

DERBY CIRCUIT OF THE METHODIST CHURCH
Registered Charity No. 1142341

**FINANCIAL STATEMENTS
AND ANNUAL REPORT**

FOR THE YEAR ENDED

31 AUGUST 2021

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

The Trustees present their report and financial statements for the year ended 31 August 2020. The financial statements have been prepared in accordance with accounting policies set out in note 1 to the accounts and comply with the Charity's trust deed, 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 published on 16 July 2014.

Objectives and Activities

The Circuit Meeting in March 2016 adopted the following vision statement:

"The people of God enabled to live out the mission of God"

As a means of helping to make this vision a reality, The Circuit, at the same meeting also adopted five aims for the Circuit:

We aim to enable people to...

- Meet with God and meet with people (WORSHIP)
- Tell our story (PREACHING/EVANGELISM)
- Make the most of what we have (SHARING RESOURCES – practical and people)
- Serve our city, locality and neighbourhood (SERVICE)
- Have confidence in making courageous decisions

The Circuit Meeting then agreed to the creation of focus groups which would meet to review the Circuit's work in the subject area of each aim. The Circuit Leadership Team is in the process of drawing specific priorities for the Circuit to achieve out of the feedback received from the focus groups.

The Charity's objective is to act as a Resource provider within the area around Derby for the Methodist Church.

The purposes of the Methodist Church are and shall be deemed to have been since the Date of Union the advancement of:

- a) The Christian faith in accordance with the doctrinal standards and discipline of The Methodist Church;
- b) Any charitable purpose for the time being of any Connexional, District, Circuit, local or other organisation of The Methodist Church;
- c) Any charitable purpose for the time being of any society or institution subsidiary or ancillary to The Methodist Church;
- d) Any purpose for the time being of any charity being a charity subsidiary or ancillary to The Methodist Church.

The organisation and resourcing of regular public acts of worship open to members of the church and non-members alike.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

The teaching of Christianity through sermons, courses and small groups.

The resourcing of pastoral work including visiting the sick and bereaved.

Taking religious assemblies in local schools.

Promotion of Christianity through the staging of events and services.

Provision of chaplaincy services to the local university and other institutions.

Public Benefit

We confirm the trustees have had regard to the Charity Commission's guidance on public benefit.

Brief financial review of the year

The Circuit suffered a financial (deficit)/ surplus before gains on investments of £ (63,060) (2020: £ 42,736). Gains on investments converted this to a (deficit)/ surplus of £ (34,333) (2020: £ 38,181). A transfer of £33,862 was made after the year end from funds controlled by the Circuit to cover the costs incurred at Susanna Wesley House.

2021 Annual Report

Ministerial staff changes

In September 2020 Rev. Calvin Cheung was welcomed into the circuit as presbyter with pastoral charge for the Chinese Church, this is a 50% appointment, the remainder of Calvin's time is with the Leicester Circuit supporting the Chinese congregation there.

From September 2020 Gary Watt took on a one-day-a-week District role stimulating, encouraging and enabling Fresh Expressions around the N&D District. In April 2021 Rev. Gary Watt left the circuit to serve as an Army Chaplain. His station is going to be covered from September 2021 with the secondment of Rev Chris Briggs, District Mission Enabler on a 50% F/T role.

In July 2021 the Circuit Invitation Committee unanimously decided to re-invite Revd Neil Draper to serve for a further 3 years and Revd Neil accepted this invitation.

In August 2021 Rev. Greg Obong-Oshotse moved from the circuit to a new appointment in the London District.

The Circuit Invitation Committee submitted a profile for a presbyter for the section of Chellaston, Findern and Newmount and Rev. Jacky Quarmby was stationed to the circuit from September 2021.

Changes in Circuit office holders

Circuit Stewards

The circuit currently has 5 Circuit Stewards:

Alan Castledine (who serves as treasurer)
Hilary Jones
John McCartney
Peter Nelson
Philip Royle

Circuit Safeguarding Officer

A Circuit Safeguarding officer has been appointed by the Circuit, Fiona Riley-Schnoor, who combines this role with her role as Circuit Administrator

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Circuit lay workers

The circuit continues to employ the following lay workers

Jo Howie	-	Based at the Susanna Wesley House project
Judith Neal	-	Supporting the superintendent minister
Mairi Radcliffe	-	Supporting St Martin's Methodist Church
Fiona Riley – Schnoor	-	Circuit Administrator and Safeguarding Officer

The Rev Darren Howie who was also working at Susanna Wesley House resigned in May 2021 and we are currently seeking to employ another person to cover this vacancy

Circuit office

It was agreed that the circuit office should be moved to Borrowash MC however the room allocated for this purpose was not suitable for immediate use as it required work to be completed prior to moving the office.

Covid-19

The pandemic continued to have a major impact on all the churches of the circuit. Covid-19 risk assessments were completed by all churches before re-opening with Covid safe measures in place. Most churches re-opened for in-person worship in September before closing again in November on the recommendation of the Nottingham and Derby Methodist District. All churches were closed from the beginning of January 2021 when another national lockdown came into place. Throughout this time ministers and churches continued to use a variety of ways of worshipping, both online using 'Zoom' and 'Facebook' and through printed worship material sent to those without access to the internet. Churches began to re-open for worship when the lockdown was lifted, from the beginning of April. The benefit of Zoom has been recognised with many meetings being held on this medium, including Church Councils and Circuit meetings, even when possible to meet in person.

During times of closure, the buildings were maintained in accordance with Methodist Insurance and TMCP guidance.

The Covid pandemic caused churches to focus on the future and their mission, with the church councils of two churches making the decision to seek permission to cease worship.

St Thomas' Road's final service was in February 2021

Allestree Methodist Church's final service was in July 2021

Despite the on-going difficulties Covid has presented all but one church managed to meet their financial liabilities to the circuit.

Circuit Projects

Susanna Wesley House

Covid pandemic severely limited the activities being run at SWH with 'Susie's' unable to re-start due to safety restrictions and limited space.

Following a District Review of the project, the leadership team at SWH submitted a paper to the Circuit Meeting proposing that into the future, the focus of SWH should be towards the developing Castleward community. This was accepted and work has begun in building new relationships.

During the year we have supported migrants living in a local hotel, delivered welcome bags to new residents and tied 'You are loved' hearts on trees for Valentine's day and continued to grow relationships with the Castleward developers.

Chester Green

In the past year there has been no progress on this project for a number of reasons including the Covid pandemic.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Ecumenical Matters

Sinfin Moor has been without an incumbent ordained person for a number of years, but in July Rev Paul Desborough (Anglican) was licensed. Paul will be working 50% with Sinfin Moor enabling ministry and 50% as the bishop's advisor on new housing in Derby.

The Haven church is still ministered to by Rev Martin Knight (Baptist), who has indicated his intention to retire in October 2021

Ashbourne Road church has been ministered to by Rev. Judith Tatton-Schiff, in July 2021 Rev. Judith resigned due to ill-health.

Oakwood is still under the pastoral charge of Methodist presbyter, Rev. Neil Draper.

Reserves at the end of the year were:

Unrestricted	£ 2,958,359 (2020: £3,022,205)
Restricted	£ 186,533 (2020: £178,198)
Endowment	£ 138,938 (2020: £117,760)

Income trends

Circuit income is primarily drawn from the assessment paid by the Circuit churches. The rental income relates to the rental of manses which are not currently used by Circuit staff. Costs related to work in the city centre are covered by a transfer from an external fund.

Expenditure trends

Stipend expenditure has increased each financial year in line with conference approved increases. 20% of expenditure is the Circuit contribution to the District and Connexion, of which a significant part is used to fund the work of the wider Methodist Church.

Fund balances

As at 31 August 2021 the unrestricted net current assets of the Circuit (excluding investment properties) were £129,749, giving approximately 3 months cover for expenditure.

Reserves Policy

The Reserves Policy for the Circuit is to maintain sufficient free reserves equivalent to approximately 3 months' average expenditure. This should be sufficient to meet any unforeseen item of major expenditure on manses and / or to be able to continue, in the short term, funding planned activities in the event of any inability to raise the full Circuit Assessment from churches. Restricted and Endowment Funds represent bequests that have been left to the Circuit over many years. Income generated from these funds is used within the Circuit budget.

Grant making policy

Grants to local churches for property schemes and other purposes are accounted for as liabilities when they receive formal approval by the Circuit Meeting or the Finance & Grants Committee under delegated authority for awards of less than £5,000.

Grants awarded to other charitable bodies are accounted for as liabilities in the year in which the award is made.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Investment Policy and Performance

To comply with Methodist Standing Orders, monies for long term investment are lodged with the Trustees for Methodist Church Purposes (TMCP). TMCP acts as custodian trustee for all real estate held by the Circuit and for all large bequests and for the proceeds of sale of any property formerly owned by the Circuit. These sums are invested in unitised investments or held on deposit. The investment returns are close to tracking the movements in the FTSE100 index. The deposit income mirrors the deposit rates available elsewhere. The Derby Circuit trustees' investment policy is aligned with that of Central Finance Board (CFB) and TMCP because these organisations take into consideration the social, environmental and ethical issues, both negatively and positively, that make investments suitable for the Methodist Church.

Short term deposits are lodged directly with the CFB and attract good rates of interest.

There are no other bench marks for the expected returns on investments at TMCP and CFB. The objective for the Circuit is a rate of return at least as good as market rate considering the trustees' low appetite for risk.

Plans for 2021/22

Circuit financial plans for the coming year have been prepared on the basis that there will be 6.5 full time ordained staff with anticipated cost of living stipend increases combined with an increase in the assessment paid to the district

Administrative Information

Full Name of Charity:	Derby Circuit of the Methodist Church
Registration Charity Number:	1142341
Date of registration:	9 June 2011
Main communication address:	Circuit Office, Borrowash Methodist Church Hall, Chapel Row, Borrowash, Derby DE72 3LR
Charity Contact Address	76 Blenheim Drive, Allestree, Derby DE22 2LE

The members of the Derby Methodist Circuit meeting are the Charity Trustees, membership being made up of Circuit office holders, ministers and representatives appointed by the local churches.

Full membership is shown below.

Ministers

Rev Chris Briggs (from 1.9.21)
Rev Calvin Cheung
Rev Neil Draper
Rev Colin Emerson (Superintendent)
Rev Darren Howie (resigned 24.4.21)
Rev Martin Knight
Rev Greg Obong-Oshotse (resigned 31.8.21)
Rev David Owen
Rev Jacky Quarmby (from 1.9.21)
Rev Gill Sharp
Rev Dr Gary Watt (resigned 30.4.21)

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Hospital Chaplain Derby Hospitals

Rev Lew Greaves

Supernumerary Ministers

Rev Ted Ager
Deacon Rosemary Bell (resigned 8.10.21)
Rev Keith Burchell
Rev Donald Cross
Rev Raymond Lunt
Deacon Pat Moore
Deacon Jane Rice

Circuit Stewards

Christina Achu (resigned 12.11.20)
Hilary Jones
John McCartney
Pete Nelson
Phil Royle

Circuit Church Representatives

Mike Bagworth	Brenda Leeds
Barrie Barber	Sally Levitt
Jean Bell	David MacDonald
Brenda Bennett	Graham Martin (from 1.9.21)
Tim Berry (from 8.3.21 – resigned 31.8.21)	Peter Middlehurst
David Bower (resigned 31.8.21)	Roy Milward
Mary Calladine	Andrew Moore
Christine Cameron	Aubrey Morris
Joan Campbell (resigned 31.8.21)	Mary Murden
Alan Castledine	Lynette Nash (from 1.9.21)
Neil Clarke	Judith Neal
Janet Cotton (resigned 31.8.21)	Janet Patmore
Ruth Croft	Gwen Petch
John Digger	Geoffrey Petch
Colin Dorman	Julie Potter
Hazel Ellison	Peter Priestley
Norma Fearn	Mairi Radcliffe
Nana Forson (resigned 22.3.22)	Fiona Riley-Schnoor (from 22.3.22)
David Gaskin	Dorothy Robinson (resigned 30.4.21)
Jeffery Green (resigned 31.8.21)	Linda Sandars
Hilary Handley	Ian Sant
Mick Hardwick (from 1.1.21)	Jonathon Shepherd
Colin Hinds (died 6.7.21)	Ann Smith
Doreen Hinds	Eric Smith
Linda Hobday	Kelvin Smith
Brian Hollingworth	Judith Smith
Marie Holt	John Spray
Guowei Hong	Derrick Tuplin
Jo Howie	Alf Wall
Richard Hubball	Brenda Wigley
Peter Knott	Mike Williams
Stephen Lee	Frankie Wong
	Rita Wright

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Administrative Information – continued

Circuit Ministers and officers

Active Circuit Ministers:	Rev Colin Emerson (Superintendent) Rev Neil Draper Rev Darren Howie (resigned 24.4.21) Rev Greg Obong-Oshotse Rev David Owen Rev Gill Sharp Rev Dr Gary Watt
Circuit Lay Employees:	Mrs Jo Howie Mrs Judith Neal Mrs Mairi Radcliffe
Circuit Stewards:	Mrs Christina Achu (resigned 12.11.20) Mrs Hilary Jones Mr John McCartney Mr Pete Nelson Mr Phil Royle
Administrators:	Mrs Fiona Riley-Schnoor Mrs Ying Qian

Mr Alan Castledine acted as the principal officer overseeing the day to day financial management and accounting for the Circuit during the year.

Independent auditor:	Haines Watts, Chartered Accountants and Registered Auditor 10 Stadium Business Court Millennium Way Pride Park Derby DE24 8HP
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Investment Bankers:	Trustees for Methodist Church purposes
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Bankers:	Central Finance Board of the Methodist Church HSBC Bank plc CAF Bank Ltd
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Structure, Governance and Management

The governing document for the Circuit is the Deed of Union (1932) and Methodist Church Act (1976)

Detailed governance arrangements are outlined within the Constitutional Practice and Discipline of the Methodist Church by order of the annual conference (CPD).

Day to day management of the Circuit is undertaken by the Circuit Leadership Team along with the Local Preachers meeting, the Circuit Finance and Property Committee and the Circuit Policy Committee.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Appointment of Trustees

All ministers, presbyteral and diaconal, stationed in the Circuit by the Conference or who are residing for the purposes of the stations of the Methodist Church in the Circuit and who are in the active work (that is not retired), are ex-officio members of the Circuit Meeting (the Trustee Body). Other ministers who reside in the Circuit in accordance with the standing orders of the Church (including those who are retired) may choose to be members of the Circuit Meeting, and if they do so they are shown in the list of trustees.

Each church is represented by a Church Steward, the Church Treasurer and representatives appointed by the Church Council in relation to the number of Church members (one representative for every 50 members).

The Circuit Meeting has the power to co-opt other members including the lay workers in the Circuit.

Trustee Training

A range of guidance produced by Methodist Connexion to support the effective running of the Circuit, specifically the leaflet 'The Role of a Trustee in The Methodist Church' is given to all new Circuit Meeting members as induction to their role as trustees.

Related Parties

The Circuit is part of the Nottingham & Derby District and is also accountable to the Methodist Conference. The following Methodist Churches are linked to the Circuit: Allestree, Alvaston, Ashbourne Road, Borrowash, Chinese Congregation, Chellaston, Dean Street, Draycott, Duffield, Findern, Haven, Littleover, Mayfield Road, Mickleover, Newmount, Oakwood, Sinfin Moor, Spondon, St John's, St Martin's and St Thomas' Road.

Risk Management

The major risks have been identified and recorded by the Circuit Finance and Property Committee with professional advice taken as required. It has already enhanced its financial procedures and, in common with other churches, has developed robust procedures for safeguarding children, young people and vulnerable adults.

There is a regular annual review process undertaken and recorded.

Income and Expenditure is being monitored in total and is compared with the approved annual budget on a regular basis to detect trends as part of the risk management process to avoid unforeseen calls on reserves.

Safeguarding

Every person has a value and dignity which comes directly from the creation of male and female in God's own image and likeness. Christians see this potential as fulfilled by God's re-creation of us in Christ. Among other things this implies a duty to value all people as bearing the image of God and therefore to protect them from harm.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Methodist Connexional practice outlines commitment to the following principles:

- The care and nurture of, and respectful pastoral ministry with, all children, young people and adults.
- The safeguarding and protection of all children, young people and adults when they are vulnerable.
- The establishing of safe, caring communities which provide a loving environment where there is informed vigilance as to the dangers of abuse.
- We will carefully select and train all those with any responsibility within the Church, in line with Safer Recruitment principles, including the use of criminal records disclosures and registration with the relevant vetting and barring schemes.
- We will respond without delay to every complaint made which suggests that an adult, child or young person may have been harmed, cooperating with the police and local authority in any investigation.
- We will seek to work with anyone who has suffered abuse, developing with them an appropriate ministry of informed pastoral care.
- We will seek to challenge any abuse of power, especially by anyone in a position of trust.
- We will seek to offer pastoral care and support, including supervision and referral to the proper authorities, to any member of our church community known to have offended against a child, young person or vulnerable adult.
- In all these principles we will follow legislation, guidance and recognised good practice.

The Derby Circuit commits itself to ensuring the implementation of Connexional Safeguarding Policy; government legislation, guidance and safe practice in the Circuit and in the churches.

The Derby Circuit commits itself to the provision of support, advice and training for lay and ordained people that will ensure people are clear and confident about their roles and responsibilities in safeguarding and promoting the welfare of children and adults who may be vulnerable.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provision of the Trust Deed require 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, including the income and expenditure of the Charity for the financial year. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the appropriate charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation; and
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements.

The Trustees are responsible for maintaining the proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

DERBY CIRCUIT OF THE METHODIST CHURCH

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

This report has been prepared in accordance with the Statement of Recommended Practice; Accounting and Reporting by Charities.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Haines Watts be re-appointed as auditors to the charity for the ensuing year.

Signed on behalf of the charity's trustees



~~Rev Colin Emerson - Superintendent Minister~~

Rev Andrew Charlesworth - Acting Superintendent

Date: 24/05/22

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF DERBY CIRCUIT OF THE METHODIST CHURCH

Opinion

We have audited the financial statements of Derby Circuit of the Methodist Church (the charity) for the year ended 31 August 2021 on pages fourteen to thirty-two which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 the provisions available for small entities, 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 ISA's (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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern. The COVID -19 viral pandemic is one of the most significant events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the charity's finances and wider economy.

Other information

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

- Our opinion on the financial statements does not cover the other information and 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF DERBY CIRCUIT OF THE METHODIST CHURCH

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:

- 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 the trustees

As explained more fully in the trustees' responsibilities statement set out on page ten, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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 charitable company or to cease operations, or has 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 145 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (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 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;

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements. Specifically reviewing compliance with Charities SORP FRS102.
 - Performing substantive testing over income, including accounting entries made in respect of any income deferred.
 - Performing analytical procedures to identify any unusual or unexpected relationships that may indicate an increased risk of material misstatement as a result of fraud.
 - Performing substantive testing over a selection of journal entries made in the period, to address the risk of fraud due to management override of controls.
- Assessing material accounting estimates to determine if there are indications of management bias.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF DERBY CIRCUIT OF THE METHODIST CHURCH

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to the inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Use of Our Report

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

Mrs D J Lockwood FCA, FCCA, ATT – Senior Statutory Auditor
For and on behalf of Haines Watts –Statutory Auditors
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP

D. J. Lockwood

Dated: *8.6.2022*

DERBY CIRCUIT OF THE METHODIST CHURCH

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	Note s	Unrestricted Funds			Restricted & Endowment Funds		Total 2021	Total 2020 (As restated) £
		General	Circuit Model Trust	Designated	Restricted	Endowment		
		£	£	£	£	£	£	£
Incoming Resources								
Income from Monetary Investments		182	3,554	61	1,068	2,758	7,623	11,808
Income from Investment Properties		-	-	27,383	-	-	27,383	18,540
Assessments on Churches	2	402,416	-	-	-	-	402,416	428,966
Grants Received	3	19,380	-	-	-	-	19,380	8,000
Other Income	4	6,198	-	625	-	-	6,823	105,579
Total Incoming Resources		428,176	3,554	28,069	1,068	2,758	463,625	572,893
Expenditure								
Grants and Donations	5	955	32,608	3,015	100	-	36,678	40,672
Salaries and Associated Costs	6	309,062	-	1,950	-	-	311,012	332,475
Property Expenses	7	28,871	-	12,252	-	-	41,123	50,236
District and Connexional Levies	8	105,655	1,265	-	-	-	106,920	89,553
Office Expenses	9	6,353	-	-	-	-	6,353	7,185
Other Outgoings	10	24,278	101	38	182	-	24,599	10,036
Total Expenditure		475,174	33,974	17,255	282	-	526,685	530,157
Net Income Before Investment Gains/(Losses)		(46,998)	(30,420)	10,814	786	2,758	(63,060)	42,736
Gains/(Losses) on Monetary Investments		-	-	-	7,549	21,178	28,727	(4,555)
Gains/(Losses) on Investment Properties		-	-	-	-	-	-	-
Net Incoming/ (Outgoing) Resources Before Transfers		(46,998)	(30,420)	10,814	8,335	23,936	(34,333)	38,181
Transfers Between Funds		(45,242)	15,000	33,000	-	(2,758)	-	-
Net Movements in Funds		(92,240)	(15,420)	43,814	8,335	21,178	(34,333)	38,181
Reconciliation of Funds								
Total Funds Brought Forward		2,881,475	50,611	90,119	178,198	117,760	3,318,163	3,279,982
Total Funds Carried Forward	19	2,789,235	35,191	133,933	186,533	138,938	3,283,830	3,318,163

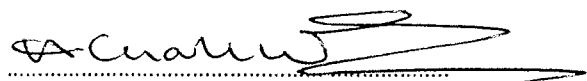
DERBY CIRCUIT OF THE METHODIST CHURCH

BALANCE SHEET AS AT 31 AUGUST 2021

	Notes	Unrestricted Funds			Restricted & Endowment Funds		Total 2021	Total 2020
		General	Circuit Model Trust	Designated	Restricted	Endowment		
		£	£	£	£	£	£	£
Fixed Assets								
Circuit Manses etc	11	2,686,670	-	-	-	-	2,686,670	2,686,670
Investments	12	-	-	19,249	92,673	138,938	250,860	222,133
Total Fixed Assets		2,686,670	-	19,249	92,673	138,938	2,937,530	2,908,803
Current Assets								
Investment Properties	11	87,500	-	-	-	-	87,500	87,500
Debtors	13	22,887	-	-	-	-	22,887	24,640
Outstanding Purchase Price	13a	85,000	-	-	-	-	85,000	110,000
Trustees for Methodist Church Purposes		-	35,191	-	91,313	-	126,504	141,800
Central Finance Board Deposits	14	31,110	-	114,684	2,547	-	148,341	164,214
Cash at Bank and in Hand	14	10,210	-	-	-	-	10,210	38,831
Total Current Assets		236,707	35,191	114,684	93,860	-	480,442	566,985
Creditors Due In Under One Year	15	134,142	-	-	-	-	134,142	157,625
Net Current Assets/(Liabilities)		102,565	35,191	114,684	93,860	-	346,300	409,360
Net Assets		2,789,235	35,191	133,933	186,533	138,938	3,283,830	3,318,163
Funds of the Circuit								
General Funds (Unrestricted)		2,789,235	-	-	-	-	2,789,235	2,881,475
Circuit Model Trust Fund (Unrestricted)		-	35,191	-	-	-	35,191	50,611
Designated Funds (Unrestricted)		-	-	133,933	-	-	133,933	90,119
Total Unrestricted Funds	17	2,789,235	35,191	133,933	-	-	2,958,359	3,022,205
Restricted Funds	18	-	-	-	186,533	-	186,533	178,198
Endowment Fund	18	-	-	-	-	138,938	138,938	117,760
Total Funds		2,789,235	35,191	133,933	186,533	138,938	3,283,830	3,318,163

The notes on pages 15 to 30 form part of these financial statements.

Approved by the Circuit Meeting and authorised for issue on ...24 May 2022...



~~Rev C Emerson - Superintendent Minister~~

Rev A Charlesworth - Acting Superintendent 15

DERBY CIRCUIT OF THE METHODIST CHURCH**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Cash used in operating activities	26	(92,296)	53,922
Cash flows from investing activities			
Dividends, interest and rents from investments		<u>32,506</u>	<u>30,348</u>
Net cash provided by/(used in) investing activities		<u>32,506</u>	<u>30,348</u>
Increase/(decrease) in cash and equivalents in the year		(59,790)	84,270
Cash and cash equivalents brought forward		<u>344,845</u>	<u>260,575</u>
Cash and cash equivalents carried forward		<u>285,055</u>	<u>344,845</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		<u>285,055</u>	<u>344,845</u>

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued 1st January 2019) – (Charities SORP (FRS 102)).

Public benefit entity

The Derby Methodist Circuit meets the definition of a public benefit entity under FRS 102.

Basis

These accounts have been prepared on the basis of historical cost except that investments are shown at their market value at the end of the year. The accruals basis has been used and trustees present accounts that show a true and fair view of the Circuit's financial position and activities. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Content

The financial information presented is relevant, reliable, comparable and complete. Where estimates are used these are based on experience, research and judgement. The accounts are expressed in £Sterling, rounded to the nearest pound.

Going concern

Based on the monetary assets and human resources available at 31 August 2021, the trustees believe that the Circuit is a going concern.

Income recognition

Income is brought into account when there is entitlement and the amount is reliably measurable once it is more likely than not that the economic benefit of the income will be forthcoming.

In accordance with the Charities SORP (FRS 102), the time of volunteers is not recognised. Further information on this matter is provided in the Trustees' Annual Report. If goods are donated, a value will be shown in the SOFA or Notes where the value is considered material.

Legacies

For legacies, entitlement is taken as the earlier of:

- the date on which the Circuit is aware that probate has been granted;
- the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made; or
- when a distribution is received from the estate.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 CONTINUED

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Circuit has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Circuit or the Circuit is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated Services

Donated services and facilities are recognised as income when the Circuit has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Circuit of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the Circuit which is the amount the Circuit would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt, where this can be quantified.

Realised Gains and Losses

Realised gains or losses are recognised when investments are sold and are calculated as the difference between sales proceeds and the previous year end market value.

Unrealised gains or losses are accounted for on revaluation of investments at their year end market values.

Expenditure

This is recognised when a liability is incurred, or a constructive obligation arises, where the amount is reliably measurable and it is considered more likely than not that there will be an outflow of economic benefit.

Grants

Grants made by the Circuit from its own funds are recognised in full at the time of agreement or when the Circuit accepts that there is a legal or operational obligation to make the payment.

VAT

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

Tangible Fixed Assets and Investment Assets

Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £1,000.

The freehold property is shown in the accounts at 2015 deemed values, or if acquired after that date at its cost price. The sports ground was revalued in June 2019 to its current market value. No depreciation is provided on the buildings because the trustees consider the current residual fair value of the manse buildings (on the assumption that it had reached the end of its useful economic life by the year end) to be not less than its current value. Any depreciation would not be material. The property has been reviewed for impairment.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

From time to time the Circuit may be required to assume responsibility for Church premises following closure and cessation of worship. This results in the Circuit becoming Managing Trustees for the property. At that time the property is recognised as an investment asset at its anticipated net sale price as determined by a professional valuation and after taking into consideration the levy to be charged by the Connexion. Any expenditure on such assets, if held for reinvestment of the proceeds, as the trustees determine, that is likely to enhance sale value is capitalised at the time the expenditure is incurred. Where the proceeds are intended to be spent on activities, the property is included in current assets at the lower of cost and realisable value.

The Circuit has made use of the deemed cost option in transitioning to FRS 102 as outlined above.

Monetary Investments

The Circuit's investments are in monetary assets classified as basic financial instruments under FRS 102 and are held by the Trustees for Methodist Church Purposes (TMCP) as custodian trustees. The valuations, at market value, are those provided by TMCP. The unrealised gains arising on investments at the end of the year are shown in the SOFA and in Note 12 below.

Receivables and Payables; Bank and Cash (Basic Financial Instruments)

Debtors are stated at the amounts owed to the Circuit or prepaid. Creditors are initially recognised at settlement amount or the amount advanced to the Circuit. Subsequently creditors that are current liabilities are measured at the cash or other consideration expected to be paid. The liquid funds of bank balances and deposit fund balances are shown at their realisable values.

Judgements and Key Sources of Estimation Uncertainty

The preparation of accounts using generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period.

The key estimates and assumptions used in the Financial Statements are detailed in the accounting policies.

Methodist Connexional Funds

The Methodist Church Connexion raises assessments against Circuits and these are paid quarterly to their Districts. The Circuits raise assessments against churches in the Circuit. The District quarterly remits to the Methodist Church Fund most of the sum received from the Circuits. A small sum is retained by the District to meet its own costs. The Circuit may act as agents for ad hoc collections for various funds controlled and administered by The Methodist Church.

Designated Funds

Where the Circuit has agreed to use its reserves to meet revenue costs or to meet future capital costs it has designated the funds within unrestricted reserves.

Endowment Funds

Where the Circuit holds money that may not be spent and must be retained (as capital) to generate income the money or assets to be retained are classified as an Endowment Fund. The capital will be shown in the balance sheet in the column for endowment funds. The income may be restricted or unrestricted depending upon the terms of the endowment.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Unrestricted Funds

Unrestricted funds represent the funds that are not subject to any restrictions regarding their use.

Restricted Funds

The purpose of any restricted funds is noted in the accounts.

Ministers' manse costs

The Circuit is required to provide accommodation for each minister in the Circuit and their families and this is seen as a benefit to the Circuit. Ministers are expected to occupy the manse provided for them. The Circuit bears the cost of repairs, maintenance, buildings insurance, Council Tax and water rates. These figures are not separately disclosed as benefits-in-kind as HMRC does not seek to tax these receipts in the hands of the ministers.

Pension contributions

The Circuit participates in the following pension funds:

- **Methodist Ministers' Pension Fund**

The Circuit is a member of the Connexional pension scheme (MMPS) which covers presbyters and deacons of the Methodist Church. The contribution rates are set each year by the Methodist Conference, and for the year under review the employer contributions are 26.9% (2020 26.9%) of stipend.

The MMPS is a multi-employer scheme, and in accordance with the guidance issued by the Charity Commission, the Circuit accounts for those contributions as if it were a defined contribution scheme. It has done so because it is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Contributions are charged to the SOFA in the period in which they are payable.

- **Standard Life Pension Scheme**

Other non-ordained members of the Circuit staff are given the opportunity of being included in this pension scheme. The employer's contribution rate is set at 6% of salary.

2. Assessments on Churches

The Circuit comprises 20 Churches together with a Chinese congregation and each is assessed for a contribution to meet the overall costs of the Circuit. In making its Assessment, budgeted income from investments (including property letting) and confirmed external grants is taken into account. The Circuit aims to cover its net core costs from the Assessment.

An Assessment on churches is annually determined by the Circuit using a formulaic method which takes into account the relevant net income of each church after deducting all expenses other than the Assessment. Assessments are quarterly in advance.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

3. Grants Receivable

	2021 £	2020 £
Towards costs of Chinese Ministry		
District	4,180	-
Hong Kong Methodist Church	2,000	2,000
Chinese congregation	13,200	6,000
	<u>19,380</u>	<u>8,000</u>

4. Other Income

	2021 £	2020 (As restated) £
Recovered insurance premiums	496	494
Chester Green Legacy	2,204	-
Miscellaneous	3,498	3,421
	<u>6,198</u>	<u>3,915</u>
Unrestricted Total	<u>625</u>	<u>1,399</u>
Designated – Susanna Wesley House Fund		
Restricted – Borrowash House Fund	-	100,265

5. Grants and Donations

	2021 £	2020 £
Grants to churches and other institutions	35,149	39,365
Grants and donations to individuals	1,529	1,307
	<u>36,678</u>	<u>40,672</u>

6. Salaries and associated costs

Stipends

Stipends were paid to 7 Presbyters and 3 lay employees (2019/20: 11) and were as follows:-

	General £	Designated £	Total £	2020 £
Stipends	212,940	-	212,940	229,652
National Insurance Contributions	18,417	-	18,417	19,620
Pension Fund Contributions	47,937	-	47,937	52,769
Telephone	5,095	-	5,095	5,083
Travelling	944	-	944	6,092
Removal and Relocation Costs	-	1,950	1,950	-
	<u>285,333</u>	<u>1,950</u>	<u>287,283</u>	<u>313,216</u>

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Administration

	General	Designated	Total	2020
	£	£	£	£
Salary	21,047	-	21,047	17,559
National Insurance Contributions	1,275	-	1,275	910
Pension Fund Contributions	951	-	951	735
Travel	456	-	456	55
	23,729	-	23,729	19,259
Stipends and Salaries totals	309,062	1,950	311,012	332,475

No employees received employee benefits of more than £60,000. There is no accrual for holiday pay as it is immaterial. The holiday year ends on 31 August. All staff are paid at or above the living wage.

Salaries were paid to 2 part time administrators (2019/20: 2).

Pensions

Most ordained presbyters and deacons are members of the Methodist Ministers' Pension Scheme (MMPS). This is a defined benefit scheme. The Supreme Court held in 2014 that Methodist ministers (which terms includes presbyters and deacons) are not employees of the Church. For simplicity, however, when dealing with National Insurance Contributions and pension contributions, the terms "employer" and "employee" are used as they would be in an employing body.

On the other hand, Lay employees are contractually employees and have the option of joining a pension scheme that the Circuit has arranged with Standard Life. This is a defined contribution scheme and the Circuit contributes as employer to the scheme.

The Connexion accounts for the MMPS and shows the figures in the annual Methodist Church in Great Britain accounts. The MMPS is in deficit but a plan for removal of the deficit has been proposed and is being implemented.

The payments to the Methodist Ministers Pension Scheme in the year amounted to £45,944 (2019/20: £51,142).

Cost of Superintendent, Presbyters and Trustees

The Superintendent of the Circuit, the other Presbyters and the remaining members of the CLT are considered as Key Management Personnel. The Superintendent chairs meetings of the CLT and Circuit Meetings. The members of the Circuit Meeting are the trustees of the Circuit. The stipends, employer's NIC and employer's pension contributions and other expenses of the Presbyters of the Circuit are paid by the Circuit.

The manses are provided by the Circuit and the Circuit maintains the property. The value of the Council Tax and water charges paid by the Circuit is not disclosed here as HMRC does not regard this as a benefit-in-kind in the hands of the minister.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

Payments to the Trustees

It is generally Circuit policy to reimburse the non-Presbyteral ministers of the CLT, Circuit Meeting and others involved in the administration of Circuit affairs for expenditure properly incurred in carrying out their duties. The Presbyters of the Circuit undertake the primary executive roles within the Circuit. Apart from the Presbyters, Circuit Administrator (not a Trustee) and Circuit Lay Worker (not a Trustee), no member of the Circuit Meeting or CLT was in receipt of any payment for work undertaken on behalf of the Circuit, although certain travelling and administration costs were reimbursed. The travel costs of Presbyters who attended CLT and Circuit Meetings are included within the overall travel expenses and are not separately determined.

Payments to Trustees	2021	£2,859 (10 Trustees)
	2020	£9,695 (14 Trustees)

7. Property Expenses

The Circuit is Managing Trustee for 9 manses, 6 of which are occupied by ministers stationed in the Circuit. Three manses are let on Assured Shorthold tenancies. With the exception of the let manses, the Circuit is responsible for the payment of Council Tax, utilities, water rates and insurance.

The cost of ongoing maintenance and improvements to all properties is funded through a Designated "Manses" Fund and a transfer of £3,111 pa per manse is made from the General Fund. The level of transfer is reviewed by the trustees each year.

Expenditure on Manses

	General £	Designated £	Total £	2020 £
Council Tax	13,589	-	13,589	15,556
Water rates	3,474	-	3,474	3,981
Insurance	6,883	-	6,883	6,517
Maintenance	-	7,790	7,790	16,386
Furnishings	-	1,382	1,382	1,184
	23,946	9,172	33,118	43,624

Letting Expenses

Agents' charges	4,925	-	4,925	2,002
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Other Property Expenses

	General £	Designated £	Total £	2020 £
Quinquennial Reports	-	3,080	3,080	2,210
Sports Ground Fees	-	-	-	2,400
	-	3,080	3,080	4,610
Property Totals	28,871	12,252	41,123	50,236

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

8. District & Connexional Levies

The District Assessment is calculated relative to the proportion of church members and staffing (Presbyters and Mission staff only) of all Circuits in the Nottingham and Derby District.

The levy is calculated on a sliding scale percentage of the Circuit's CMTF account balance as at 31 August the previous year.

	General £	CMTF £	Total £	2020 £
District Expenses	18,059	-	18,059	10,656
Methodist Church Fund	87,596	-	87,596	77,200
Levy on CMTF Funds	-	1,265	1,265	1,697
	105,655	1,265	106,920	89,553

9. Office Expenses

	General £	Total £	2020 £
Stationery and Postages	2,239	2,239	3,613
Office Telephone	664	664	272
Audit Fee	3,450	3,450	3,300
	6,353	6,353	7,185

10. Other Expenses

	General £	CMTF £	Designated £	Restricted £	Total £	2020 £
Preaching Fees & Travel	170	-	-	-	170	757
TMCP Charges	-	101	-	182	283	336
Training Costs	-	-	38	-	38	53
Recoverable Insurance Premiums	496	-	-	-	496	494
Miscellaneous	23,612	-	-	-	23,612	8,396
	24,278	101	38	182	24,599	10,036

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

11. Tangible Fixed Assets

	Land £	Manses	Other Buildings £	Total £
Balance Brought Forward	200,000	2,248,835	237,835	2,686,670
Additions	-	-	-	-
Disposals	-	-	-	-
Balance Carried Forward	200,000	2,248,835	237,835	2,686,670

Investment Properties (included as current assets as properties are to be sold)

Balance Brought Forward	87,500	87,500
Additions	-	-
Disposals	-	-
	87,500	87,500

12. Investment Assets

The funds that support the Circuit Model Trust Fund and the Circuit's other funds are held by TMCP in Trustees Interest and/or Managed Equity Funds on which interest and dividends are credited to the accounts each month/quarter. These are regarded as medium and long-term investments.

TMCP is the legal owner and custodian trustee of all Methodist model trust property, including legacies, endowments and accumulated funds. Trust property is held for and on behalf of local managing trustees who are responsible for the day-to-day management of trust property. TMCP ensure that, through providing guidance and acting under their direction, the managing trustees comply with charity law and Methodist law and policy as determined by the Methodist Conference.

	2021 £	2020 £
Market Value Brought Forward	222,133	258,670
Net Gain/Loss on Revaluation	28,727	(4,555)
Disposal during the year	-	(31,982)
Market Value Carried Forward	250,860	222,133

Investments at fair value comprise:

CFB Managed Mixed Fund	179,655	151,791
Royal Bank of Scotland plc	2,839	1,461
Trustees Interest Fund	68,366	68,881
	250,860	222,133

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

12. Investment Assets – continued

	Designated Funds		Restricted Funds		Endowment Funds	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Market Value						
Brought Forward	19,249	19,249	85,124	118,226	117,760	121,195
Net Gain/(Loss)						
on Revaluation	-	-	7,549	(1,114)	21,178	(3,435)
Disposal during the year	-	-	-	(31,988)	-	-
Market Value						
Carried Forward	19,249	19,249	92,673	85,124	138,938	117,760
CFB Managed						
Mixed Fund	-	-	48,674	41,125	130,981	110,666
Royal Bank of						
Scotland plc	-	-	-	-	2,839	1,461
Trustees						
Interest Fund	19,249	19,249	43,999	43,999	5,118	5,633
	19,249	19,249	92,673	85,124	138,938	117,760

13. Debtors and Prepayments

All sums shown as debtors at 1 September 2020 were received during the following year. All sums paid in advance at 1 September 2020 were for activities that have been held during 2020/21. Similarly, it is expected that payments in advance at 1 September 2021 will be expensed in 2021/22.

	2021	2020
	£	£
Debtors		
Recoverable Expenses	1,561	1,698
Prepayments		
Stipends, Pension and NIC	19,265	21,031
Methodist Insurance	2,061	1,911
	<u>22,887</u>	<u>24,640</u>

13a. Outstanding Purchase Price

Part of the sale proceeds on the sale of Darley Abbey Methodist Church are classified as outstanding purchase price. This is to be repaid over 6 years with interest being charged at 3% over bank base rate. Therefore, included in current assets are debtors due within more than one year of £60,000.

There is a legal charge over the building in favour of Trustees for Methodist Church Purposes (TMCP).

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

14. Central Finance Board (CFB) and Bank Balance

Monetary balances held at the Central Finance Board of the Methodist Church, HSBC Bank plc and at CAF Bank Plc are all available on demand without loss of interest. The split of these balances across General, Designated and Restricted Funds is arbitrary but, wherever possible, balances are not shown as negative.

	General £	Designated £	Restricted £	Total £	2020 £
Central Finance Board	26,078	119,716	2,547	148,341	164,214
HSBC Bank plc	5,807	-	-	5,807	34,465
CAF Bank Ltd	4,247	-	-	4,247	4,167
Cash	156	-	-	156	199
	<u>36,288</u>	<u>119,716</u>	<u>2,547</u>	<u>158,551</u>	<u>203,045</u>

15. Creditors, Accruals and Income in Advance

It is expected that all sums accrued at 31 August 2021 will be paid during the year ended 31 August 2022.

	General £	Designated £	Total £	2020 £
Income in Advance				
Assessments in Advance	87,458	-	87,458	99,391
Grant in Advance	6,876	-	6,876	4,180
Creditors and Accruals				
Ministers' Expenses	1,421	-	1,421	966
Audit Fee	3,450	-	3,450	3,300
CPF Levy	34,000	-	34,000	44,000
Others	937	-	937	5,788
	<u>134,142</u>	<u>-</u>	<u>134,142</u>	<u>157,625</u>

Income received in advance in 2020 totalling ££103,571 was fully released during the year ended 31st August 2021.

16. Capital Commitments and Contingent Liabilities

At 31 August 2021 the Circuit had no capital commitments.

17. Unrestricted Funds

General Fund

	2021 £	2020 £
Balance	<u>2,789,235</u>	<u>2,881,475</u>

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

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

About 96% of this fund is held as freehold property, being manses for ministers and a sports ground and, from time to time, redundant Chapels in the Circuit.

The Circuit meeting is aware that grant applications must demonstrate public benefit and this is true for the fund.

Circuit Model Trust Fund

	2021	2020
	£	£
Balance	35,191	50,611

17. Unrestricted Funds – continued

The purpose of the fund is for use at the discretion of the trustees in the furtherance of the general objectives of the Circuit. Its main source of income is legacies and formulaically determined contributions from the sale of manses and church buildings in the Circuit. Although this is technically an Unrestricted Fund under the control of the Circuit Meeting, prior approval is still required from the District to utilise these funds. Methodist Standing Orders 930,931 and 917(2) are applicable.

Designated Funds

	2021	2020
	£	£
Balance	133,933	90,119

These funds are to serve specific purposes but are not restricted by any document or deed to that purpose alone. Movements in these funds are set out in Note 18 below and the details of the specific funds are as follows:

Manses – Receives an annual transfer from the General Fund based on the number of functional and investment manses and against this is charged routine maintenance, repairs and, as the need arises, refurbishments.

Removal and Relocation Fund – Receives an annual transfer from the General Fund and is used as a sinking fund to meet the removal costs and relocation expenses of new presbyters joining the Circuit.

Training – Used to meet the costs of relevant training courses. A formal application process is in place and the fund is also open to applications from members of churches within the Circuit as well as Circuit staff.

Dunkirk and Greenhill Bursary – These are funds from old closed churches which are used as part of the Training Fund.

Quinquennial - The Circuit is responsible for arranging an inspection of all its own properties, as well as those of its churches, every five years. Such inspections are carried out by a Qualified Surveyor. The cost of all inspections is met by the Circuit. The frequency and cost of individual inspections is not uniform, therefore the five year cost is assessed at the start of each cycle and one fifth of the estimated cost is transferred from the General Fund each year. It is therefore possible for this fund to show a negative balance.

Susanna Wesley House – This was a donation to be used to further the work of this project.

Prison – This money had been raised by Deacon Jane Rice in her previous Circuit for use in prison chaplaincy work.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

18. Restricted and Endowment Funds

	2021 £	2020 £
Restricted Funds Balance	186,533	178,198
Endowment Funds Balance	138,938	117,760

The Restricted and Endowment Funds exist to support the causes listed below. All the funds' assets (except those restricted funds which are managed locally) are managed by TMCP and the net income (after charges) is paid direct to the administrators of the fund.

Benevolent Fund – Is restricted to provide support for the poor and needy of the Circuit.

Borrowwash House Fund – This represents the transfer of funds from Borrowwash House Women's Hostel (now closed) and will be used to support vulnerable people in Derby City Centre.

Queen's Hall Fund – This represents a legacy to Queen's Hall Methodist Church (now closed) which will be used for work in Derby City Centre.

19. Summary of Fund Movements

	Balance at 1.9.2020 £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Balance at 31.8.2021 £
General	2,881,475	428,176	475,174	(45,242)	-	2,789,235
Circuit Model Trust	50,611	3,554	33,974	15,000	-	35,191
Total Unrestricted & Undesignated	2,932,086	431,730	509,148	(30,242)	-	2,824,426
Susanna Wesley House	1,499	625	-	-	-	2,124
Manse	40,704	27,383	11,670	28,000	-	84,417
Removal & Relocation	1,185	-	1,950	3,500	-	2,735
Quinquennial	(2,196)	-	3,080	1,500	-	(3,776)
Prison	142	-	-	-	-	142
Training	5,737	61	555	-	-	5,243
Dunkirk	23,799	-	-	-	-	23,799
Greenhill Bursary	19,249	-	-	-	-	19,249
Total Designated	90,119	28,069	17,255	33,000	-	133,933
Total Unrestricted	3,022,205	459,799	526,403	2,758	-	2,958,359
Benevolent	419	-	100	-	-	319
Borrowwash House	91,189	308	182	-	-	91,315
Queen's Hall	42,591	760	-	-	7,549	50,900
Bequests	43,999	-	-	-	-	43,999
Total Restricted	178,198	1,068	282	-	7,549	186,533
Bequests	117,760	2,758	-	(2,758)	21,178	138,938
Total Restricted & Endowment	295,958	3,826	282	(2,758)	28,727	325,471
Total of All Funds	3,318,163	463,625	526,685	-	28,727	3,283,830

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

20. Analysis of Net Assets between Funds

Fund balance at 31 August 2021 are represented by:

	General	CMTF	Designated	Restricted	Endowment	Total	2020
	£	£	£	£	£	£	£
Tangible Fixed Assets	2,686,670	-	-	-	-	2,686,670	2,686,670
Fixed Asset Investments	-	-	19,249	92,673	138,938	250,860	222,133
Current Assets	236,707	35,191	114,684	93,860	-	480,442	566,985
Current Liabilities	(134,142)	-	-	-	-	(134,142)	(157,625)
	<u>2,789,235</u>	<u>35,191</u>	<u>133,933</u>	<u>186,533</u>	<u>138,938</u>	<u>3,283,830</u>	<u>3,318,163</u>

Fund balance at 31 August 2020 are represented by:

	General	CMTF	Designated	Restricted	Endowment	Total	2019
	£	£	£	£	£	£	£
Tangible Fixed Assets	2,686,670	-	-	-	-	2,686,670	2,686,670
Fixed Asset Investments	-	-	19,249	85,124	117,760	222,133	258,670
Current Assets	352,430	50,611	70,870	93,074	-	566,985	496,887
Current Liabilities	(157,625)	-	-	-	-	(157,625)	(162,245)
	<u>2,881,475</u>	<u>50,611</u>	<u>90,119</u>	<u>178,198</u>	<u>117,760</u>	<u>3,318,163</u>	<u>3,279,982</u>

21. Related Parties

None of the Circuit trustees made donations direct to the Circuit during the year or in the preceding year. All of the Circuit trustees are members of one or another Church within the Circuit and may be trustees in their Churches.

During the year a payment of £120 was made to a member of Littleover Methodist Church for gardening services. There are no other related party payments.

22. Volunteer Contributions

Every entity (Connexion, District, Circuit, Church) within the Methodist Church in Great Britain is heavily reliant on volunteers who contribute their skills, time and money in the furtherance of the work of the Church. In the Circuit the principal contribution is the serving on committees of the Circuit that deal with mission, manses, finance, policy, grants, training and safeguarding. We are grateful to all of them for their help and commitment. No attempt has been made by this Circuit to value the non-monetary contributions to the Circuit in monetary terms.

23. Taxation

The Circuit is a registered charity and is entitled to claim annual exemption from UK corporation tax.

24. Lease Commitments

The Circuit has contracts and obligations for the following:

- Telephones at the Circuit manses. The total annual cost of these is not considered material.

25. Post Balance Sheet Event

Following the year end the Churches at St Thomas' Road and Allestree sought, and were granted, permission to close. The property at St Thomas' Road has subsequently been sold.

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

26. Reconciliation of Net Income to Net Cash Flow from Operating Activities

	2021 £	2020 £
Net Income/(Expenditure) Before Transfers	(34,333)	38,183
Add Loss/(Deduct Gains) on Investments	(28,727)	4,553
Add Cash from sale of investments	-	31,982
Deduct Dividends, Interest and Rents from Investments	(32,506)	(30,348)
Decrease/(Increase) in Debtors	26,753	14,172
Increase/(Decrease) in Creditors	(23,483)	(4,620)
Net Cash Used in Operating Activities	(92,296)	53,922

27. Comparative SOFA (As Restated)

	Unrestricted Funds			Restricted & Endowment Funds		Total 2020
	General	Circuit Model Trust	Designated	Restricted	Endowment	
	£	£	£	£	£	£
Incoming Resources						
Income from						
Monetary Investments	793	5,172	179	2,328	3,336	11,808
Income from						
Investment Properties	-	-	18,540	-	-	18,540
Assessments						
on Churches	428,966	-	-	-	-	428,966
Grants Received	8,000	-	-	-	-	8,000
Other Income	3,915	-	1,399	100,265	-	105,579
Total Incoming Resources	441,674	5,172	20,118	102,593	3,336	572,893
Expenditure						
Grants and Donations	1,050	29,610	277	9,735	-	40,672
Salaries and						
Associated Costs	332,339	-	136	-	-	332,475
Property Expenses	30,456	-	19,780	-	-	50,236
District & Connexial Levies	87,856	1,697	-	-	-	89,553
Office Expenses	7,185	-	-	-	-	7,185
Other Outgoings	9,647	136	53	200	-	10,036
Total Expenditure	468,533	31,443	20,246	9,935	-	530,157
Net Income Before Investment Gains/(Losses)	(26,859)	(26,271)	(128)	92,658	3,336	42,736
Gains/(Losses) on						
Monetary Investments	(3)	-	1	(1,118)	(3,435)	(4,555)
Net Incoming/(Outgoing) Resources Before Transfers	(26,862)	(26,271)	(127)	91,540	(99)	38,181
Transfers Between Funds	(1,206)	9,000	33,000	(37,458)	(3,336)	-
Net Movements in Funds	(28,068)	(17,271)	32,873	54,082	(3,435)	38,181
Total Funds						
Brought Forward	2,909,543	67,882	57,246	124,116	121,195	3,279,982
Total Funds Carried Forward	2,881,475	50,611	90,119	178,198	117,760	3,318,163

DERBY CIRCUIT OF THE METHODIST CHURCH

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021 - CONTINUED

28. Comparative Summary of Fund Movements (As Restated)

	Balance at 1.9.2019 £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Balance at 31.8.2020 £
General	2,909,543	441,674	468,533	(1,206)	(3)	2,881,475
Circuit Model Trust	67,882	5,172	31,443	9,000	-	50,611
Total Unrestricted & Undesignated	2,977,425	446,846	499,976	7,794	(3)	2,932,086
Susanna Wesley House	100	1,399	-	-	-	1,499
Manse	11,732	18,540	17,568	28,000	-	40,704
Removal & Relocation	(2,315)	-	-	3,500	-	1,185
Quinquennial	(1,486)	-	2,210	1,500	-	(2,196)
Prison	278	-	136	-	-	142
Training	5,889	179	332	-	1	5,737
Dunkirk	23,799	-	-	-	-	23,799
Greenhill Bursary	19,249	-	-	-	-	19,249
Total Designated	57,246	20,118	20,246	33,000	1	90,119
Total Unrestricted	3,034,671	466,964	520,222	40,794	(2)	3,022,205
Benevolent	419	-	-	-	-	419
Borrowash House	-	101,125	9,936	-	-	91,189
Queen's Hall	79,698	1,468	(1)	(37,458)	(1,118)	42,591
Bequests	43,999	-	-	-	-	43,999
Total Restricted	124,116	102,593	9,935	(37,458)	(1,118)	178,198
Bequests	121,195	3,336	-	(3,336)	(3,435)	117,760
Total Restricted & Endowment	245,311	105,929	9,935	(40,794)	(4,553)	295,958
Total of All Funds	3,279,982	572,893	530,157	-	(4,555)	3,318,163

29. Prior Year Restatement

It was identified that in the year ended 31 August 2020 a balance of £37,458 which was transferred from the restricted fund to the general fund to cover Susanna Wesley House running costs, was shown in both income and expenditure rather than as a transfer between funds. Income and expenditure for the year ended 31 August 2020 have therefore both been reduced by £37,458.