with the limitation of third party rights paragraphs in our standard terms and conditions which exclude liability to third parties. These are important provisions which you should read and consider carefully.

## CLIENT RESPONSE

I acknowledge receipt of this letter and confirm we have read and understood the contents of this letter and the attached schedules. We also confirm that **Key Facts and the Engagement Schedules**, together with the **Standard terms of business** and the **Limitation of liability** schedules, fully records the agreement between us concerning your appointment to carry out the work described in the schedules.

Name REV. DAVID MARKAY

Signed

Date 17 JANUARY 2023

Chair of Trustees – Rev David Markay

For and on behalf of Walworth Methodist Church

