

**EAST SOLENT AND DOWNS  
METHODIST CIRCUIT**

**TRUSTEES' ANNUAL REPORT**

**for the year ended**

**31 AUGUST 2022**

## **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 again has been a challenging year for the Circuit as churches adapt to a post pandemic world. On the positive side we have continued to develop digital church which has enabled both churches and individuals to access a worship service on Sundays. This has assisted those situations where it had been difficult to find a preacher to lead worship in person. As during the pandemic most churches have at least one Sunday each month where no preacher can be planned, and this has allowed churches to develop local lay worship leaders and innovative styles of worship as we continue to praise and worship God.

Two of our church societies felt unable to continue after the pandemic as numbers reduced and local leadership positions were unfilled. Care was taken to ensure that all members so affected were able to contribute to the closure decision and were supported in their decision about their church membership for the future.

Last year we raised concerns about the feasibility of the lay pastor post in Gosport and during the course of this year we concluded that the post was no longer viable and the post was made redundant. Work continues to discern the most effective way to support the Methodist presence in Gosport.

We continue to work with the Diocese of Guildford and the United Reformed Church in relation to the church in Bordon. Sadly the relationship with the pioneer church has floundered to the extent that the Beacon project has effectively ceased to exist. St Mark's LEP is now the focus for outreach into the new town. The arrival of a Methodist deacon in September 2022 will enable better resourcing and focus.



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Our plans with the Southampton District for a pioneering project in Portsmouth continue, but at a delayed pace because of the pandemic. It is hoped that a new missionary will be appointed in 2022/23.

Our conversations with the United Reformed Church about shared ministry in the Haslemere area have concluded with agreement that due to changed circumstances what we had considered is no longer feasible.

We have worked with the Methodist people in Portsmouth as they continue on their journey of uniting three congregations into one society. The necessary closure of one of the church buildings has hastened the journey but also added to its complexity.

In the knowledge of the scarcity of presbyters we have reflected carefully on the different roles occupied by deacons and how we might more effectively use them.

By a series of workshops and discussions groups we were able to ensure consultation with the membership about same sex marriage, although the pandemic intervened in the late stages. Consequent upon the decision of the Methodist Conference a number of churches have decided to register as authorised for same sex marriages, whilst others have decided not to change the status quo.

### 2.1 Plans for future years

- To continue to resource and enable the local churches to focus on worship and spiritual development.
- To continue to focus on mission activity that will lead new people into faith and so grow the number of Christians.
- 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 review the provision of ministry on the Gosport peninsular.
- To continue to support the Methodist people in Portsmouth as they seek to discern the future location of the society.
- 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 practicalities of buildings and finance.
- To continue to align our property portfolio with the needs of the Circuit going forward so that we make best use of our buildings.
- To continue to explore ways to respond to the Climate Emergency.

## 3 Financial review

During the year the Circuit received total income of £559,791 (2020-21: £522,838) and dispersed £714,522 (2020-21: £529,480). Total unrestricted reserves carried forward were £1,259,977 (2020-21: £583,467). £121,311 of these reserves are designated: £85,580 in the Mission Fund, after deducting £72,516 pledged for future projects; and £35,731 in the Manse Fund. The balance of £805,746 in the CMTF is split between £362,738 held by TMCP, and £443,008 held in a solicitors' client account pending the purchase of a manse.



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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 £1,259,977: of which £362,738 is held by TMCP in the Circuit Model Trust Fund; £443,008 is held in a solicitors' client account; and the balance of £454,231 represents the year-end level of reserves; within which £85,580 has been designated for mission activity and £35,731 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 31<sup>st</sup> August 2022 amounted to 65.8% of the General Fund budget expenditure. The income budget for 2022/23 plans to draw £60,100 from our general fund reserve to support expenditure.

(b) Our policy for the designated Mission and Outreach fund is to achieve a balance of £20,000. We have plans to spend £72,516 over the next two 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. The remaining balance in the Mission and Outreach fund at 31<sup>st</sup> August 2022 was £85,580.

(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 31<sup>st</sup> August 2022 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. 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 £714,522 (2020-21: £529,480).

The Circuit holds no funds as custodian trustee.

## **4 Trustees' responsibilities**

For each financial year ending on 31<sup>st</sup> 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



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 is a Circuit Finance Group who meet when needed during the year 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 2021-22 or were trustees at the time of this report being approved:

Mr	M	Avis		Revd	J	Illsley	
Mrs	P	Barrow	until May 22	Mrs	J	Martyn	until 31/8/22
Mr	K	Bassett		Miss	J	Mason	
Mrs	D	Beesley		Mrs	J	Minnell	
Mr	D	Beesley		Mr	P	Moody	
Mr	R	Bond	until Oct 21	Mrs	H	Murphy	until Apr 22
Mrs	J	Brandon		Revd	D	Muskett	
Mrs	S	Calvert		Mrs	M	Newnham	until Apr 22
Mrs	L	Collins		Mr	H	Nightingale	
Revd	D	Coote		Mrs	B	Noakes	until Apr 22
Mr	N	Cox		Mr	A	Painter	
Mrs	P	Cuckow		Mrs	J	Pannell	



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Mr	A	Dabbs		Mr	M	Petter	
Mrs	A	Davis	until Apr 22	Mrs	A	Rice	
Miss	P	Dimmick		Revd	D	Rice	
Mrs	S	Dewberry		Dcn	S	Richardson	from Sep 22
Mrs	P	Dey	from Oct 21	Mrs	B	Ross	
Mr	R	Duke	from May 22	Mr	D	Sawyer	
Mr	B	Dyer		Revd	C	Simpson	
Revd	E	Goddess		Mr	G	Smithers	
Revd	R	Goddess		Mrs	R	Standford	
Mrs	A	Griffiths		Mrs	A	Steinhausen	
Mr	P	Gregory		Mr	M	Thomas	
Dcn	J	Hacon	from Sep 22	Mrs	M	Travell	
Mr	A	Haynes		Mrs	E	Wade	from Sep 22
Mrs	S	Haynes		Mrs	M	Wheeler	
Mrs	B	Hayward		Mrs	C	Wilkins	
Mrs	E	Hodges		Mrs	C	Withers	from Sep 22
Mr	B	James		Mrs	L	Wright	until Apr 22
Mrs	F	Jenkins		Revd	S	Wright	

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 4 March 2023

Signed on behalf of the Circuit, as authorised:

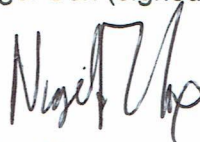
David Muskett (signed)

A handwritten signature in dark ink, appearing to read 'D Muskett', with a stylized flourish at the end.

David Muskett  
Circuit Superintendent

Date: 4 March 2023

Nigel Cox (signed)

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Nigel Cox  
Circuit Treasurer

Date: 4 March 2023



**Statement of Financial Activities (SOFA) for the year ended 31 August 2022**

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Total 2021-22	Total 2020-21
		£	£	£	£	£	£	£
<b>Income and Endowments</b>								
Income from investments		2,237	3,367				5,604	1,725
Income from charitable activities								
Assessments on churches	4	422,719					422,719	444,540
Total from charitable activities		422,719	0	0	0	0	422,719	444,540
Lettings		123,821					123,821	73,310
Total charitable income		548,777	3,367	0	0	0	552,144	519,575
Other income	6	7,397			250		7,647	3,263
Total income and endowments		556,174	3,367	0	250	0	559,791	522,838
<b>Expenditure</b>								
<b>Expenditure on charitable activities</b>								
Grants and donations	7,22	3,652	-102,500	-22,377			-121,225	-9,901
Stipends and associated costs	8	237,497	41,000				278,497	319,839
Maintenance on manses	9	280		21,239			21,519	33,848
Office expenses	10	5,115					5,115	4,624
Telephone and travel	10	19,694					19,694	11,767
Insurance and utility costs	11	13,370		8,198			21,568	29,683
District assessment		16,704					16,704	15,156
Methodist Church Fund		84,504					84,504	79,440
Contribution to District Advance Fund	13		325,111				325,111	20,478
Expenditure on other circuit property	9	37,984					37,984	10,204
Other outgoings	12,13	23,812	989		250		25,051	14,342
Total charitable expenditure		442,612	264,600	7,060	250	0	714,522	529,480
<b>Net income before investment gains/losses</b>								
		113,562	-261,233	-7,060	0	0	-154,731	-6,642
Net (losses)/gains on investments	13,18					-447	-447	1,104
<b>Net (expenditure)/income before transfers</b>								
		113,562	-261,233	-7,060	0	-447	-155,178	-5,538
Transfers between funds	14	-29,000		29,000			0	0
Other gains/(losses)	15	-385,778	831,241				445,463	0
<b>Net movement in funds</b>								
		-301,216	570,008	21,940	0	-447	290,285	-5,538
Total funds brought forward	23-26	3,744,965	235,738	99,371	0	7,121	4,087,195	4,092,733
							0	0
Total funds carried forward	23-26	3,443,749	805,746	121,311	0	6,674	4,377,480	4,087,195

## Balance Sheet as at 31 August 2022

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Totals 2022	Totals 2021
		£	£	£	£	£	£	£
<b>Fixed Assets</b>								
Manses	16	3,110,829					3,110,829	3,496,607
Investment properties						0	0	0
Investments	18,25					6,674	6,674	7,121
<b>Total fixed assets</b>		<b>3,110,829</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,674</b>	<b>3,117,503</b>	<b>3,503,728</b>
<b>Current Assets</b>								
Debtors and prepayments	17	36,841	385				37,226	33,144
Loans by the Circuit	17					0	0	10,000
Investments with TMCP	18		362,353				362,353	338,192
Solicitors' Client Account	19		443,008				443,008	
Central Finance Board Deposits	20	319,947		194,269			514,216	457,338
Cash at Bank and in hand	20	18,242			94		18,336	14,324
<b>Total current assets</b>		<b>375,030</b>	<b>805,746</b>	<b>194,269</b>	<b>94</b>	<b>0</b>	<b>1,375,139</b>	<b>852,998</b>
<b>Current liabilities</b>								
Creditors (due in under 1 year)	21	42,110		442	94		42,646	45,031
Grants payable within 1 year	22			72,516			72,516	224,500
<b>Total current liabilities</b>		<b>42,110</b>	<b>0</b>	<b>72,958</b>	<b>94</b>	<b>0</b>	<b>115,162</b>	<b>269,531</b>
<b>Net current assets/liabilities</b>		<b>332,920</b>	<b>805,746</b>	<b>121,311</b>	<b>0</b>	<b>0</b>	<b>1,259,977</b>	<b>583,467</b>
<b>Total assets less current liabilities</b>		<b>3,443,749</b>	<b>805,746</b>	<b>121,311</b>	<b>0</b>	<b>6,674</b>	<b>4,377,480</b>	<b>4,087,195</b>
<b>Net assets</b>		<b>3,443,749</b>	<b>805,746</b>	<b>121,311</b>	<b>0</b>	<b>6,674</b>	<b>4,377,480</b>	<b>4,087,195</b>
<b>Funds of the Circuit</b>								
<b>Unrestricted:</b>								
General Fund	23.1	332,920				332,920		248,358
Property Fund	23.1	3,110,829				3,110,829		3,496,607
Circuit Model Trust Fund	23.2		805,746			805,746		235,738
Designated Funds	23.3			121,311		121,311		99,371
<b>Total Unrestricted Funds</b>						<b>4,370,806</b>		<b>4,080,074</b>
Restricted Funds	24				0	0		0
Endowment Funds	25					6,674	6,674	7,121
<b>Total Funds</b>	<b>26</b>	<b>3,443,749</b>	<b>805,746</b>	<b>121,311</b>	<b>0</b>	<b>6,674</b>	<b>4,377,480</b>	<b>4,087,195</b>

The financial statements were approved by the Board of Trustees on 4th March 2023

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

  
 Revd D Muskett



Name of Circuit	East Solent and Downs Methodist Circuit		Circuit No 26/07
<b>Statement of cash flows for the year ended:</b>		<b>31 August 2022</b>	
		2022	2021
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	1	(308,786)	(40,548)
Net cash provided by (used in) operating activities		(308,786)	(40,548)
Cash flows from investing activities:			
Interest received from investments		5,604	1,725
Sale/(purchase) of tangible fixed assets		831,241	
Net cash provided by (used in) investing activities		836,845	1,725
Change in cash and cash equivalents in the reporting period		528,059	(38,823)
Cash and cash equivalents at the beginning of the reporting period		809,854	848,677
Cash and cash equivalents at the end of the reporting period:		1,337,913	809,854
1 Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2022	2021
		£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		(155,178)	(5,538)
Adjustments for:			
Losses/(gains) on investments		447	(1,104)
Interest received		(5,604)	(1,725)
Decrease/(increase) in debtors		5,918	(7,668)
(Decrease)/increase in creditors		(154,369)	(24,513)
Net cash provided by (used in) operating activities		(308,786)	(40,548)

# **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 2022, 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 £1,036,943, see Note 16. 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, 18 and 25 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 2021

	General Funds (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds £	Endowment Funds £	Total 2020-21 £
<b>Income and Endowments</b>					
Income from investments	1,725	0	0	0	1,725
Income from charitable activities					
Assessments on churches	444,540				444,540
<b>Total from charitable activities</b>	444,450	0	0	0	444,540
Lettings	73,310				73,130
<b>Total charitable income</b>	519,575	0	0	0	519,575
Other income	3,263	0	0	0	3,263
<b>Total income and endowments</b>	522,838	0	0	0	522,838
<b>Expenditure</b>					
<b>Expenditure on charitable activities</b>					
Grants and donations	99	-10,000			-9,901
Stipends and associated costs	319,839				319,839
Maintenance on manses	260	33,588			33,848
Office expenses	4,624				4,624
Telephone and travel	11,767				11,767
Insurance and utility costs	21,005	8,678			29,683
District assessment	15,156				15,156
Methodist Church Fund	79,440				79,440
Contribution District Advance Fund	20,478				20,478
Expenditure on other circuit property	10,204				10,204
Other outgoings	14,342				14,342
<b>Total charitable expenditure</b>	497,214	32,266	0	0	529,480
<b>Net income before investment gains/(losses)</b>	25,624	-32,266	0	0	-6,642
Net (losses)/gains on investments				1,104	1,104
<b>Net (expenditure)/income before transfers</b>	25,624	-32,266	0	1,104	-5,538
Transfers between funds	-66,800	66,800			0
Other gains/(losses)					
<b>Net movement in funds</b>	-41,176	34,534	0	1,104	-5,538
Total funds brought forward	4,021,879	64,837	0	6,017	4,092,733
Less future instalments of grant					
<b>Total funds carried forward</b>	3,980,703	99,371	0	7,121	4,087,195



## **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 between the Anglican Guildford Diocese and the East Solent and Downs Methodist Circuit. The Circuit is represented on the Mission Initiative Council which oversees the work at the Beacon Church. The staffing arrangements for the churches in Bordon changed in 2020-21 and the Methodist funding commitments have been reviewed and grants committed for a church building and housing are no longer needed.

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 2021-22, in recognition of the impact of the pandemic, the assessment formula was amended so that no account was taken of attendance. Membership determined 25% of the assessment and ability to pay 75%. In addition, it was decided that no church should be asked to pay an increase and that any reduction should be limited to 20%. Any shortfall was to be met from reserves.

During the year, 2 churches, Bridgemary Methodist Church and Cowplain Methodist Church, closed and ceased to provide worship. However, both churches paid their 2021-22 assessment in full. The debts arising from unpaid 2020-21 assessments have been written off using a grant from the Circuit's Mission Fund as agreed at the Circuit Meeting. Gosport Methodist Church was only able to pay 6 months of its 2021-22 assessment and the remaining 6 months has been entered as a debt to be reviewed at the end of 2022-23.

## **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 £17,841 to 9 trustees. This is a significant increase when compared to 2020-21 (£8,836) due mainly to increased travel costs.

## 6 Other income

The figure of £7,647 (2020-21: £3,263) is: £2,897 from bookkeeping services offered to Churches; a £4,500 payroll advance paid as a loan and repaid within the year; a £250 grant received towards tuition costs for a local preacher and paid to the local preacher within the year.

## 7 Grants and donations and related support costs

Several grants were made during 2021-22 to pay the interest received from the Gane Bequest and to churches for roof repairs and mission work. The grants for housing and a church building for the Beacon Church Bordon were removed as they were no longer needed and this resulted in the negative net total of £121,225 (2020-21: -£9,901).

	2021-22	2020-21
	£	£
From General Fund:		
Gane Bequest interest paid to Gosport MC	152	99
Grant paid to Gosport Mc for roof repairs	3,500	
<b>Total</b>	<b>3,652</b>	<b>99</b>
From Circuit Model Trust Fund:		
Remove agreed grant to Beacon Church	-102,500	
<b>Total</b>	<b>-102,500</b>	<b>0</b>
From Mission & Outreach Fund:		
Remove agreed grant to Beacon Church	-40,000	-10,000
Grants to Churches for mission projects	1,139	
Write off 2020-21 unpaid assessments	16,484	
<b>Total</b>	<b>-22,377</b>	<b>-10,000</b>
<b>Total grants and donations</b>	<b>-121,225</b>	<b>-9,901</b>

## 8 Salaries and associated costs

Gross salaries paid to 9 (11 in 2020-21) employees were as follows:

	2021-22	2020-21
	£	£
Gross pay	191,801	247,880
Employer's National Insurance Contributions	15,583	20,747
Employer's pension contributions to defined benefit schemes	30,113	51,212
Voluntary contribution to employer's pension	41,000	-
<b>Total stipends and associated costs</b>	<b>278,497</b>	<b>319,839</b>

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. The 2021 Methodist Conference received a report on the deficit that had accrued on the Methodist Ministers' Pension Scheme and passed a resolution for each Church, Circuit and District to consider a voluntary contribution of 15% of their total funds. This was agreed at Circuit Meeting and a contribution of £41,000 was paid to the Pension Reserve Fund.

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

	2021-22	2020-21
	£	£
Maintenance and repairs on manses	21,239	33,588
Quinquennial inspections on manses	280	260
<b>Maintenance on manses total</b>	<b>21,519</b>	<b>33,848</b>
Quinquennial inspections on churches	860	3,250
Letting agent fees	10,540	6,474
Manse purchase costs	2,526	480
Copnor Church building costs	20,656	
Bridgemary Church building costs	3,402	
<b>Expenditure on other Circuit property total</b>	<b>37,984</b>	<b>10,204</b>

## 10 Office expenses and telephone and travel

	2021-22	2020-21
	£	£
Ministers' & Lay employees office costs	1,445	1,392
Circuit office costs	3,670	3,232
<b>Office expenses total</b>	<b>5,115</b>	<b>4,624</b>
Ministers' & Lay employees travel costs	15,655	6,492
Circuit Stewards' travel costs	930	732
Ministers' & Lay employees telephone costs	3,109	4,543
<b>Telephone and travel total</b>	<b>19,694</b>	<b>11,767</b>

## 11 Insurance and utility costs

	2021-22	2020-21
	£	£
Manses insurance	8,198	8,678
Manses council tax	11,308	17,955
Manses water & sewerage rates	2,062	3,050
<b>Total</b>	<b>21,568</b>	<b>29,683</b>

## 12 Other outgoings

	2021-22	2020-21
	£	£
Local preachers' expenses	1,494	520
Supernumeraries' expenses	2,256	1,050
Circuit Stewards' other costs	4	-
Training and Development costs	1,106	40
Audit fees	3,870	3,640
Youth work	225	-
Bank charges	108	98
Contribution to URC for Drayton United Church	992	992
Miscellaneous costs	2,863	2,345
Removal costs	5,194	4,278
Relocation allowance	1,200	600
Loan to minister for a payroll advance	4,500	-
TMCP admin charge	989	779
Grant for contribution to tuition costs paid out	250	-
<b>Total</b>	<b>25,051</b>	<b>14,342</b>

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 £989 (2020-21: £779) to TMCP, the custodians of the CMTF. This was levied at 0.285% on the value of the funds at the end of the previous year (£338,192) plus a £25 charge for a priority payment, and is shown in the other outgoings line on SOFA and in Note 12 above.

The Circuit paid £16,615 (2020-21: £20,478) to the District Advance Fund of Southampton District which was levied on an asset value in the CMTF of £338,192 as at 31 August 2021 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; plus £308,496 taken as the CPF Levy on the sale proceeds of Cousins Grove which were £831,241 and which was calculated in accordance with CPD Standing Order 972 as: nil % on first £20,000; 20% on £20,000 to £100,000; 40% on anything above £100,000. The total of £325,111 is shown in the SOFA as a separate line.

The amount of -£447 (2020-21: £1,104) on the net gains/(losses) on investments line of the SOFA, represents the net unrealised loss in the Gane Bequest endowment funds. More information can be found at Notes 18, 25 and 26.

## 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 £29,000 net out of the General Fund and into the Manse Fund: £20,000 for manse repairs and £9,000 for manse insurance as agreed by the Trustees in the budget at Circuit Meeting.



## 15 Other gains/(losses)

In September 2022 one of the manses, 16 Cousins Grove, was sold and the proceeds of £831,241 were paid into the CMTF. The sum of -£385,778 represents the removal of the insured value of 16 Cousins Grove from the value of the freehold property. See Note 16 for further information.

## 16 Manse and other property

The basis for the deemed cost of the 11 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.

Cost or valuation	Land £	Buildings £	Total £
Balance brought forward at 31 August 2021, frozen at 1 September 2015, deemed cost	1,165,536	2,331,071	3,496,607
Remove: insured value of manse sold	(128,593)	(257,185)	(385,778)
Transfers between categories	-	-	-
<b>Balance carried forward at 31 August 2022</b>	<b>1,036,943</b>	<b>2,073,886</b>	<b>3,110,829</b>

## 17 Debtors and prepayments

All sums paid in advance at 1 September 2021 were for costs incurred during 2021-22. Similarly, it is expected that payments in advance at 1 September 2022 will be expensed in 2022-23. The loan to Bedhampton Methodist Church was to be repaid over 5 years with an extension to 2024 agreed in 2020-21; a total of £10,000 was paid back in 2021-22. The 2020-21 unpaid church assessments debt was written off with a grant from the Mission Fund as agreed at Circuit Meeting.

Debtors and prepayments were made up as follows:	2021-22 £	2020-21 £
<b>Debtors</b>		
Contribution for Conference minutes	-	25
Contribution for Prayer handbooks	232	101
Contribution for church DBS checks	-	23
Unpaid church assessments 2020-21		16,484
Unpaid church assessments 2021-22	8,809	-
<b>Prepayments</b>		
Ministers' stipends paid in advance	22,390	12,715
Lettings fees paid in advance	210	-
<b>Accrued income</b>		
August rent paid in September	5,200	3,750
CMTF interest due for 31 August	385	46
<b>Total</b>	<b>37,226</b>	<b>33,144</b>
<b>Loans by the Circuit</b>		
Bedhampton Methodist Church	-	10,000
<b>Total</b>	<b>37,226</b>	<b>43,144</b>

## 18 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.

<b>Market value</b>	<b>£</b>
As at 1 September 2021	7,121
Revaluation	(447)
As at 31 August 2022	6,674
<b>Net book value</b>	
As at 31 August 2022	6,674
As at 31 August 2021	7,121

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.

## 19 Solicitors' Client Account

In June 2022 funds were transferred from the CMTF to Blake Morgan LLP Clients Account for the purchase of a replacement manse for a Deacon at 10 Panton Close, Emsworth. As at 31 August 2022, the purchase had not been completed and the funds are viewed as a liquid asset of the Circuit.

## 20 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.

## 21 Creditors, accrued expenses and deferred income

	2021-22	2020-21
<b>Creditors:</b>	<b>£</b>	<b>£</b>
Audit fee	3,870	3,720
Expenses reimbursed	3,506	985
Assessment taken in error and owed to Cowplain Methodist Church	592	-
Balance of Connexional Grant due payable to Beacon Church Bordon	-	862
Balance of donations paid into Refugee Asylum Fund	94	93
<b>Accruals:</b>		
Accrued expenses	1,221	1,405
Manse repairs owed	442	3,968
<b>Total creditors &amp; accruals</b>	<b>9,725</b>	<b>11,033</b>



**Deferred income:**

Assessments paid in advance	29,386	32,998
Rent paid in advance	3,535	1,000
<b>Total</b>	<b>32,921</b>	<b>33,998</b>

	Deferred 01-Sep-21	Released in year	Deferred in year	Deferred 31-Aug-22
<b>Deferred income</b>				
Assessments paid in advance	32,998	(32,998)	29,386	29,386
Rent paid in advance	1,000	(1,000)	3,535	3,535
<b>Total</b>	<b>33,998</b>	<b>(33,998)</b>	<b>32,921</b>	<b>32,921</b>

**22 Grants payable within 1 year**

It is Circuit policy to recognise committed grants immediately as expenditure and thus accrue the unpaid amounts at the year-end as liabilities. As at 31 August 2022, the Circuit had the following commitments to pay any grants from the CMTF and Mission Fund:

	2021-22	2020-21
	£	£
<b>From CMTF:</b>		
Grant agreed for Beacon Church Bordon	-	102,500
<b>From Mission Fund:</b>		
Remaining grant agreed for Beacon Church Bordon	50,516	94,471
Grant agreed towards Haslemere MC Mission Intern	22,000	22,000
<b>From Beacon Church Fund:</b>		
Grant agreed for Beacon Church Bordon	-	5,529
<b>Total agreed grants payable</b>	<b>72,516</b>	<b>224,500</b>

**23 Unrestricted Funds****23.1 General Fund – balance £3,443,749 at 31 August 2022 (2021: £3,744,965)**

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. 90.3% of this fund is held as 11 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.

**23.2 CMTF – balance £805,746 at 31 August 2022 (2021: £235,738)**

The Circuit Model Trust Fund (CMTF) is held by the TMCP, note 18, 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. £443,008 of the CMTF are held in a solicitor's client account, pending the purchase of a replacement manse, note 19.

**23.3 Designated Funds – balance £121,311 at 31 August 2022 (2021: £99,371)**

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 was funded by the equivalent salary costs of 3 lay employees made redundant in 2016-17 until 2021-22 when no further transfers were made, as agreed by Circuit Meeting; 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 2022 of £121,311 is made up of: £35,731 in the Manse Fund; £85,580 in the Mission and Outreach Fund plus £72,516 for agreed grants (note 22 above).

## 24 Restricted Funds – Beacon Church Fund and Local Preachers 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 were all used towards paying the contributions to employment of a minister in Bordon by 31 August 2022. There were no donations in 2021-22 so that the balance in the Beacon Church Fund is zero and the fund is closed. In 2021-22 a grant of £250 was received towards the tuition costs for a local preacher and a restricted fund was set up. The tuition costs were all paid by 31 August 2022 and as there no further donations or grants in 2021-22, the balance in the Local Preachers Fund is zero.

## 25 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.

## 26 Movement in significant individual funds

Movement in funds for current year 12 months:

Fund	Balance at 01-Sep-21 £	Income £	Expenditure £	Transfers £	Gains/ Losses £	Balance at 31-Aug-22 £
General Fund	248,358	556,174	442,612	(29,000)		332,920
Property Reserve Fund	3,496,607				(385,778)	3,110,829
Circuit Model Trust Fund	235,738	3,367	264,600		831,241	805,746
Manse Fund (Des)	36,169		29,438	29,000		35,731
Mission & Outreach (Des)	63,202		(22,378)			85,580
<b>Total unrestricted funds</b>	<b>4,080,074</b>	<b>559,541</b>	<b>714,272</b>	<b>0</b>	<b>445,463</b>	<b>4,370,806</b>
Local Preachers (Res)	0	250	250	0	0	0
<b>Total restricted funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gane Bequest	7,121				(447)	6,674
<b>Total endowment funds</b>	<b>7,121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(447)</b>	<b>6,674</b>
<b>Total funds</b>	<b>4,087,195</b>	<b>559,791</b>	<b>714,522</b>	<b>0</b>	<b>445,016</b>	<b>4,377,480</b>



Comparatives for movement in funds for prior year 12 months:

Fund	Balance at 01-Sep-20 £	Income £	Expenditure £	Transfers £	Gains/ Losses £	Balance at 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
<b>Total unrestricted funds</b>	<b>4,086,716</b>	<b>522,838</b>	<b>529,480</b>	<b>0</b>	<b>0</b>	<b>4,080,074</b>
Local Preachers (Res)	0					0
<b>Total restricted funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gane Bequest	6,017				1,104	7,121
<b>Total endowment funds</b>	<b>6,017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,104</b>	<b>7,121</b>
<b>Total funds</b>	<b>4,092,733</b>	<b>522,838</b>	<b>529,480</b>	<b>0</b>	<b>1,104</b>	<b>4,087,195</b>

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

Fund	Balance at 01-Sep-20 £	Income £	Expenditure £	Transfers £	Gains/ Losses £	Balance at 31-Aug-22 £
General Fund	237,814	1,077,975	918,569	(64,300)		332,920
Property Reserve Fund	3,496,607				(385,778)	3,110,829
Circuit Model Trust Fund	287,458	4,404	285,857	(31,500)	831,241	805,746
Manse Fund (Des)	51,935		71,704	55,500		35,731
Mission & Outreach (Des)	12,902		(32,378)	40,300		85,580
<b>Total unrestricted funds</b>	<b>4,086,716</b>	<b>1,082,379</b>	<b>1,243,752</b>	<b>0</b>	<b>445,463</b>	<b>4,370,806</b>
Local Preachers (Res)	0	250	250			0
<b>Total restricted funds</b>	<b>0</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gane Bequest	6,017				657	6,674
<b>Total endowment funds</b>	<b>6,017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>657</b>	<b>6,674</b>
<b>Total funds</b>	<b>4,092,733</b>	<b>1,082,629</b>	<b>1,244,002</b>	<b>0</b>	<b>446,120</b>	<b>4,377,480</b>

## 27 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.

## 28 Capital commitments and contingent liabilities

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

## **29 Auditor**

An accrual has been made for the fee of the auditors in the sum of £3,870 for the year 2021-22 (2020-21 £3,720).

## **30 Related party disclosures**

There were no related party transactions for the year ended 31 August 2022.



## **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 2022 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 2022 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](http://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.



Morris 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: 30 March 2023