



EAST SOLENT AND DOWNS METHODIST CIRCUIT

TRUSTEES' ANNUAL REPORT

for the year ended

31 AUGUST 2023

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

In common with other Circuits and churches of other denominations, this has again been with challenges. However, there are positive developments. Digital Church has continued to provide a service online for (almost) all Sundays of the year and subscriber numbers have increased. We are working on ways of improving the community engagement and interaction aspects. These services enable individuals to access a worship service on Sundays if they are unable to get to a church building. It also provides a service which congregations can use on occasions when it is not possible to provide a preacher. The other positive aspect of difficulties in filling the Preaching Plan is that congregations continue to develop local lay worship leaders and innovative styles of worship as we continue to praise and worship God.

Two members of staff moved in Summer 2023: one to retirement and the other to another appointment. We are pleased that both stations were filled. Whilst there will always be plenty to do however many ministers there are we are pleased ministry across the Circuit is at full strength.

We continue to work with the Diocese of Guildford and the United Reformed Church in relation to the church in Bordon to meet the needs of a rapidly expanding population.

Our plans with the Southampton District for a pioneering project in Portsmouth continue, but have progressed only slowly since last year. It is still hoped that a new missionary will be appointed shortly.

Worked with the existing Methodist people in Portsmouth continues in their complex exploration of appropriate sites for a united congregation.

We continue to reflect on the appropriate forms of ministry in each part of a diverse Circuit exploring possibilities of various forms of lay ministry: Lay Pastor,

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Mission/Outreach Worker etc. We have been encouraged by two individuals with a call to Anna Chaplaincy ministry among older people.

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 missionary for Portsmouth.
- 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 £713,993 (2021-22: £559,791) and dispersed £863,655 (2021-22: £714,522). Total unrestricted reserves carried forward were £1,112,247 (2021-22: £1,259,977). £63,815 of these reserves are designated: £42,948 in the Mission Fund, after deducting £62,061 pledged for future projects; and £20,867 in the Manse Fund. The balance of £821,209 in the Circuit Model Trust Fund (CMTF) is held by the Trustees for Methodist Church Purposes (TMCP).

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 finances of the majority of churches have started to improve. One church had been unable to meet its full assessment in 2021-22 and £8,809 was transferred from the Mission Fund to cover the shortfall. That church paid its full assessment this year but one other church only paid 5 months of assessment. That church has sufficient funds in its reserves which will be transferred and paid to the Circuit in 2023-24. The trustees are confident that the Circuit has 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

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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 TMCP who act as custodian trustee for all real estate held by Circuits, 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 Central Finance Board (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 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 £1,112,247: of which £821,209 is held by TMCP in the CMTF; and the balance of £291,038 represents the year-end level of reserves; within which £42,948 has been designated for mission activity and £20,867 has been designated for future major repairs to manses; leaving £227,223 in the General Fund.

The Circuit has a reserves policy covering all its unrestricted funds which is reviewed annually. Grants are made annually out of the CMTF, some of which will be paid by annual instalments and others are applications for funding anticipated to be required in future years. The trustees seek to ensure that there are sufficient funds in the CMTF to meet these anticipated requests and they now recognise future grants as liabilities on the Balance Sheet.

Reserves Policy

(a) The reserves policy for the Circuit's General Fund is to hold at least six month's expenditure in hand. The undesignated reserves of £227,223 at 31st August 2023 amounted to 43.45% of the General Fund 2023-24 expenditure budget (£523,000). The income budget for 2023-24 plans to draw £107,784 from the General Fund reserve to support this expenditure.

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(b) The reserves policy for the designated Mission and Outreach Fund is to achieve a balance of £20,000. Future grants of £62,061 have been agreed to support the costs of: a minister at St Mark's, Bordon until the end of 2024; and a Café Manager/Mission Development Worker for a year at Haslemere Church, which have been recognised as liabilities. The remaining balance in the Mission and Outreach Fund at 31st August 2023 was £42,948.

(c) The reserves policy for the Manse Fund is to maintain a balance of £38,500 which equates to £3,500 per manse. The balance of £20,867 at 31st August 2023 was below the reserve level but will be restored from the General Fund in 2023-24.

(d) The reserves policy for the CMTF 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 some of the cost of administering the Circuit which amounted to £863,655 (2021-22: £714,522).

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

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 four 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

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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.

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 an annual 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.
4. The Circuit's manses and church buildings are at risk from damage to property and theft which is minimised by all manses and church buildings being adequately covered by appropriate insurance policies with Methodist Insurance.

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.

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:

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- 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 Methodist Church House, 25, Tavistock Place, London WC1H 9SF 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.

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 and Property 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

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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 Mark Wade

6.6 Names of trustees

The following served as trustees throughout part or all of the year 2022-23 or were trustees at the time of this report being approved:

Mr	M	Avis		Mrs	F	Jenkins	until 12/9/23
Mr	K	Bassett	until 31/8/23	Revd	J	Illsley	
Mrs	D	Beesley		Mrs	J	Martyn	from 01/9/23
Mr	D	Beesley		Miss	J	Mason	Deceased
Mrs	J	Brandon		Mrs	J	Minnell	
Mrs	S	Bond	from 01/9/23	Mr	P	Moody	until 31/8/23
Mrs	S	Calvert		Revd	D	Muskett	
Mrs	L	Collins		Mr	H	Nightingale	
Revd	D	Coote		Mr	A	Painter	
Mr	N	Cox		Mrs	J	Pannell	
Revd	P	Crispin	from 01/9/23	Mr	M	Petter	
Mrs	P	Cuckow		Mrs	A	Rice	until 31/8/23
Mr	A	Dabbs		Revd	D	Rice	
Mr	T	DeGraftEshun	from 12/9/23	Dcn	S	Richardson	
Mrs	S	Dewberry		Mrs	B	Ross	
Mrs	P	Dey		Mr	D	Sawyer	
Miss	P	Dimmick		Revd	C	Simpson	until 31/8/23
Mr	R	Duke	until 31/8/23	Mr	G	Smithers	until 31/8/23
Mr	B	Dyer		Mrs	R	Standford	
Revd	D	Faulkner	from 01/9/23	Mrs	A	Steinhausen	
Revd	E	Goddess		Mr	E	Strankalis	from 01/9/23
Revd	R	Goddess		Mr	M	Thomas	
Mrs	A	Griffiths		Mrs	M	Travell	
Mr	P	Gregory		Mrs	E	Wade	
Dcn	J	Hacon		Mr	M	Wade	from 01/9/23
Mr	A	Haynes		Mrs	M	Wheeler	
Mrs	S	Haynes	until 12/9/23	Mrs	C	Wilkins	
Mrs	B	Hayward	until 12/9/23	Mrs	C	Withers	
Mrs	E	Hodges		Revd	S	Wright	until 31/8/23
Mr	B	James					

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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

Approvals

The Trustees' Report and the Financial Statements were approved by the Circuit Meeting on
2 March 2024

Signed on behalf of the Circuit, as authorised:

David Muskett (signed)



David Muskett
Circuit Superintendent

Date: 2 March 2024

Mark Wade (signed)



Mark Wade
Circuit Treasurer

Date: 2 March 2024

Statement of Financial Activities (SOFA) for the year ended 31 August 2023

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Endowment Funds	Total 2022-23	Total 2021-22
		£	£	£	£	£	£
Income and Endowments							
Income from investments		13,546	25,895			39,441	5,604
Income from charitable activities							
Assessments on churches	4	374,868				374,868	422,719
CMTF levies refunded	13		200,000			200,000	0
Total from charitable activities		374,868	200,000	0	0	574,868	422,719
Lettings		92,272				92,272	123,821
Total charitable income		480,686	225,895	0	0	706,581	552,144
Other income	6	7,412				7,412	7,647
Total income and endowments		488,098	225,895	0	0	713,993	559,791
Expenditure							
Expenditure on charitable activities							
Grants and donations	7	2,913	12,585	42,631		58,129	-121,225
Stipends and associated costs	8	315,229				315,229	278,497
Maintenance on manses	9	480		70,002		70,482	21,519
Office expenses	10	6,968				6,968	5,115
Telephone and travel	10	23,382				23,382	19,694
Insurance and utility costs	11	24,902		9,998		34,900	21,568
District assessment		14,084				14,084	16,704
Methodist Church Fund		79,780				79,780	84,504
CMTF levies paid	13		155,052			155,052	325,111
Expenditure on other circuit property	9	40,298	9,659			49,957	37,984
Other outgoings	12,13	54,659	1,033			55,692	25,051
Total charitable expenditure		562,695	178,329	122,631	0	863,655	714,522
Net (expenditure)/income before investment gains/losses							
		-74,597	47,566	-122,631	0	-149,662	-154,731
Net (losses)/gains on investments	13,18				-283	-283	-447
Net (expenditure)/income before transfers							
		-74,597	47,566	-122,631	-283	-149,945	-155,178
Transfers between funds	14	-33,032	-32,103	65,135		0	0
Other gains/(losses)	15	345,530				345,530	445,463
Net movement in funds							
		237,901	15,463	-57,496	-283	195,585	290,285
Total funds brought forward							
	23-25	3,443,749	805,746	121,311	6,674	4,377,480	4,087,195
						0	0
Total funds carried forward							
	23-25	3,681,650	821,209	63,815	6,391	4,573,065	4,377,480

Balance Sheet as at 31 August 2023

Notes to the accounts

General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Designated Funds (Unrestricted)	Endowment Funds	Totals 2023	Totals 2022
£	£	£	£	£	£

Fixed Assets

Manse	16	3,454,427			3,454,427	3,110,829
Investment properties					0	0
Investments	18,25			6,391	6,391	6,674
Total fixed assets		3,454,427	0	0	6,391	3,460,818

Current Assets

Debtors and prepayments	17	56,262	4,000		60,262	37,226
Loans by the Circuit	17	1,500			1,500	0
Investments with TMCP	18		817,209		817,209	362,353
Solicitors' Client Account	19				0	443,008
Central Finance Board Deposits	20	193,611		126,764	320,375	514,216
Cash at Bank and in hand	20	12,026			12,026	18,336
Total current assets		263,399	821,209	126,764	0	1,211,372

Current liabilities

Creditors (due in under 1 year)	21	36,176		888	37,064	42,646
Grants payable within 1 year	22			62,061	62,061	72,516
Total current liabilities		36,176	0	62,949	0	99,125
Net current assets/liabilities		227,223	821,209	63,815	0	1,112,247

Total assets less current liabilities		3,681,650	821,209	63,815	6,391	4,573,065
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Net assets		3,681,650	821,209	63,815	6,391	4,573,065
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Funds of the Circuit

Unrestricted:						
General Fund	23.1	227,223			227,223	332,920
Property Fund	23.1	3,454,427			3,454,427	3,110,829
Circuit Model Trust Fund	23.2		821,209		821,209	805,746
Designated Funds	23.3			63,815	63,815	121,311
Total Unrestricted Funds					4,566,674	4,370,806
Endowment Funds	24				6,391	6,674
Total Funds	25	3,681,650	821,209	63,815	6,391	4,573,065

The financial statements were approved by the Board of Trustees on 2nd March 2024

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	
Statement of cash flows for the year ended:			31 August 2023	
		Notes	2023 £	2022 £
Cash flows from operating activities:				
Cash generated from operations	1		(229,136)	(308,786)
Net cash provided by (used in) operating activities			(229,136)	(308,786)
Cash flows from investing activities:				
Interest received from investments			39,441	5,604
Sale/(purchase) of tangible fixed assets			1,932	831,241
Net cash provided by (used in) investing activities			41,373	836,845
Change in cash and cash equivalents in the reporting period			-187,763	528,059
Cash and cash equivalents at the beginning of the reporting period			1,337,913	809,854
Cash and cash equivalents at the end of the reporting period:			1,150,150	1,337,913
1 Reconciliation of net income/(expenditure) to net cash flow from operating activities				
			2023 £	2022 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)			(149,945)	(155,178)
Adjustments for:				
Losses/(gains) on investments			283	447
Interest received			(39,441)	(5,604)
Decrease/(increase) in debtors			(24,536)	5,918
(Decrease)/increase in creditors			(15,497)	(154,369)
Net cash provided by (used in) operating activities			(229,136)	(308,786)

1 Accounting framework and accounting policies

i Accounting framework

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective from 1 January 2019)'. Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011.

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 2019.

vi Going concern

Based on the monetary assets and human resources available at 31 August 2023, 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 new manses purchased after 1 September 2015, which are brought into the accounts at their purchase price. The total land component is deemed to be £1,151,476, 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, 24 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 (i.e., 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 12 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 2022

	General Funds (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds £	Endowment Funds £	Total 2021-22 £
Income and Endowments					
Income from investments	5,604	0	0	0	5,604
Income from charitable activities					
Assessments on churches	422,719				422,719
Total from charitable activities	422,719	0	0	0	422,719
Lettings	123,821				123,821
Total charitable income	552,144	0	0	0	552,144
Other income	7,397	0	250	0	7,647
Total income and endowments	559,541	0	250	0	559,791
Expenditure					
Expenditure on charitable activities					
Grants and donations	-98,848	-22,377			-121,225
Stipends and associated costs	278,497				278,497
Maintenance on manses	280	21,239			21,519
Office expenses	5,115				5,115
Telephone and travel	19,694				19,694
Insurance and utility costs	13,370	8,198			21,568
District assessment	16,704				16,704
Methodist Church Fund	84,504				84,504
CMTF levies	325,111				325,111
Expenditure on other circuit property	37,984				37,984
Other outgoings	24,801		250		25,051
Total charitable expenditure	707,212	7,060	250	0	714,522
Net income before investment (losses)/gains	-147,671	-7,060	0	0	-154,731
Net (losses)/gains on investments				-447	-447
Net (expenditure)/income before transfers	-147,671	-7,060	0	-447	-155,178
Transfers between funds	-29,000	29,000			0
Other gains/(losses)	445,463				445,463
Net movement in funds	268,792	21,940	0	-447	290,285
Total funds brought forward	3,980,703	99,371	0	7,121	4,087,195
Less future instalments of grant					0
Total funds carried forward	4,249,495	121,311	0	6,674	4,377,480

4 Assessments on Churches

The Circuit oversees the work of the following Churches:

Bedhampton Methodist Church
St Mark's, Bordon
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 assessment paid by churches is calculated using a formula that is approved by Circuit Meeting of 25% membership 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 2022-23, the overall assessment to be raised represented a 2% increase compared to 2021-22. In addition, in continuing recognition of the effect of the pandemic on churches' finances, it was decided that no church should be asked to pay an increase and that any reduction should be limited to 10%. Any shortfall was to be met from reserves.

The debt arising from Gosport Methodist Church's unpaid 2021-22 assessment was written off using a grant from the Circuit's Mission fund as agreed at Circuit Meeting. Portsmouth Methodist Church only paid 5 months of its 2022-23 assessment and the remaining 7 months has been entered as a debt, see note 17. It is expected that Portsmouth Methodist Church will pay the assessment debt during 2023-24.

In 2022-23, the Circuit no longer oversaw the work of the Beacon Church at Bordon as it was closed and its funds transferred to St Mark's, Bordon in February 2022.

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 £19,918 to 13 trustees. This is an increase when compared to 2021-22 (£17,841) due to more trustees being reimbursed.

6 Other income

The figure of £7,412 (2021-22: £7,647) is: £2,663 from bookkeeping services offered to Churches; a £1,500 paid as a loan for church roof repairs and repaid within the year; £249 received as a collection from the Welcome Service and paid out to the Methodist Church Fund for Training; £2000 from a bequest; and £1,000 from a donation.

7 Grants and donations and related support costs

Several grants were made during 2022-23 to pay: the interest received from the Gane Bequest; to churches for property projects and mission work; to write off the 2021-22 unpaid assessment debt; to increase the grant for the Haslemere Mission Intern and to the Havant Passion Play. A total of £58,129 (2021-22: -£121,225).

	2022-23	2021-22
	£	£
From General Fund:		
Gane Bequest interest paid to Gosport MC	178	152
Grants paid to churches for property projects	2,735	3,500
Total	2,913	3,652
From Circuit Model Trust Fund:		
Property project grant to Hart Plain Church	12,585	
Remove agreed grant to Beacon Church		-102,500
Total	12,585	-102,500
From Mission & Outreach Fund:		
Additions/reductions to agreed grants	3,800	-40,000
Grants to Churches for mission projects	27,022	1,139
Write off unpaid assessments	8,809	16,484
Grant for Havant Passion Play	3,000	
Total	42,631	-22,377
Total grants and donations	58,129	-121,225

8 Salaries and associated costs

Gross salaries paid to 11 (9 in 2021-22) employees were as follows:

	2022-23	2021-22
	£	£
Gross pay	248,985	191,801
Employer's National Insurance Contributions	20,756	15,583
Employer's pension contributions to defined benefit schemes	45,488	30,113
Voluntary contribution to employer's pension		41,000
Total stipends and associated costs	315,229	278,497

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

	2022-23	2021-22
	£	£
Maintenance and repairs on manses	70,002	21,239
Quinquennial inspections on manses	480	280
Maintenance on manses total	70,482	21,519
From General Fund & Property Reserve Fund:		
Quinquennial inspections on churches	1,295	860
Letting agent fees	5,625	10,540
Copnor Church building costs	15,607	20,656
Bridgemary Church building costs	14,052	3,402
Manse legal fees	3,719	2,526
Total	40,298	37,984
From Circuit Model Trust Fund:		
Manse legal fees	9,659	
Total	9,659	0
Expenditure on other Circuit property total	49,957	37,984

10 Office expenses and telephone and travel

	2022-23	2021-22
	£	£
Ministers' & Lay employees office costs	1,041	1,445
Circuit office costs	5,927	3,670
Office expenses total	6,968	5,115
Ministers' & Lay employees' travel costs	18,000	15,655
Circuit Stewards' travel costs	1,086	930
Ministers' & Lay employees' telephone costs	4,296	3,109
Telephone and travel total	23,382	19,694

11 Insurance and utility costs

	2022-23	2021-22
	£	£
Manses insurance	9,998	8,198
Manses council tax	20,234	11,308
Manses water & sewerage rates	4,668	2,062
Total	34,900	21,568

12 Other outgoings

	2022-23	2021-22
	£	£
Local preachers' expenses	2,000	1,494
Supernumeraries' expenses	2,706	2,256
Circuit Stewards' other costs	90	4
Training and Development costs	469	1,106
Audit fees	4,063	3,870
Youth work		225

Bank charges	75	108
Contribution to URC for Drayton United Church		992
Miscellaneous costs	3,135	2,863
Removal costs	21,132	5,194
Relocation allowance	1,200	1,200
Loans paid out	1,500	4,500
Welcome Service collection paid out	249	
Manse rental costs	18,040	
Grant for contribution to tuition costs paid out		250
TMCP admin charge	1,033	989
Total	55,692	25,051

None of the remaining individual amounts – aggregated as ‘miscellaneous costs’ above - is considered material and therefore, are not listed separately.

13 Investment management

During the year the Circuit paid an administration charge of £1,033 (2021-22: £989) 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 (£362,354) and is shown in the other outgoings line on the SOFA and in Note 12 above.

The Circuit paid £18,427 (2021-22: £16,615) as its annual contribution to the District Advance Fund (DAF) of Southampton District which was levied on an asset value in the CMTF of £362,354 at 31 August 2022. In addition, the Circuit paid the Connexional Priority Fund (CPF) Levy on the sales proceeds of 2 manses: £132,477 for 31 Ellesmere Orchard calculated on sales proceeds of £391,193; and £4,148 for 18 Priors Wood calculated on sales proceeds of £690,739 offset against the purchase cost of £640,000 of 26 Lowsley Farm Drive. CPF Levy is calculated in accordance with CPD Standing Order 972. The total levies paid were £155,052

A CPF Levy refund of £200,000 was received as the purchase cost of £440,00 of 10 Panton Close was offset against the sale proceeds of 16 Cousins Grove and it is shown under income from charitable activities on the SOFA.

The amount of -£283 (2021-22: -£447) on the net (losses)/gains 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, 24 and 25.

14 Transfers between funds

The transfers between funds shown on the SOFA represents: transfers of budget amounts, transfers from the CMTF as agreed by the Trustees at Circuit Meeting, and transfers to and from the Property Reserve due to the sale and purchase of manses. The net £33,032 out of the General and Property Reserve Fund is made up of: £34,250 to the Manse Fund for manse repairs and insurance; £3,150 from the CMTF for rent paid for temporary accommodation for one of the ministers; £1,080,000 from the CMTF to add the purchase value of 2 manses to the Property Reserve and £1,081,932 to remove the value of the sale of 2 manses from the Property Reserve. The net £32,103 out of the CMTF is made up of: £3,150 to the General Fund; £1,080,000 to the Property Reserve; £1,081,932 from the Property Reserve; and £30,885 to the Manse Fund. The £65,135 into the Manse Fund is made up of: £25,000 for manse repairs budget and £9,250 for manse insurance budget from the General Fund, and £30,885 from the CMTF for work needed on the 2 new manses after being purchased and a new kitchen for 6 St Thomas Close.

15 Other gains/(losses)

In May 2023 two of the manses were sold, 31 Ellesmere Orchard and 18 Priors Wood, and the total proceeds of £1,081,932 were received. The value of 18 Priors Wood and purchase price of 31 Ellesmere Orchard, a total of £736,402, were removed from the value of the freehold property and the overall gain was £345,530. 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 buildings value on 1 September 2015 except for any new manse purchased after 1 September 2015 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 2022	1,036,943	2,073,886	3,110,829
Remove value of manse sold	(128,800)	(257,602)	(386,402)
Remove purchase price of manse sold	(116,667)	(233,333)	(350,000)
Add purchase price of 2 manses bought	360,000	720,000	1,080,000
Balance carried forward at 31 August 2023	1,151,476	2,302,951	3,454,427

17 Debtors and prepayments

All sums paid in advance at 1 September 2022 were for costs incurred during 2022-23. Similarly, it is expected that payments in advance at 1 September 2023 will be expensed in 2023-24. The 2021-22 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:	2022-23 £	2021-22 £
Debtors		
Contribution for Prayer handbooks	213	232
Unpaid church assessments 2021-22	-	8,809
Unpaid church assessments 2022-23	24,731	-
Prepayments		
Ministers' stipends paid in advance	24,063	22,390
Lettings fees paid in advance	-	210
Accrued income		
August rent paid in September	3,950	5,200
CMTF interest due for 31 August	4,000	385
Refund received in October for Copnor		
Church building insurance paid in May	3,305	
Total	60,262	37,226

Loans by the Circuit

Bedhampton Methodist Church

1,500

80% 100%

Total

61,762

37,226

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.

Market value	£
As at 1 September 2022	6,674
Revaluation	(283)
As at 31 August 2023	6,391
Net book value	
As at 31 August 2023	6,391
As at 31 August 2022	6,674

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. The purchase was completed on 4 October 2022 and the capital value of the purchase transferred to tangible fixed assets.

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

	2022-23	2021-22
Creditors:	£	£
Audit fee	4,063	3,870
Expenses reimbursed	2,189	3,506
Assessment taken in error and owed to Cowplain Methodist Church	-	592
Farewell service collection owed to Methodist Church Fund for Training	389	-
Balance of donations paid into Refugee Asylum Fund	-	94

Accruals:

Accrued expenses	1,182	1,221
Manse repairs owed	888	442
Total creditors & accruals	8,711	9,725

Deferred income:

Assessments paid in advance	27,318	29,386
Rent paid in advance	1,035	3,535
Total	28,353	32,921
Total creditors	37,064	42,646

	Deferred 01-Sep-22	Released in year	Deferred in year	Deferred 31-Aug-23
Deferred income				
Assessments paid in advance	29,386	(29,386)	27,318	27,318
Rent paid in advance	3,535	(3,535)	1,035	1,035
Total	32,921	(32,921)	28,353	28,353

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 2023, the Circuit had the following commitments to pay grants from the Mission Fund:

	2022-23	2021-22
	£	£
From Mission Fund:		
Remaining grant agreed for Beacon Church Bordon	36,261	50,516
Grant agreed towards Haslemere MC Mission Intern	25,800	22,000
Total agreed grants payable	62,061	72,516

23 Unrestricted Funds**23.1 General Fund – balance £3,681,650 at 31 August 2023 (2022: £3,443,749)**

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. 93.8% 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 £821,209 at 31 August 2023 (2022: £805,746)

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.

23.3 Designated Funds – balance £63,815 at 31 August 2023 (2022: £121,311)

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 2023 of £63,815 is made up of: £20,867 in the Manse Fund; £42,948 in the Mission and Outreach Fund plus £62,061 for agreed grants (note 22 above).

24 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.

25 Movement in significant individual funds

Movement in funds for current year 12 months:

Fund	Balance at 01-Sep-22 £	Income £	Expenditure £	Transfers £	Gains/ Losses £	Balance at 31-Aug-23 £
General Fund	332,920	488,098	562,695	(31,100)		227,223
Property Reserve Fund	3,110,829			(1,932)	345,530	3,454,427
Circuit Model Trust Fund	805,746	225,895	178,329	(32,103)		821,209
Manse Fund (Des)	35,731		79,999	65,135		20,867
Mission & Outreach (Des)	85,580		42,632			42,948
Total unrestricted funds	4,370,806	713,993	863,655	0	345,530	4,566,674
Gane Bequest	6,674	0	0	0	(283)	6,391
Total endowment funds	6,674	0	0	0	(283)	6,391
Total funds	4,377,480	713,993	863,655	0	345,247	4,573,065

Comparatives for movement in funds for prior 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
Total unrestricted funds	4,080,074	559,541	714,272	0	445,463	4,370,806
Local Preachers (Res)	0	250	250	0	0	0
Total restricted funds	0	0	0	0	0	0
Gane Bequest	7,121				(447)	6,674
Total endowment funds	7,121	0	0	0	(447)	6,674
Total funds	4,087,195	559,791	714,522	0	445,016	4,377,480

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

Fund	Balance at 01-Sep-21 £	Income £	Expenditure £	Transfers £	Gains/ Losses £	Balance at 31-Aug-23 £
General Fund	248,358	1,044,272	1,005,307	(60,100)		227,223
Property Reserve Fund	3,496,607			(1,932)	(40,248)	3,454,427
Circuit Model Trust Fund	235,738	229,262	442,929	(32,103)	831,241	821,209
Manse Fund (Des)	36,169		109,437	94,135		20,867
Mission & Outreach (Des)	63,202		20,254			42,948
Total unrestricted funds	4,080,074	1,273,534	1,577,927	0	790,993	4,566,674
Local Preachers (Res)	0	250	250			0
Total restricted funds	0	250	250	0	0	0
Gane Bequest	7,121				(730)	6,391
Total endowment funds	7,121	0	0	0	(730)	6,391
Total funds	4,087,195	1,273,784	1,578,177	0	790,263	4,573,065

26 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.

27 Capital commitments and contingent liabilities

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

28 Auditor

An accrual has been made for the fee of the auditors in the sum of £4,063 for the year 2022-23 (2021-22 £3,870).

29 Related party disclosures

There were no related party transactions for the year ended 31 August 2023.

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 2023 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 2023 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.

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

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 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: 18 March 2024

