



**EAST SOLENT AND DOWNS
METHODIST CIRCUIT**

TRUSTEES' ANNUAL REPORT

for the year ended

31 AUGUST 2021

1 Objectives and activities

In setting our objectives and planning our activities, the Circuit Meeting (under the leadership of the Circuit Leadership Team), which meets three times in each year, has given careful consideration to the Charity Commissioners' general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing our objectives and conforms to the Charities Act 2011.

Our Mission is to resource and enable the Local Churches of the Circuit to pursue the mission of God through worship, learning and caring, service and evangelism.

This is done for as many people as possible within the geographical area the Circuit serves through the provision of staff, preachers, education and pastoral oversight. This enables the local Methodist Churches to provide Christian worship, spiritual development, and pastoral care both to church members and to the wider communities in which they are located.

The Circuit supports the advancement of the Christian Faith through ecumenical liaison with other Christian groups.

There is a significant increase in general house building and also accommodation for older people within the Circuit footprint. This is seen to be a growing opportunity for Mission and Outreach.

2 Achievements and performance

This has been a challenging year for the Circuit as for most of the time churches have been unable to meet in person due to the restrictions imposed by the pandemic. This impacted upon the worshipping communities as sharing together has become a more remote experience. The Circuit responded by making available a digital service each week which could be accessed by individuals in their own homes. The Circuit also provided some assistance to churches to enable them to receive the service in their buildings once small groups were able to meet. At the close of the year most churches have reported that numbers attending worship are down as folk remain reluctant to meet in larger groups. One church has decided to cease to meet because of low numbers.

Last year we reported on the appointment of a lay pastor to churches on the Gosport peninsular. Those churches have been particularly impacted by the pandemic in that numbers are significantly reduced and finances stretched. As the year concludes we are looking at the feasibility of continuing the lay pastor post in its present form.

Our plans with the Southampton District for a pioneering project have progressed. The research phase is well under way with an expectation that a new missionary will be appointed in the current year.

We have continued to work with the Diocese of Guildford and the United Reform Church in relation to the new church in Bordon. Agreement was reached to restructure the leadership of the church in Bordon to enable a more unified and affordable model, having one lead minister for both the established church and the pioneer church rather than having separate leaders. It was not until the late summer that we were able to appoint a new lead minister and this has meant that for much of 2021 there was a gap between paid staff and a lack of certainty about the future. These factors and the

pandemic have frustrated the lay leadership of the Beacon and despite their considerable hard work and effort at year end they are in a much less robust position.

We had anticipated and planned for one presbyter retiring during the year. Unexpectedly three other members of staff left at the end of August 2021. One linked to the change in Bordon, one through ill health and one to take up a chaplaincy post elsewhere. Because of the timings of these departures we were not able to seek replacement through the normal stationing process. We have been able to fill one of the presbyteral posts through local recruitment but the two diaconal posts remain unfilled and are likely to remain so for the coming year. This has added substantially to the workload on existing staff. Filling the plan has become extremely difficult and most churches now have at least one Sunday per month when it is not possible to plan a preacher.

The pandemic has also had a significant financial impact as income from community use of our buildings has reduced. At year end two churches have been unable to pay their assessment because of this loss of income. Fortunately the Circuit reserves have been able to cover this shortfall.

As the year ended we were able to meet again for worship in person. We look forward in the coming year to continuing to meet and to find new ways to share God's love in a post pandemic era.

2.1 Plans for future years

- To continue to focus on mission activity that will lead new people into faith and so grow the number of Christians.
- To focus on worship and spiritual development by a series of workshops and training events.
- To enable full and informed consultation with Circuit members regarding the Methodist church's policy on marriage and relationships.
- To continue to work with the Diocese of Guildford in developing the Local Ecumenical Partnership at Bordon.
- To continue to work with the District to enable the appointment of a Missioner for Portsmouth.
- To continue discussions with the United Reformed Church about shared ministry in the Haslemere area
- To review the provision of ministry on the Gosport peninsular
- To review with local churches the availability of local leadership and consider whether their witness would be enhanced by joining together
- To continue to seek ways to support local churches with the practicalities of buildings and finance.
- To continue to make best use of our buildings and support local initiatives.

3 Financial review

During the year the Circuit received total income of £522,838 (2019-20: £563,307) and dispersed £529,480 (2019-20: £733,901). Total unrestricted reserves carried forward were £583,467 (2019-20: £590,109). £99,371 of these reserves are designated: £63,202 in the Mission Fund, after deducting £116,471 pledged for future projects; and £36,169 in the

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Manse Fund. The balance of £338,238 in the CMTF is reduced to £235,738 when the commitment of £102,500 pledged for the Beacon Church, Bordon, is recognised.

The trustees of the Circuit have every reason to believe that the Circuit is a going concern, principally because the vast majority of Churches continue to meet their assessments and the Circuit has adequate reserves to cover a shortfall in anticipated income. There are no subsidiary undertakings. The closure of church buildings occasioned by Covid-19 restrictions continued to significantly reduce the income from lettings upon which many churches rely, as anticipated. Two churches were unable to meet their assessments for part of the year and £31,500 was transferred from the CMTF to cover the shortfall. The trustees anticipate that the situation will start to improve in 2021-22 for the majority of churches but are confident that there are sufficient reserves to support any churches which continue to have financial difficulties.

The Circuit has the following sources of funds:

- Interest on investments
- Assessments on Churches within the Circuit
- Income from let manses

These sums are used to administer the Circuit and to provide grants to Churches and individuals in the Circuit so that they may embark on or continue with projects that fulfil the mission of the Circuit by bringing more people to Christ or by providing facilities that might enable this to happen.

3.1 Remuneration policy

The remuneration for ministerial staff is determined by the Methodist Conference, and the recommended basis of the annual increase is the average of the increases in the Consumer Price Index and the Average Weekly Earnings Index. The Circuit then applies the same annual increase to the salaries of its lay staff which is approved by Circuit Meeting as part of the annual budget.

3.2 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 Circuits and for all large (over £20,000) 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. East Solent and Downs Circuit trustees' investment policy is aligned with that of the CFB and TMCP because these organisations take into consideration the social, environmental and ethical considerations, both negatively and positively, that make investments suitable for the Methodist Church.

Short term deposits are lodged directly with the Central Finance Board (CFB) and attract comparatively good rates of interest.

There are no bench marks for the expected returns or appreciation on investments at TMCP and CFB. It is the Circuit's policy to manage the cash and investment resources of the Circuit so that a rate of return on investment – both by way of dividend and capital appreciation – is obtained at least as good as market rate considering the Circuit's low appetite for risk.

3.3 Reserves level and policy

The unrestricted reserves readily available total £583,467: of which £235,738 is held in the Circuit Model Trust Fund; and the balance of £347,729 represents the year-end level of reserves; within which £63,202 has been designated for mission activity and £36,169 has been designated for future major repairs to manses.

The Circuit has a reserves policy covering all its unrestricted funds which is reviewed annually. Grants are made annually out of the Circuit Model Trust Fund (MTF). Some grants will be paid by annual instalments and there will be applications repeated in future years. The trustees seek to ensure that there are sufficient funds in the MTF to meet these anticipated requests and the trustees now recognise future grants as expenditure in the Resources Expended section of the SOFA and liabilities on the Balance Sheet.

Reserves Policy

- (a) Our policy for the Circuit General Fund is to hold at least six month's expenditure in hand. Our undesignated reserves at 31st August 2021 amounted to approximately 50% of budget. The budget for 2021/22 plans for a deficit that will reduce our general fund reserve by £26,618, of which £10,000 will be transferred from the Manse Fund. Staffing levels have been reduced for 2021-22 which in turn reduces expenditure.
- (b) Our policy for the designated Mission and Outreach fund is to achieve a balance of £20,000. We have plans to spend £116,471 over the next five years in support of the new church at Bordon and of a Mission Intern at Haslemere Church and our budget plans will enable us to achieve this.
- (c) Our policy for the manse fund is to maintain a balance of £42,000 which equates to £3,500 per manse. The balance at 31st August 2021 was below the reserve level but will be restored from capital receipts in future years.
- (d) Our Reserves Policy for the Circuit Model Trust Fund is to achieve a balance of £300,000 beyond our commitment of £102,500 to the new church at Bordon. With increased missional vision in the Circuit this will need to be supported in terms of both people and buildings. Our policy is that no more than 50% of the fund shall be expended in any one year.

3.4 Collaborative arrangements with connected charities

The Circuit's main source of funding was the assessments obtained from each Church within the Circuit based on the membership and ability to pay and this was used to defray most of the cost of administering the Circuit which amounted to £529,480 (2019-20: £499,401).

The Circuit holds no funds as custodian trustee.

4 Trustees' responsibilities

For each financial year ending on 31st August the Trustees are required to prepare financial statements that give a true and fair view of the Circuit's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the Trustees must:

- select suitable accounting policies and apply them consistently using the accruals method
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards
- prepare accounts to comply with the Charities SORP

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Circuit's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

4.1 Risk

The Circuit is largely risk averse. Risks are managed by being aware of them, quantifying their impact not only in cost terms but in possible reputational or structural damage, laying them off through an insurer and minimising them by not taking them or by setting up control systems that report any significant change in the risk. The three significant risks that have been identified are:

1. Inability to appoint ministers and being without presbyteral staff. This is managed by giving careful attention to future workforce planning, trying to ensure that we do not have multiple vacancies in any one year, and by engaging in early conversation with the District Chair who has a significant role in stationing decisions. This year three members of staff gave notice that they were leaving earlier than planned. We had insufficient notice to enter the full stationing process and have sought to replace them by making local appointments.
2. The Circuit's main source of funding is the assessments levied on each church and there is an increasing risk that some churches may not have sufficient funds to pay their assessment. This risk is managed by holding sufficient reserves, planning ahead with a five year budget and continually monitoring expenditure against budget.
3. Safeguarding children and vulnerable adults. The Circuit policy is to adhere to the Methodist Church's policy on Safeguarding Children and Vulnerable Adults and to require all churches to comply with the Methodist Church's Safeguarding policy. The Circuit provides regular safeguarding training that can be accessed by churches within the Circuit to support them in complying with the policy.

5 Structure, governance and management

The Circuit is an unincorporated association and is governed by the Methodist Church Act 1976, the Deed of Union and the Model Trust Deeds of the Methodist Church and was registered with the Charity Commissioners on 2 August 2013.

5.1 Structure

The Circuit is the coordinating charity for local groups of Churches, some of whom are registered as independent charities and the balance of whom are excepted charities. The Circuit pays the stipends of the ministers and employs lay staff to serve its Churches; most decisions are made at or ratified by the Circuit Meeting. The Circuit is part of the Southampton District which is the coordinating charity for a group of contiguous Circuits. District decisions are made at the half yearly synod to which the Circuit appoints both lay and ordained representatives. The Methodist Conference meets once each year as the supreme denominational body for all Methodist Churches.

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1. Overall regulatory authority rests with the Methodist Conference.
2. The Connexional Office implements decisions made by Conference and is also responsible for the stationing of presbyters and deacons (collectively known as ministers) in individual Circuits.
3. Connexional decisions are passed via Districts to Circuits for local implementation by the Superintendent Minister, ministerial staff and Circuit Stewards, and authority is delegated to the Circuit Meeting for certain matters.
4. The Circuit Meeting passes regulatory control down to Church Councils for local implementation by the presbyter, the Church Stewards, and other officers, and this regulatory authority is then exercised by Church Councils as Managing Trustees of their charity.

5.2 Purpose of the Circuit

The Circuit is an expression, over a wider geographical area than any Church, of the Connexional character of the Church.

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

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

The primary purpose of this Circuit is to advance the mission of the Church in areas of Hampshire, Surrey and Sussex

- by providing opportunities for Churches to work together and support each other
- by offering to Churches resources of personnel and expertise and occasionally finance

The Circuit serves the Local Churches and the Conference in the support, deployment and oversight of the various ministries of the Church, and in programmes of training.

5.3 Governance

The Circuit operates within a statutory framework of regulation and seeks to ensure that it follows Methodist Standing Orders. It relies on the Connexional Office at 25 Marylebone Road, London NW1 5JR to provide guidance on changes that could affect the Circuit.

The Circuit Meeting meets three times a year and is the decision-making body for the Circuit. Membership of the Circuit Meeting is made up of Presbyters and Deacons who are stationed in the Circuit, Supernumerary Ministers stationed in the Circuit who chose to be members, two representatives from each Church chosen annually by each church, Circuit Stewards who are appointed annually by the Circuit Meeting and individual members appointed annually by the Circuit Meeting to ensure that all areas of the Circuit's work is appropriately represented.

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The Circuit Leadership Team, whose membership comprises the Presbyters and Deacons stationed in the Circuit together with the Circuit Stewards, meet regularly between Circuit Meetings to implement the decisions of Circuit Meeting and to provide strategic leadership to the Circuit by formulating policies and proposals to bring to the Circuit Meeting for approval that will advance the Mission of the Circuit.

There are specific groups within the Circuit that focus on Mission and Finance, and who report to and are accountable to the Circuit Meeting.

6 Reference and Administrative Details

6.1 Name of the charity

The East Solent and Downs Methodist Circuit.

6.2 Charity registration number

1153209, registered in England and Wales

6.3 Principal Office

19/21 High Street
Emsworth
Hampshire
PO10 7AQ
Telephone 01243 371806

6.4 Circuit Superintendent

Revd David Muskett

6.5 Circuit Treasurer

Mr Nigel Cox

6.6 Names of trustees

The following served as trustees throughout part or all of the year 2020-21 or were trustees at the time of this report being approved:

Mr	M	Avis		Mrs	J	Martyn	
Mrs	P	Barrow	from 1/3/21	Miss	J	Mason	
Mr	K	Bassett		Revd	J	Mills	until 31/8/21
Mrs	D	Beesley		Mrs	J	Minnell	
Mr	D	Beesley		Mr	P	Moody	
Mr	R	Bond	until Oct 21	Mrs	H	Murphy	
Mrs	S	Bond	until 28/2/21	Revd	D	Muskett	
Mrs	J	Brandon		Mrs	M	Newnham	
Mrs	S	Calvert		Mrs	H	Nicholls	until 28/2/21
Revd	P	Cole	until 31/8/21	Mr	H	Nightingale	
Mrs	L	Collins		Mrs	B	Noakes	

EAST SOLENT AND DOWNS METHODIST CIRCUIT
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Revd	D	Coote		Mr	A	Painter	
Mr	N	Cox		Mr	G	Paffett	deceased Aug 21
Mrs	P	Cuckow		Mrs	J	Pannell	
Mr	A	Dabbs		Mr	M	Petter	
Mrs	A	Davis		Mrs	A	Rice	from 1/3/21
Miss	P	Dimmick		Revd	D	Rice	
Mrs	S	Dewberry		Mrs	B	Ross	
Mrs	P	Dey	from Oct 21	Mr	D	Sawyer	
Mr	B	Dyer		Revd	C	Simpson	
Dcn	L	Evans	until 31/8/21	Mr	G	Smithers	
Revd	E	Goddess		Mrs	R	Standford	from 1/3/21
Revd	R	Goddess	from 14/9/21	Mrs	A	Steinhausen	from 1/9/21
Mrs	A	Griffiths		Mrs	P	Symonds	until 28/2/21
Mr	P	Gregory		Revd	B	Stilwell	until 31/8/21
Mr	A	Haynes		Mr	M	Thomas	
Mrs	S	Haynes		Mrs	M	Travell	
Mrs	B	Hayward		Mrs	E	Wade	
Dcn	J	Heys	until 31/8/21	Mrs	M	Wheeler	
Mrs	E	Hodges		Mrs	C	Wilkins	
Mr	S	Hudson	until 31/8/21	Mrs	C	Withers	until 1/5/21
Mr	B	James		Mrs	L	Wright	
Mrs	F	Jenkins		Revd	S	Wright	
Revd	J	Illsley					

No trustee claims exemption from disclosure of his or her name here.

6.7 Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Central Finance Board of the Methodist Church
9 Bonhill Street
London
EC2A 4PE

6.8 Investment managers and custodian trustees

Trustees for Methodist Church Purposes
Central Buildings
Oldham Street
Manchester
M1 1JQ

6.9 Auditors appointed 1 March 2016

Morris Crocker
Chartered Accountants
Station House
North Street
HAVANT
PO9 1QU

EAST SOLENT AND DOWNS METHODIST CIRCUIT
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Approvals

The Trustees' Report and the Financial Statements were approved by the Circuit Meeting on 1 March 2022

Signed on behalf of the Circuit, as authorised:

David Muskett (signed)



David Muskett
Circuit Superintendent

Date: 1 March 2022

Nigel Cox (signed)



Nigel Cox
Circuit Treasurer

Date: 1 March 2022

Statement of Financial Activities (SOFA) for the year ended 31 August 2021

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Total 2020-21	Total 2019-20
		£	£	£	£	£	£	£
Income and Endowments								
Income from investments		688	1,037	0	0	0	1,725	6,304
Income from charitable activities								
Assessments on churches	4	444,540					444,540	488,820
Total from charitable activities		444,540	0	0	0	0	444,540	488,820
Lettings		73,310					73,310	64,518
Total charitable income		518,538	1,037	0	0	0	519,575	559,642
Other income	6	3,263					3,263	3,665
Total income and endowments		521,801	1,037	0	0	0	522,838	563,307
Expenditure								
Expenditure on charitable activities								
Grants and donations	7,20	99		-10,000			-9,901	235,248
Stipends and associated costs	8	319,839					319,839	290,258
Maintenance on manses	9	260		33,588			33,848	23,399
Office expenses	10	4,624					4,624	7,112
Telephone and travel	10	11,767					11,767	17,222
Insurance and utility costs	11	21,005		8,678			29,683	28,770
District assessment		15,156					15,156	15,716
Methodist Church Fund		79,440					79,440	72,488
Contribution to District Advance Fund	13		20,478				20,478	21,933
Expenditure on other circuit property	9	10,204					10,204	8,677
Other outgoings	12,13	13,563	779				14,342	13,078
Total charitable expenditure		475,957	21,257	32,266	0	0	529,480	733,901
Net income before investment gains/losses		45,844	-20,220	-32,266	0	0	-6,642	-170,594
Net gains/(losses) on investments	13,17					1,104	1,104	-108
Net (expenditure)/income before transfers		45,844	-20,220	-32,266	0	1,104	-5,538	-170,702
Transfers between funds	14	-35,300	-31,500	66,800			0	0
Other gains/(losses)							0	0
Net movement in funds		10,544	-51,720	34,534	0	1,104	-5,538	-170,702
Total funds brought forward	21-24	3,734,421	287,458	64,837	0	6,017	4,092,733	4,263,435
						0	0	0
Total funds carried forward	21-24	3,744,965	235,738	99,371	0	7,121	4,087,195	4,092,733

Balance Sheet as at 31 August 2021

Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Totals 2021	Totals 2020
	£	£	£	£	£	£	£

Fixed Assets

Manses	15	3,496,607				3,496,607	3,496,607
Investment properties						0	0
Investments	17,23				7,121	7,121	6,017
Total fixed assets		3,496,607	0	0	0	7,121	3,502,624

Current Assets

Debtors and prepayments	16	33,098	46			33,144	25,476
Loans by the Circuit	16	10,000				10,000	10,000
Investments with TMCP	17		338,192			338,192	389,700
Central Finance Board Deposits	18	231,999		219,810	5,529	457,338	442,934
Cash at Bank and in hand	18	13,369			955	14,324	16,043
Total current assets		288,466	338,238	219,810	6,484	0	884,153

Current liabilities

Creditors (due in under 1 year)	19	40,108		3,968	955	45,031	59,544
Grants payable within 1 year	20		102,500	116,471	5,529	224,500	234,500
Total current liabilities		40,108	102,500	120,439	6,484	0	294,044
Net current assets/liabilities		248,358	235,738	99,371	0	0	590,109

Total assets less current liabilities		3,744,965	235,738	99,371	0	7,121	4,087,195	4,092,733
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Net assets		3,744,965	235,738	99,371	0	7,121	4,087,195	4,092,733
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Funds of the Circuit

Unrestricted:

Unrestricted:								
General Fund	21.1	248,358					248,358	237,814
Property Fund	21.1	3,496,607					3,496,607	3,496,607
Circuit Model Trust Fund	21.2		235,738				235,738	287,458
Designated Funds	21.3			99,371			99,371	64,837
Total Unrestricted Funds							4,080,074	4,086,716
Restricted Funds	22					0	0	0
Endowment Funds	23						7,121	6,017
Total Funds	24	3,744,965	235,738	99,371		0	7,121	4,087,195
								4,092,733

The financial statements were approved by the Board of Trustees on:

They were signed on behalf of the Board of Trustees by:

Rev'd D Muskett

Name of Circuit	East Solent and Downs Methodist Circuit		Circuit No 26/07
Statement of cash flows for the year ended:		31 August 2021	
		2021	2020
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	1	-40,548	68,492
Net cash provided by (used in) operating activities		-40,548	68,492
Cash flows from investing activities:			
Interest received from investments		1,725	6,304
Sale/(purchase) of tangible fixed assets			
Net cash provided by (used in) investing activities		1,725	6,304
Change in cash and cash equivalents in the reporting period		-38,823	74,796
Cash and cash equivalents at the beginning of the reporting period		848,677	773,881
Cash and cash equivalents at the end of the reporting period:		809,854	848,677
1 Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2021	2020
		£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		(5,538)	(170,702)
Adjustments for:			
(Gains)/losses on investments		(1,104)	108
Interest received		(1,725)	(6,304)
(Increase)/decrease in debtors		(7,668)	(2,776)
(Decrease)/increase in creditors		(24,513)	248,166
Net cash provided by (used in) operating activities		(40,548)	68,492

1 Accounting framework and accounting policies

i Accounting framework

The financial statements have been prepared under the Charities Act 2011 in accordance with the 2015 version of *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) (effective from 1 January 2015) – (the Charities SORP (FRS 102) as amended by Update Bulletin 2).

ii Public benefit entity

The East Solent and Downs (ESandD) Circuit meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes below.

iii 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, on the accruals basis to show a true and fair view of the Circuit's financial position and activities.

iv 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.

v FRS102 SORP2015

These accounts are compliant with FRS102 and with the FRS102 SORP 2015.

vi 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.

vii Income recognition

Income is brought into account when it is more likely than not that the economic benefit of the income will be forthcoming. No attempt is made to measure the value of services donated by volunteers and, in accordance with the Charities SORP (FRS 102) the time of volunteers is not recognised. Individual amounts categorised as other income in the SOFA will be shown separately if they are considered material. The Circuit acts as agent in the collection of donations to Connexional Funds from churches which are paid to the relevant Connexional Fund on a regular basis. The transactions are not reflected in the SOFA because the sums received cannot be recognised as income in the Circuit as they are the income of the Connexional Funds.

viii Expenditure

This is recognised when a liability is incurred, or a constructive obligation arises, that results in the payment being unavoidable. Liabilities are recognised as soon as an outflow of economic benefit is considered more likely than not under the legal or constructive obligation committing the Circuit to pay out resources.

ix Grants

Grants are recognised in full when the award is made once the Circuit accepts that there is a legal or constructive obligation to make payment and that such payment is probable.

x VAT

The Circuit is not VAT registered and all input VAT is charged with the expense to which it refers.

xi Tangible fixed assets

These are capitalised if they can be used for more than one year, and individually cost at least £1,000. The freehold property is shown in the accounts at the total cost value of all the manses on 1 September 2015, except for the new manse, purchased in 2016-17, which was brought into the accounts at its purchase price. The total land component is deemed to be £1,165,536, see Note 15. No depreciation is provided on the buildings because the trustees consider the residual value of the manses is not less than cost and the depreciation would be immaterial. The Circuit makes use of the deemed cost transitional provisions of the FRS 102 SORP.

xii Investment Properties

There are no investment properties. Those properties owned by the Circuit but not used as manses, are rented out, and are being kept by the Circuit, pending future staffing requirements

xiii Investments

The investments of ESandD Circuit 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 Notes 13, 17 and 24 below.

xiv Financial Instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable investments in stocks and shares. The measurement basis used for these financial instruments is detailed below.

xv Receivables and Payables; Bank and Cash

Debtors are stated at the amounts owed to the Circuit or prepaid. Creditors are initially recognised at settlement amount after any trade discounts, where normal credit terms apply, or at amount advanced to the Circuit. Subsequently, creditors that are current liabilities are measured at the cash or other consideration, are expected to be paid. The liquid funds of bank balances and deposit account balances are shown at the realisable values.

xvi Loans

Where concessionary loans (*ie* free of interest) are made to (or received by) the Circuit to further its charitable purposes, and are repayable after more than one year, they are initially recognised at the amount paid [or received], with the carrying value adjusted in subsequent years to reflect repayments and any accrued interest, adjusted for any impairment, if necessary.

Where there is objective evidence of impairment, an immediate impairment loss is recognised in the Statement of Financial Activities. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

2 Glossary of terms

CFB: Central Finance Board of the Methodist Church manages a Common Deposit Fund and a series of pooled investment funds for Methodist entities in Great Britain and provides investment advice to those entities

Church: a group of members from fewer than 10 to more than 300

Circuit: a group of Methodist Churches near each other, typically between 10 and 30

CMTF: Circuit Model Trust Fund

Connexion: The Methodist Church in GB which includes the national office at Methodist Church House, all Methodist Districts, Circuits and Churches in Great Britain

FRS: Financial Reporting Standard

MCF: Methodist Church Fund

SOFA: Statement of Financial Activities

SORP: Statement of Recommended Practice

TMCP: Trustees for Methodist Church Purposes, the legal owner and Custodian Trustee of all Methodist Model Trust property, including Legacies, Endowments and Accumulated Funds

3 Statement of Financial Activities for the year ended 31 August 2020

	General Funds (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds £	Endowment Funds £	Total 2019-20 £
Income and Endowments					
Income from investments	6,304	0	0	0	6,304
Income from charitable activities					
Assessments on churches	488,820				488,820
Total from charitable activities	488,820	0	0	0	488,820
Lettings	64,518				64,518
Total charitable income	559,642	0	0	0	559,642
Other income	3,540	0	125	0	3,665
Total income and endowments	563,182	0	125	0	563,307
Expenditure					
Expenditure on charitable activities					
Grants and donations	102,159	127,560	5,529		235,248
Stipends and associated costs	290,258				290,258
Maintenance on manses	780	22,494	125		23,399
Office expenses	7,112				7,112
Telephone and travel	17,222				17,222
Insurance and utility costs	20,550	8,220			28,770
District assessment	15,716				15,716
Methodist Church Fund	72,488				72,488
Contribution District Advance Fund	21,933				21,933
Expenditure on other circuit property	8,677				8,677
Other outgoings	13,078				13,078
Total charitable expenditure	569,973	158,274	5,654	0	733,901
Net income before investment gains/(losses)	-6,791	-158,274	-5,529	0	-170,594
Net (losses)/gains on investments				-108	-108
Net (expenditure)/income before transfers	-6,791	-158,274	-5,529	-108	-170,702
Transfers between funds	-83,400	83,400			0
Other gains/(losses)					
Net movement in funds	-90,191	-74,874	-5,529	-108	-170,702
Total funds brought forward	4,112,070	139,711	5,529	6,125	4,263,435
Less future instalments of grant					
Total funds carried forward	4,021,879	64,837	0	6,017	4,092,733

4 Assessments on Churches

The Circuit oversees the work of the following Churches:

Beacon Church, Bordon
Bedhampton Methodist Church
St Mark's, Bordon
Bridgemary Methodist Church
Cowplain Methodist Church
Drayton United Church
Emsworth Methodist Church
Fareham Methodist Church
Gosport Methodist Church
Hart Plain Church
Haslemere Methodist Church
Havant Methodist Church
Lee on the Solent Methodist Church
Lindford Methodist Church
Liphook Methodist Church
Midhurst Methodist Church
Petersfield Methodist Church
Portchester Methodist Church
Portsmouth Methodist Church
Stubbington Methodist Church
Wymering Methodist Church

The Beacon Church at Bordon is subject to a partnership agreement with the Anglican Guildford Diocese and is grant funded by the Guildford Diocese, the Methodist Connexion, the Methodist Southampton District and the Circuit. The Circuit is represented on the Mission Initiative Council which oversees the work at the Beacon Church. During 2020-21 the staffing arrangements for the churches in Bordon was changed and the Methodist funding commitments are under review. A new legal framework is being prepared which is hoped will become operational in 2022.

During the year Horndean Methodist Church changed its name to Cowplain Methodist Church.

In normal years the assessment paid by churches is calculated using a formula of 12.5% membership, 12.5% attendance and 75% ability to pay. The exceptions to this are the local ecumenical partnership churches at Hart Plain and St Mark's church Bordon who pay a parish share to the relevant Diocesan authority and the contribution they make to Circuit funds is reduced to take account of this. For all churches, in recognition of the financial impact of the pandemic, assessments were reduced by 10% with the balance being taken from reserves. Unfortunately, 2 churches were still unable to pay their full assessment: Gosport Church 5 months; and Lee on the Solent Church 7 months. These have been entered as a debt, to be reviewed in 2021-22 depending on how those churches' finances recover.

5 Payments to trustees

It is Circuit policy to offer to reimburse Ministers, Circuit Stewards, Local Preachers and Supernumerary Ministers for expenditure properly incurred in carrying out their duties. Expenses that have been reimbursed are itemised under office expenses, telephone and travel, and other outgoings under Notes 10 and 12. The total amount reimbursed is £8,836 to 12 trustees.

6 Other income

The figure of £3,262 (2019-20: £3,665) is all from bookkeeping services offered to Churches.

7 Grants and donations and related support costs

The only grant or donation made during 2020-21 was the payment of the £99 interest received from the Gane Bequest. However, the £10,000 grant agreed towards the rent for the Beacon Church Bordon was removed as it was no longer needed and this resulted in the negative net total of £9,901 (2019-20: £748).

	2020-21	2019-20
	£	£
From General Fund:		
Gane Bequest interest paid to Gosport MC	99	109
Grant returned from Liphook MC		-450
Total	99	-341
From Local Preachers Fund:		
Donation to Connexional LWPT Fund		179
Total		179
From Mission & Outreach Fund:		
Remove agreed grant to Beacon Church	-10,000	
Grants to Churches for mission projects		910
Total	-10,000	910
Total grants and donations	-9,901	748

8 Salaries and associated costs

Gross salaries paid to 11 (12 in 2019-20) employees were as follows:

	2020-21	2019-20
	£	£
Gross pay	247,880	226,645
Employer's National Insurance Contributions	20,747	18,270
Employer's pension contributions to defined benefit schemes	51,212	45,343
Total stipends and associated costs	319,839	290,258

No employees received employee benefits that totalled more than £60,000. There were no accruals for holiday pay. All staff were paid at or above the living wage. There are no key management personnel.

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 term 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.

ESandD Circuit is registered with the NEST Pension Scheme and contributes 6% of gross salary for its eligible employees and any other employees that elect to join the pension scheme. This is in accordance with the directive from Conference.

9 Maintenance on manses and expenditure on other Circuit property

	2020-21	2019-20
	£	£
Maintenance and repairs on manses	33,588	22,494
Quinquennial inspections on manses	260	780
Donations used towards fridge freezer	-	125
Maintenance on manses total	33,848	23,399
Quinquennial inspections on churches	3,250	1,925
Letting agent fees	6,474	6,752
Manse purchase costs	480	-
Expenditure on other Circuit property total	10,204	8,677

10 Office expenses and telephone and travel

	2020-21	2019-20
	£	£
Ministers' & Lay employees office costs	1,392	2,918
Circuit office costs	3,232	4,194
Office expenses total	4,624	7,112
Ministers' & Lay employees travel costs	6,492	12,690
Circuit Stewards' travel costs	732	573
Ministers' & Lay employees telephone costs	4,543	3,959
Telephone and travel total	11,767	17,222

11 Insurance and utility costs

	2020-21	2019-20
	£	£
Manses insurance	8,678	8,220
Manses council tax	17,955	17,274
Manses water & sewerage rates	3,050	3,276
Total	29,683	28,770

12 Other outgoings

	2020-21	2019-20
	£	£
Local preachers' expenses	520	1,068
Supernumeraries' expenses	1,050	2,241
Training and Development costs	40	566
Audit fees	3,640	3,800
TMCP admin charge	779	818
Bank charges	98	74
Contribution to URC for Drayton United Church	992	992
Miscellaneous costs	2,345	2,004
Removal costs	4,278	1,515
Relocation allowance	600	-
Total	14,342	13,078

None of the remaining individual amounts – aggregated as 'miscellaneous costs' above - is considered material and therefore, none are listed separately.

13 Investment management

During the year the Circuit paid £779 (2019-20: £818) to TMCP, the custodians of the CMTF. This was levied at 0.2% on the value of the funds at the end of the previous year (£389,700) and is shown in the other outgoings line on SOFA and in Note 12 above.

The Circuit paid £20,478 (2019-20: £21,933) to the District Advance Fund of Southampton District which was levied on an asset value in the CMTF of £389,700 as at 31 August 2020 and calculated on the following basis: 2.5% on first £100,000; 5% on £100,000 - £250,000; 7.5% on anything above £250,000.

The amount of £1,104 (2019-20: -£108) on the net gains/(losses) on investments line of the SOFA, represents the net unrealised gain in the Gane Bequest endowment funds. More information can be found at Notes 17, 23 and 24.

14 Transfers between funds

The transfers between funds shown on the SOFA, represents transfers of budget amounts and a transfer from the CMTF as agreed by Circuit Meeting, and the amounts shown are:

1. £35,300 net out of the General Fund: £17,500 for manse repairs and £9,000 for manse insurance to the Manse Fund as agreed by the Trustees in the budget; £40,300 to the Mission & Outreach Fund as agreed by the Trustees in the budget; £31,500 from the CMTF to cover the shortfall in assessments from those churches unable to pay as agreed by Circuit Meeting.
2. £26,500 (£17,500 plus £9,000) transferred into the Manse Fund from the General Fund.
3. £40,300 transferred to the Mission & Outreach Fund from the General Fund as agreed by the Trustees in the budget as the equivalent salary amount for the 3 lay employees made redundant on 31 August 2017.
4. £31,500 transferred from the CMTF to the General Fund as agreed by Circuit Meeting.

15 Manse and other property

The basis for the deemed cost of the 12 manses is the total of the building insured values as at 1 September 2015 except for the new manse for which the purchase value was used. This amount has been split into one third land value and two thirds buildings value. The frozen valuation option has been adopted.

There is no depreciation on the manses as the informal review of the manses as carried out at the end of the year by the Circuit Stewards, confirmed that the current residual market value of the buildings was greater than the carrying value of that part of the asset's cost to date.

	Land £	Buildings £	Total £
Cost or valuation			
Balance brought forward at 31 August 2019, frozen at 1 September 2015, deemed cost	1,165,536	2,331,071	3,496,607
Transfers between categories	-	-	-
Balance carried forward at 31 August 2021	1,165,536	2,331,071	3,496,607

16 Debtors and prepayments

All sums paid in advance at 1 September 2020 were for costs incurred during 2020-21. Similarly, it is expected that payments in advance at 1 September 2021 will be expensed in 2021-22. The loan to Bedhampton Methodist Church is to be repaid over 5 years; no instalment payment was made in 2020-21 and Circuit Meeting approved an extension of the loan to 2024.

Debtors and prepayments were made up as follows:

	2020-21	2019-20
	£	£
Debtors		
Contribution for Conference minutes	25	25
Contribution for Prayer handbooks	101	-
Contribution for church DBS checks	23	-
Unpaid church assessments 2020-21	16,484	-
Bookkeeping paid for in September	-	50
Late assessment paid in September	-	200
Prepayments		
Ministers' stipends paid in advance	12,715	21,193
Accrued income		
August rent paid in September	3,750	3,750
CMTF interest due for 31 August	46	258
Total	33,144	25,476
Loans by the Circuit		
Bedhampton Methodist Church	10,000	10,000
Total	43,144	35,476

17 Trustees for Methodist Church Purposes

The Circuit Model Trust Fund is held by TMCP in a Trustees Interest Fund on which interest is credited to the account each month. The Gane Bequest endowment fund is held by TMCP in a CFB Managed Mixed Fund on which the dividend distribution is credited to the Circuit's CFB deposit account each quarter. These are regarded as medium and long-term investments.

Market value	£
As at 1 September 2020	6,017
Revaluation	1,104
As at 31 August 2021	7,121
Net book value	
As at 31 August 2021	7,121
As at 31 August 2020	6,017

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.

18 Central Finance Board (CFB) and Cash at Bank

The Circuit has one current account at CAF Bank Ltd, an authorised institution. The sums held on that account are immediately available. In addition, the Circuit has one deposit account at

CFB, a common deposit fund. Interest is earned on this account and is credited monthly to the account; the sums deposited can be withdrawn without notice and without loss of interest. These sums are viewed as being liquid.

19 Creditors, accrued expenses and deferred income

	2020-21 £	2019-20 £
Creditors:		
Audit fee	3,720	3,800
Expenses reimbursed	985	1,461
Balance of Connexional Grant due payable to Beacon Church Bordon	862	14,357
Balance of donations paid into Refugee Asylum Fund	93	-
Accruals:		
Accrued expenses	1,405	2,178
Manse repairs owed	3,968	586
Total creditors & accruals	11,033	22,382
Deferred income:		
Assessments paid in advance	32,998	36,212
Rent paid in advance	1,000	950
Total	33,998	37,162

	Deferred 01-Sep-20	Released in year	Deferred in year	Deferred 31-Aug-21
Deferred income				
Assessments paid in advance	36,212	(36,212)	32,998	32,998
Rent paid in advance	950	(950)	1,000	1,000
Total	37,162	(37,162)	33,998	33,998

20 Grants payable within 1 year

It is Circuit policy to recognise committed grants immediately as expenditure from the CMTF and thus accrue the unpaid amounts at the year-end as liabilities. As at 31 August 2021, the Circuit had the following commitments to pay any grants from the CMTF and Mission Fund:

	2020-21 £	2019-20 £
From CMTF:		
Grant agreed for Beacon Church Bordon	102,500	102,500
From Mission Fund:		
Grant agreed for Beacon Church Bordon	94,471	94,471
Grant agreed towards rent for Beacon Church Bordon	-	10,000
Grant agreed towards Haslemere MC Mission Intern	22,000	22,000
From Beacon Church Fund:		
Grant agreed for Beacon Church Bordon	5,529	5,529
Total agreed grants payable	224,500	234,500

21 Unrestricted Funds

21.1 General Fund – balance £3,744,965 at 31 August 2021 (2020: £3,734,421)

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. 93.4% of this fund is held as 12 freehold properties which are used as manses for the ministers of the Circuit. Those manses that are not currently needed for ministers are rented out until such time as they are needed.

21.2 CMTF – balance £235,738 at 31 August 2021 (2020: £287,458)

The Circuit Model Trust Fund (CMTF) is held by the TMCP, note 17, and is where the majority of the reserve funds of the Circuit are held. These funds are not restricted by any document or deed to a specific purpose. There are additional funds of £102,500 held in the CMTF which are committed to be paid as a grant to the Beacon Church, Bordon over the next 5 years.

21.3 Designated Funds – balance £99,371 at 31 August 2021 (2020: £64,837)

The designated funds of the Circuit are: the Manse Fund which is funds that have been set aside to meet the repairs and maintenance as deemed necessary for the Circuit's manses; the Mission and Outreach Fund which is funded by the equivalent salary costs of 3 lay employees made redundant in 2016-17 as agreed by Circuit Meeting, and its purpose is to provide grants to Churches to assist with any mission and/or outreach projects. All of these funds have been set aside for specific purposes but none of them are restricted to that purpose alone by any document or deed. The balance at 31 August 2021 of £99,371 is made up of: £36,168 in the Manse Fund; £63,202 in the Mission and Outreach Fund plus £116,471 for agreed grants (note 20 above).

22 Restricted Fund – Beacon Church Fund

In 2017-18 a restricted fund was set up to collect donations made by Churches for the new Beacon Church in Bordon. These donations will be paid to the Beacon Church, Bordon when the Circuit starts to pay the grant of £202,500 that it has been agreed will form part of the Beacon Church's funding over the next 5 years now that the partnership agreement has been signed with the Anglicans. There were no donations in 2020-21 and the total of the donations received as at 31 August 2021 remains as £5,529, all of which is pledged to be paid to the Beacon Church, Bordon so that the balance in the Beacon Church Fund is zero.

23 Endowment Fund – Gane Bequest

The Gane Bequest endowment fund is from a bequest left to Lees Lane Methodist Church and is held by TMCP in the Ex Lees Lane Trust within the CFB Managed Mixed Fund. The dividends from this fund are paid into the Circuit's CFB deposit fund and are paid over to Gosport Methodist Church, by agreement of the trustees.

24 Movement in significant individual funds

Movement in funds for current year 12 months:

Fund	Balance at				Gains/ Losses	Balance at	
	01-Sep-20	Income	Expenditure	Transfers		31-Aug-21	
	£	£	£	£		£	£
General Fund	237,814	521,801	475,957	(35,300)		248,358	
Property Reserve Fund	3,496,607					3,496,607	
Circuit Model Trust Fund	287,458	1,037	21,257	(31,500)		235,738	
Manse Fund (Des)	51,935		42,266	26,500		36,169	
Mission & Outreach (Des)	12,902		(10,000)	40,300		63,202	
Local Preachers (Des)	0					0	
Total unrestricted funds	4,086,716	522,838	529,480	0	0	4,080,074	
Beacon Church (Res)	0					0	
Penarth Furniture (Res)	0					0	
Total restricted funds	0	0	0	0	0	0	
Gane Bequest	6,017				1,104	7,121	
Total endowment funds	6,017	0	0	0	1,104	7,121	
Total funds	4,092,733	522,838	529,480	0	1,104	4,087,195	

Comparatives for movement in funds for prior year 12 months:

Fund	Balance at				Gains/ Losses	Balance at	
	01-Sep-19	Income	Expenditure	Transfers		31-Aug-20	
	£	£	£	£		£	£
General Fund	206,047	559,889	444,722	(83,400)		237,814	
Property Reserve Fund	3,496,607					3,496,607	
Circuit Model Trust Fund	409,416	3,293	125,251			287,458	
Manse Fund (Des)	48,949		30,714	33,700		51,935	
Mission & Outreach (Des)	90,583		127,381	49,700		12,902	
Local Preachers (Des)	179		179			0	
Total unrestricted funds	4,251,781	563,182	728,247	0	0	4,086,716	
Beacon Church (Res)	5,529		5,529			0	
Penarth Furniture (Res)	0	125	125			0	
Total restricted funds	5,529	125	5,654	0	0	0	
Gane Bequest	6,125				(108)	6,017	
Total endowment funds	6,125				(108)	6,017	
Total funds	4,263,435	563,307	733,901	0	(108)	4,092,733	

A current year 12 months and prior year 12 months combined position is as follows:

Fund	Balance at				Gains/ Losses	Balance at	
	01-Sep-19	Income	Expenditure	Transfers		31-Aug-21	
	£	£	£	£		£	£
General Fund	206,047	1,081,690	920,679	(118,700)			248,358
Property Reserve Fund	3,496,607						3,496,607
Circuit Model Trust Fund	409,416	4,330	146,508	(31,500)			235,738
Manse Fund (Des)	48,949		72,980	60,200			36,169
Mission & Outreach (Des)	90,583		117,381	90,000			63,202
Local Preachers (Des)	179		179				0
Total unrestricted funds	4,251,781	1,086,020	1,257,727	0	0		4,080,074
Beacon Church (Res)	5,529		5,529				0
Penarth Furniture (Res)	0	125	125				0
Total restricted funds	5,529	125	5,654	0	0		0
Gane Bequest	6,125				996		7,121
Total endowment funds	6,125	0	0	0	996		7,121
Total funds	4,263,435	1,086,045	1,263,381	0	996		4,087,195

25 Volunteer contributions

Every entity (Connexion, District, Circuit and Church) within the Methodist Church in GB is heavily reliant on volunteers who contribute their skills, time and money in the furtherance of the work of the Church. Principally this contribution is by serving on committees of the Circuit that deal with mission, manses, finance, policy, grants, training, development. We are grateful to all of them for their help and commitment. It is impossible to put a monetary equivalent value on this.

26 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at the year end.

27 Auditor

An accrual has been made for the fee of the auditors in the sum of £3,720 for the year 2020-21 (2019-20: £3,800).

28 Related party disclosures

There was one related party transaction of £40 for the year ended 31 August 2021.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF EAST SOLENT AND DOWNS METHODIST CIRCUIT

Opinion

We have audited the financial statements of East Solent and Downs Methodist Circuit (the 'charity') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF EAST SOLENT AND DOWNS METHODIST CIRCUIT

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss management's assessment of risk in respect of irregularities, fraud and going concern.

Based on these discussions and our own assessments we determined that the key risk areas were income recognition in respect of cut off issues and management override concerning the size of the organisation.

We set financial statement materiality level based on the level of income. As a not for profit organisation raising income is its primary focus which is why income was used to determine the level of materiality. Our overall assessment of risk was used to determine performance materiality at an appropriate level.

Substantive audit tests were designed after assessing and performing walkthrough tests. The walkthrough testing confirmed documented systems which have been designed to act as a preventative measure against fraud and error which appear to be operating as documented. Substantive testing tested a sample of the population, representative of the population, to identify errors. The testing did not identify any material misstatements in areas tested.

Audit substantive tests concluded no material errors over the key risk areas of income recognition and management override.

The audit considers the organisation is not exposed to material risk of error as a result of assessing laws and regulations that are appropriate to the organisation.

Management assessed there is no going concern risk. The audit undertook a review of budgets, management accounts and the review of board minutes and came to the same conclusion as management.

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 Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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.

Memo Crocker

Morris Crocker Limited
Chartered Accountants
Statutory Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Station House

North Street

Havant

Hampshire

PO9 1QU

Date: 22 March 2022