

South Warwickshire Methodist Circuit

Registered Charity Number 1154830

Trustees' Report and Audited Accounts

for the year ended 31 August 2022

South Warwickshire Methodist Circuit Trustees' Report for the year ended 31 August 2022

Introduction

This report and accounts covers the year to 31 August 2022.

The Circuit seeks to live out the calling of the Methodist Church to respond to the gospel of God's love in Christ and to live out its discipleship and to:

- increase awareness of God's presence and to celebrate God's love
- help people to grow and learn as Christians through mutual support and care
- be a good neighbour to people in need and to challenge injustice

The mission of the South Warwickshire Methodist Circuit is to encourage and support people to be open and responsive to God, each other and the world.

Review of the year

The Statement of Financial Activities shows a net deficit on the General Fund, before investment and other recognised gains and losses, of £88,721 for the year. This reflects planned utilisation of reserves to fund a policy of spending reserves on new initiatives to spread the word of God.

During the year the decision was made to dispose of the Mickleton manse. It was sold in April 2023. To reflect the change in that property's status it was transferred to the current asset investments category on the balance sheet. In doing so, the valuation basis changed and the loss on reclassification is shown in the Statement of Financial Activity.

During the year the Methodist Churches at Fenny Compton and Tysoe closed. As is normal in such cases, managing trusteeship of their assets passed to the Circuit. The plan is to dispose of the buildings. The gain arising on recognising the value for them is shown on the Statement of Financial Activity and they are classified as current asset investments on the Balance Sheet.

Net expenditure of £18,607 on the Circuit Model Trust Fund mainly arises from the District Advance Fund contribution of £19,160.

At the year end total reserves were £3,513,667. Of that £3,189,126 is held in fixed assets or property awaiting sale.

Income trends

The principal funding sources during the year were:

- 1) *General Fund* Assessments received from the churches in the Circuit: £277,958. (2021: £289,342)
- 2) *Circuit Model Trust Fund*: Investment income of £1,614. (2021: £1,267)

Expenditure trends

The principal items of expenditure were the stipends of ministers and provision of their manses, as well as the salaries of lay workers employed by the Circuit. Stipends increase each year in line with increases approved by the Methodist Conference. Lay workers are paid at or above the Living Wage (determined each November by the Living Wage Foundation). Lay worker salaries are reviewed annually to take account of any change in the scope and scale of responsibilities, individual performance and local comparators.

**South Warwickshire Methodist Circuit
Trustees' Report for the year ended 31 August 2022 (continued)**

Expenditure trends (continued)

An assessment of £57,420 (2021: £55,716) was paid to the Birmingham Methodist District, to support the work of the Methodist District and the wider Methodist Church. The annual contribution to the District Advance Fund, £19,160 (2021: £28,778), was reduced from the previous year as a result of lower Model Trust Fund reserves. The contribution is made under Standing Order 955(6) and is a tariff based on Circuit funds held by the Trustees for Methodist Church Purposes at the previous year end.

Fund balances

At 31 August 2022 net current assets were £972,864 (2021 £513,909). The increase in net current assets arises from the recognition of values for buildings inherited when the Methodist Churches at Fenny Compton and Tysoe closed. These are recognised as current asset investments as the Circuit Meeting has resolved that they are surplus to requirements and intends to dispose of them.

Plans for 2022/23 and future years

Historically the Circuit sort to cover normal ongoing costs from the assessment income. The disruption of the Covid 19 pandemic has impacted on the income of many churches and caused some to close. As a consequence, the Circuit is not yet able to return to its previous funding model. In the short term income from property disposals will bridge the gap.

Basis of preparation of accounts and legal framework

The Charity's annual report and accounts for the year ended 31 August 2022 have been prepared in accordance with the Charities Act 2011 and the Charities: Statement of Recommended Practice 2019 as applicable to the Financial Reporting Standard (FRS) 102.

These financial statements are subject to audit owing to the gross asset value of the Circuit exceeding the relevant threshold.

Charity registration number: 1154830

Main communication address : 9 Northvale Close, Kenilworth, CV8 2EN

South Warwickshire Methodist Circuit

Trustees' Report for the year ended 31 August 2022 (continued)

Charity trustees

The members of the South Warwickshire Methodist Circuit meeting are the Charity Trustees, membership being made up of circuit office holders, ministers and representatives appointed by the local churches (see Appendix to Trustees' Report for a full list of Trustees). The Circuit meeting delegates the day to day running of the circuit to a leadership team.

Circuit Leadership Team for the year to 31 August 2022

<i>Active circuit ministers</i>	Rev Iain Ballard
	Rev Sally Jones
	Rev Jeongsook Kim
	Rev Audrey Simpson
	Rev Jemima Strain (part time)
	Rev Richard Wilde (part time)
<i>Circuit staff</i>	Christine Flood - Assistant Minister to 10 December 2021
<i>Circuit stewards</i>	Sheila Brown
	Trevor Pethick
	David Witham (Treasurer)

David Witham acted as the principal officer overseeing the day to day financial management and accounting for the Circuit during the year.

Auditors	JW Hinks LLP - Chartered Accountants and Statutory Auditors
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Bankers	Central Finance Board of the Methodist Church Trustees for Methodist Church Purposes CAF Bank
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Aims and organisation

The charity's objective is to act as a resource provider in South Warwickshire for the Methodist Church.

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

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

South Warwickshire Methodist Circuit Trustees' Report for the year ended 31 August 2022 (continued)

Aims and organisation (continued)

The Circuit encourages and supports the Methodist churches in South Warwickshire in: the organisation and resourcing of regular public acts of worship which are open to members of the church and non members alike.

- the teaching of Christianity through sermons, courses and small groups.
- the resourcing of pastoral work including visiting the sick and bereaved.
- taking religious assemblies in local schools.
- promotion of Christianity through the staging of events and services.
- provision of clubs, activities and support groups with a Christian ethos.
- supporting other charities in the UK and overseas financially and with prayer.

The Circuit reviews its aims, objectives and activities and identifies opportunities for future action. It promotes mission and gives appropriate support to churches that demonstrate that they are outward looking, mission focused, not averse to change and taking risk and, where possible and appropriate, seeking to work in partnership with others.

Public Benefit

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

Structure, Governance and Management

The governing document for the circuit is the Deed of Union (1932) and Methodist Church Act (1976). Detailed governance arrangements are outlined within the Constitutional Practice and Discipline of the Methodist Church by order of the annual conference (CPD). Day to day management of the Circuit is undertaken by the Circuit Leadership team.

Selection of Trustees and Training of Trustees

Trustees are appointed as set out in the Constitutional Practice and Discipline of the Methodist Church. Appointment is made by local churches or existing trustees or, in the case of ministers, on stationing in the Circuit. A range of guidance produced by Methodist Connexion to support the effective running of the Circuit is given to Circuit Meeting members, in particular the leaflet 'The Role of a Trustee in The Methodist Church' is given to all new Circuit Meeting members as induction to their role as trustees. Other training is provided to Trustees appropriate to their role and responsibility within the Circuit.

Related Parties

The Circuit is part of the Birmingham District and is also accountable to the Methodist Conference. The following Methodist Churches and Local Ecumenical Projects (LEP) are linked to the Circuit: Cubbington, Dale Street, Fenny Compton, Henley in Arden, Kenilworth, Kineton, Mickleton, Radford Road (LEP), Stockton (LEP), Stratford upon Avon, Tysoe, Welford on Avon, Warwick, Wellesbourne and Whitnash.

The trustees and their close family members are also related parties.

South Warwickshire Methodist Circuit

Trustees' Report for the year ended 31 August 2022 (continued)

Risk Management

The major risks have been identified and recorded by the Circuit Leadership Team with professional advice taken as required. There is a regular annual review process undertaken and recorded. Income and expenditure is compared with the approved annual budget on a half yearly basis to detect trends as part of the risk management process and avoid unforeseen calls on reserves.

Safeguarding

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

Methodist Connexional practice outlines commitment to the following principles:

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

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

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

South Warwickshire Methodist Circuit
Trustees' Report for the year ended 31 August 2022 (continued)

Reserves Policy

The Reserves Policy for the Circuit is to hold a minimum sum equivalent to 4 months' average expenditure. This should be sufficient to meet any unforeseen item of major expenditure on manses and continue planned activities for the short term in the event of any inability to raise the full circuit assessment from churches.

At 31 August 2022, the Circuit held reserves of £972,864, excluding reserves held as tangible fixed assets. This represents £833,000 in excess of the amount determined under the Circuit's reserves policy. The Circuit continues to develop a strategy to utilise surplus reserves for the furtherance of its objectives. The Circuit Meeting on 17 July 2017 agreed that the following costs should be excluded from the base for calculating assessments on churches and will be funded from reserves:

- Manse refurbishment costs in excess of rental income
- Costs of three part time presbyters for the length of their appointments
- Cost of additional mission focussed ministry (specific appointments being developed)
- Grants

The policy is continuing.

South Warwickshire Methodist Circuit
Trustees' Report for the year ended 31 August 2022 (continued)

Statement of Trustees' Responsibilities

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

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on 28 June 2022 and signed on its behalf by:



Deacon Jane Mills

Acting Superintendent Minister

**South Warwickshire Methodist Circuit
Circuit Meeting Membership**

MINISTERS	Rev Dr Iain Ballard	
	Rev Jemima Strain	
	Rev Jeongsook Kim	
	Rev Audrey Simpson	To 31 August 2022
	Rev Sally Jones	From 1 September 2021
	Deacon Jane Mills	From 1 September 2022
OTHER MINISTERS RESIDING IN THE CIRCUIT WHO WISH TO BE MEMBERS OF THE CIRCUIT MEETING		
	Rev Andy Laird	To 9 June 2022
	Rev E Brian Mason	
	Rev Richard Wilde	
	Rev Sam McBratney	
	Rev Ros Murphy	From 1 September 2021 to 15 June 2023
CIRCUIT STEWARDS	Trevor Pethick	
	Miranda Tarrant	To 31 December 2021
	David Witham - Treasurer	
	Janet Mee	To 31 August 2022
	Sheila Brown	From 3 March 2022
LOCAL PREACHERS REPRESENTATIVES		
	Russell Blackwell	
<u>CHURCH REPRESENTATIVES</u>		
Bidford upon Avon	Alan Walker	To 30 September 2021
Cubbington	Derek Dwyer	
	David Chirnside	
Dale Street	Rachel Weir	To 3 March 2022
	June Gabbittas	From 3 March 2022
	Jill Lloyd	From 7 September 2022
	Joanna Rhodes	
	Mark Whitehouse	From 7 September 2022
Fenny Compton	Linda Coleman	To 16 September 2021
	Jane Knight	To 16 September 2021
Henley in Arden	Margaret Blakemore	
	Andrew Steele	
Kineton	Michael Phipps	To 31 January 2021
	Roger Carter	From 1 June 2023
	Lesley Rimell	From 12 October 2021
	David Gill	To 16 September 2021
Kenilworth	Sandra Quartermann	From 7 September 2022
	Andrew Bennett	To 30 June 2022
	Sally McCawley	From 1 September 2022
	Mervyn Harvey	To 30 September 2022
	Jonathon Burrows	From 1 June 2023
Mickleton	Mark Boulton	To 30 October 2022
	Timothy Mead	To 30 October 2022
Radford Road	Margaret Bull	
	Andrew Davidson	From 1 April 2022
	Christina Wise	To 31 March 2022
Stockton	Heather Chamberlain	
Stratford upon Avon	Janet Grant	From 1 June 2023
	Kathleen Fraser	
	David Dumper	
Tysoe	Christopher Gibbs	To 16 September 2021
	Russell Blackwell	To 16 September 2021
Warwick	Trevor Blades	To 12 October 2021
	Anne Oliver	From 12 October 2021
	Julie Barr	From 1 June 2023
	Ken Hayward	From 1 June 2023
	Trevor Wills	
Welford upon Avon	Brian Bradley	
Wellesbourne	Alison Lusty	To 14 October 2021
	Carol Cave	From 14 October 2021
	Roger Thompson	
Whitnash	Jan Tyrrell	
OTHERS APPOINTED		
Climate Change	Mark Boulton	
Safeguarding	Penelope Sharples	From 22 June 2022
Archivist	Edward Royle	From 22 June 2022

South Warwickshire Methodist Circuit
Statement of Financial Activities (SOFA) for the year ended 31 August 2022

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Year ended 31.8.22	General Fund (Unrestricted)	Circuit Model Trust Fund (Unrestricted)	Year ended 31.8.21
		£	£	£	£	£	£
Income							
Charitable activities							
Assessments from churches	5	277,958	-	277,958	289,342	-	289,342
Lettings of manses	6	11,409	-	11,409	13,800	-	13,800
Other	7	21,738	-	21,738	33,766	-	33,766
Interest receivable	8	240	1,614	1,854	59	1,267	1,326
Total income		311,345	1,614	312,959	336,967	1,267	338,234
Expenditure							
Stipends, salaries, NI, Pension	9	261,419	-	261,419	277,723	-	277,723
District Assessment		57,420	-	57,420	55,716	-	55,716
Telephone & travel		12,254	-	12,254	8,852	-	8,852
Insurance, utilities, etc		20,210	-	20,210	20,382	-	20,382
Maintenance on manses		8,923	-	8,923	17,095	-	17,095
Office costs		12,047	-	12,047	16,856	-	16,856
Other Expenditure		23,834	1,061	24,895	22,251	1,001	23,252
Grants and donations		3,239	-	3,239	943	-	943
Depreciation		720	-	720	288	-	288
Contributions to District Advance Fund		-	19,160	19,160	-	28,778	28,778
Total expenditure		400,066	20,221	420,287	420,106	29,779	449,885
Net (expenditure) / income		(88,721)	(18,607)	(107,328)	(83,139)	(28,512)	(111,651)
Gains and losses on investment assets							
Loss on reclassification	13	(204,187)	-	(204,187)	-	-	-
Other recognised gains and losses							
Redundant churches held for sale	13	371,910	-	371,910	80,600	-	80,600
Reclassification of funds		-	-	-	-	-	-
Transfers between funds		-	-	-	-	-	-
Draw down from model trust		70,000	(70,000)	0	100,000	(100,000)	0
Net movement in funds		149,002	(88,607)	60,395	97,461	(128,512)	(31,051)
Reconciliation of funds:							
Total funds brought forward		3,081,096	372,176	3,453,272	2,983,635	500,688	3,484,323
Total funds carried forward		3,230,098	283,569	3,513,667	3,081,096	372,176	3,453,272

South Warwickshire Methodist Circuit
Balance Sheet as at 31 August 2022

	Notes	General Fund (Unrestricted) £	Circuit Model Trust Fund (Unrestricted) £	31 August 2022 £	31 August 2021 £
Tangible Fixed Assets					
Land, buildings & equipment	11	2,540,803		2,540,803	2,539,363
Investment property	12	-		-	400,000
Total fixed assets		2,540,803		2,540,803	2,939,363
Current Assets					
Current investments	13	648,323	-	648,323	80,600
Debtors and prepayments	14	18,287	230	18,517	22,005
Trustees for Methodist Church Purposes		-	283,339	283,339	372,136
Central Finance Board Deposits		13,242	-	13,242	51,668
Cash at bank		29,375	-	29,375	10,209
Total current assets		709,227	283,569	992,796	536,618
Creditors and Accruals (due in under 1 yr)	15	19,932	-	19,932	22,709
Net current assets		689,295	283,569	972,864	513,909
Net assets		3,230,098	283,569	3,513,667	3,453,272
Funds of the Circuit					
General Fund	16	3,230,098	-	3,230,098	3,081,096
Circuit Model Trust Fund	16	-	283,569	283,569	372,176
Total Funds		3,230,098	283,569	3,513,667	3,453,272

Signed:

Dated:

28 June 2023


 David Witham FCA
 Circuit Treasurer

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

1. Basis of accounting

The financial statements of the charity, which is a public benefit entity under FRS 102, 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 with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRC 102) (effective 1 January 2019)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities Act 2011.

2. Public benefit entity

The charity constitutes a public benefit entity as defined by FRS 102.

3. Consolidation

The Circuit has denominational regulatory oversight in respect of the work of the Churches within the Circuit but has no legal or operational control of those Churches and their governing bodies except in extreme circumstances. For this reason, the financial statements of those Churches within the Circuit are not consolidated into these financial statements.

4. Accounting policies

i. Income Recognition

Income is brought into account when the Circuit becomes entitled to the resources and the Trustees believe it is more likely than not that they will receive the resources, and the monetary value can be measured with sufficient reliability.

In accordance with Charities SORP (FRS 102), the time of volunteers is not recognised.

ii. Expenditure and Liabilities

Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the Trustees to pay out resources and the amount of the obligation can be measured with reasonable certainty.

iii. Grants

Where there are no conditions attaching to a grant made by the Circuit from its own funds, the grant is recognised in full at the time of agreement to make the grant. Where the Circuit gives a grant with conditions for its payment, being a specific level of service or output to be provided, the grant is only recognised in the SOFA once the recipient of the grant has provided the specified service or output. When the grant to be accrued is recurrent over more than one year, the balance payable in future years is treated as a provision for future commitments in the Balance Sheet against the appropriate fund, the provision being released in future years as instalments are paid in accordance with the originally agreed terms.

iv. VAT

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

South Warwickshire Methodist Circuit

Notes to the Accounts for the year ended 31 August 2022

4. Accounting policies (continued)

v. Tangible fixed assets

These are capitalised if they can be used for more than one year, and individually cost at least £250.

The freehold property held at 1 September 2015 is shown in the accounts at 2015 deemed value, being that property's insurance reinstatement value. The freehold property purchased after 1 September 2015 is shown at cost on acquisition. The freehold property acquired at the merger with part of the Stratford and Evesham Circuit is shown at the value previously used in the accounts of that circuit. The land component of the freehold property is deemed to be £50,000 per property.

No depreciation is provided on property because the Trustees consider the current residual fair value of the property in its present condition to be not less than the value at which it is stated in the balance sheet and, in the absence of any evidence of impairment, any depreciation for the buildings component of the property would be immaterial. Depreciation is provided on fixtures, fittings and equipment on a straight line basis over three years.

vi. Investment properties

From time to time the Circuit may hold residential property (formerly manses) which is surplus to its normal staffing requirements. Where this is the case and the property is deemed not to be held for the long term purposes of the Circuit, the property is designated as an investment property. The investment property acquired at the merger with part of the Stratford and Evesham Circuit is shown at the value previously used in the accounts of that circuit.

vii. Properties held for sale

From time to time the Circuit may be required to assume responsibility for Church premises following closure and cessation of worship. This results in the Circuit Trustees becoming the managing trustees for the property so that the Trustees decide whether the property can be used in a different way to further the mission of the Circuit or whether it is redundant and should be sold. If a decision is made to sell the property, it is classified as a current asset investment. Similarly, any other property held for resale would be a current asset investment. Such properties are recognised as an asset at its anticipated net sale price as determined by a professional valuation and after taking account of the levy to be charged by the Connexion. Any expenditure on the property that is likely to enhance its sales value is capitalised at the time that the expenditure is incurred. Where proceeds are intended to be spent on activities, the property is included in assets at the lower of cost and net realisable value.

viii. Debtors, creditors, bank and cash

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

ix. Methodist Connexional Funds

The Methodist Church Connexion raises assessments against Circuits and these are paid quarterly to their Districts. The Circuits raise assessments against Churches in the Circuit. The District remits to The Methodist Church Fund most of the sum received from Circuits. A small sum is retained by the District to meet its own costs.

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

4. Accounting policies (continued)

x. Ministers' Manse Costs

The Circuit is required to provide accommodation for each minister in the Circuit and their families and ministers are expected to occupy the manse provided for them. The Circuit bears the cost of repairs, maintenance, buildings insurance, Council Tax and water charges, as well as the cost of ministers' removal to the Circuit. Where any manse costs are viewed by HMRC as taxable benefits to the minister, the resulting employer NI charge is included as part of the NI cost for the year.

5. Assessments from Churches

At the year end the Circuit comprises 15 churches which are assessed for a contribution to meet the overall net core, ongoing costs of the Circuit. 80% of the assessment is apportioned to the Churches on the basis of their adjusted income, including only 50% of letting income to allow for increased running costs and excluding one-off receipts, and 20% of the assessment is apportioned on the basis of their unrestricted reserves.

	Year ended	Year ended
	31.8.22	31.8.21
	£	£
Bidford on Avon	-	2,937
Cubbington	20,428	20,428
Dale Street	69,276	69,276
Fenny Compton	1,531	6,125
Henley in Arden	6,024	6,024
Kenilworth	58,320	58,193
Kineton	6,524	6,524
Mickleton	7,660	7,660
Radford Road	8,412	8,412
Stratford upon Avon	41,136	41,136
Tysoe	-	3,980
Warwick	34,060	34,060
Welford on Avon	4,919	4,919
Wellesbourne	11,432	11,432
Whitnash	8,236	8,236
	277,958	289,342

6. Lettings

Lettings income relates to manses that are not required to house Circuit ministers in the short term and the manse has been let to tenants. Letting income is shown gross of fees and commission. The Trustees consider that it is likely that these manses are likely to be returned to use as manses in the foreseeable future so remain designated as tangible fixed assets.

7. Other Income from Charitable Activities

Unrestricted income of £21,738 includes reimbursement from the Coventry and Warwickshire University Free Church Standing Committee (FCSC) of £17,139 being expenditure by the circuit in providing a payroll service for FCSC in respect of a chaplain at the University of Warwick.

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

8. Interest receivable

	Unrestricted	Circuit Model Trust Fund	Year ended 31.8.22	Year ended 31.8.21
	£	£	£	£
Central Finance Board	240	-	240	59
Trustees for Methodist Church Purposes	-	1,614	1,614	1,267
Total	240	1,614	1,854	1,326

9. Stipends, Salaries and Associated costs

Staff Costs paid during the year were:

	Ministers (Circuit Trustees)	Mission staff	Administ- ration	Year ended 31.8.22 Total	31.8.21 Total
	£	£	£	£	£
Gross stipends and salaries	145,503	32,368	30,305	208,176	221,713
Employer's National Insurance costs	11,957	2,103	1,293	15,353	15,342
Pension costs	34,733	1,383	489	36,605	39,291
Apprenticeship Levy	949	177	159	1,285	1,377
Total staff costs	193,142	36,031	32,246	261,419	277,723

Average number of full time equivalent number of staff employed during the year were :

Ministers	5.49	5.92
Mission staff	1.17	1.50
Administration	1.40	1.47
	8.06	8.89

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

9. Stipends, Salaries and Associated costs (continued)

No employees received employee benefits that totalled more than £60,000. There is no accrual for holiday pay as it is immaterial. All staff are paid at or above the living wage as calculated by the Living Wage Foundation.

Methodist Ministers are not employees of the Methodist Church although for simplicity, when accounting for National Insurance and pension contributions, the terms employer and employee are used as they would be in an employing body.

Contributions are made to the Methodist Ministers' Pension Scheme for all ministers. This is a defined benefit scheme which is accounted for in the financial statements of the Methodist Church in Great Britain. This scheme is in deficit but a plan for the removal of the deficit is being implemented.

Lay workers have the option of joining a defined contribution pension scheme which the Circuit has set up with TPT Retirement Solutions.

Each minister is entitled to a 3 month sabbatical every 7 years and the expenses incurred by the minister are met by the Connexion with the Circuit continuing to pay the stipend. The Circuit does not accrue for holiday pay cover as the remaining staff cover as needed without extra pay.

Payments to Trustees

The Superintendent Minister, other ministers of the Circuit and the Circuit Stewards constitute the Circuit Leadership Team and are considered as Key Management Personnel. The Superintendent chairs meetings of the Circuit Leadership Team and the Circuit Meeting. The Circuit Leadership Team, together with church and other representatives, are members of the Circuit Meeting and are the Trustees of the Circuit. The stipends, employer's National Insurance and employer's pension contributions and other expenses of the ministers of the Circuit are paid by the Circuit, as determined by the Methodist Church, and are separately disclosed as part of staff costs above. Manses are provided by the Circuit and the Circuit maintains the property.

	Year ended	
	31.8.22	31.8.21
Payments made to trustees who are part of the leadership team		
Travel expenses	£5,580	£1,534
Phone expenses	£3,359	£4,545
	£8,939	£6,079
Payments made to trustees who are not part of the Circuit Leadership Team for additional services - preaching fees and related expenses	£669	nil
Number of trustees who were paid expenses	8	7
10. Fees for audit of the accounts	Year ended	
	31.8.22	31.8.21
Audit fees	£3,696	£3,474

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

11. Tangible Fixed Assets

	Manses Land £	Manses Buildings £	Fixtures, Fittings & Equipment £	Total £
Cost or valuation				
Balance at 1 September 2021	300,000	2,239,363	5,147	2,544,510
Additions	-	-	2,160	2,160
Balance at 31 August 2022	300,000	2,239,363	7,307	2,546,670
Depreciation				
Balance at 1 September 2021	-	-	5,147	5,147
Charge of year	-	-	720	720
Balance at 31 August 2022	-	-	5,867	5,867
Net book value				
At 31 August 2022	300,000	2,239,363	1,440	2,540,803
At 31 August 2021	300,000	2,239,363	0	2,539,363
Basis of depreciation			Straight line 2/3 years	

Manses at 31 August 2022 comprise:

9 Northvale Close, Kenilworth	Occupied by Circuit Minister
48 Warwick Place, Leamington Spa	Occupied by Circuit Minister
101 West Street, Warwick	Occupied by Circuit Minister
22 Gardiner Road, Kineton	Occupied by Circuit Minister
61 Murcott Road East, Whitnash	Occupied by Circuit Minister
1a Hillside Road, Stratford upon Avon	Occupied by Circuit Minister
The Manse, Chapel Lane, Mickleton	Included in current asset investments

12. Investment Property

During the year the decision was made to terminate the tenancy at Mickleton manse and dispose of the property. As the sale took place after the year end the property is classified as a current asset at 31 August 2022.

	£
Cost or valuation	
Balance at 1 September 2021	400,000
Transferred to current asset investments	(400,000)
Balance at 31 August 2022	0

13. Current Investments

During the year to 31 August 2022 the Circuit Meeting resolved that the buildings at Fenny Compton and Tysoe, inherited by the Circuit Meeting upon the closure of the societies there, should be disposed of by way of sale. Consequently, a value of those buildings is now recognised as a current asset investment.

	£	£
Balance at 1 September 2021		80,600
Reduction to value of Knightcote chapel brought forward	(7,234)	
Fair value of Fenny Compton chapel	171,104	
Fair value of Tysoe chapel	208,040	
		371,910
Mickleton manse - value as an investment property	400,000	
write down to fair value	(204,187)	
		195,813
Balance at 31 August 2022		648,323

The fair value at 31 August 2022 is made up of the following properties:

	£
Knightcote chapel	73,366
Fenny Compton chapel	171,104
Tysoe chapel	208,040
Mickleton manse	195,813
	648,323

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

14. Debtors	31 August 2022 £	31 August 2021 £
Prepayments accrued income	<u>18,517</u>	<u>22,005</u>

15. Creditors due in less than one year	£	£
Accruals and deferred income	<u>19,932</u>	<u>22,709</u>

16. Reserves	General Fund	Circuit Model Trust Fund	Total
	£	£	£
At 1 September 2021	3,081,096	372,176	3,453,272
Net (expenditure)/ income for the year	(88,721)	(18,607)	(107,328)
Loss on reclassification of Mickleton Manse	(204,187)	-	(204,187)
Recognition of redundant churches held for sale	371,910	-	371,910
Transfer between funds	70,000	(70,000)	-
At 31 August 2022	<u>3,230,098</u>	<u>283,569</u>	<u>3,513,667</u>

The purpose of the General Fund is for use at the discretion of the Trustees in the furtherance of the objectives of the Circuit. About 91% of this fund is held as freehold property and so is not available to meet expenditure in the short term.

The purpose of the Circuit Model Trust Fund (CMTF) is for use at the discretion of the Trustees in the furtherance of the objectives of the Circuit. Its main source of income is contributions from the sale of manse and church buildings in the Circuit, after contributions and levies to the Connexion determined by the Methodist Church. Although technically an Unrestricted Fund under the control of the Circuit Meeting, prior approval is still required from the District to utilise these funds.

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

17.Related party transactions

Name of related party	Relationship	Description of transaction	Year ended 31 August 2022		Year ended 31 August 2021	
			Income from related party	Paid to or goods provided to related party	Income from related party	Paid to or goods provided to related party
			£	£	£	£
Methodist Churches within the South Warwickshire Circuit	Churches within the Circuit	Assessments (share of Circuit costs)	277,958	-	289,342	-
Various churches within the Circuit	Churches within the Circuit	Grant for youth and mission work	-	-	-	943
Warwick Methodist Church	A Circuit Church	Outreach project	-	400	-	-
Wellesbourne Methodist Church	A Circuit Church	Outreach project	-	162	-	-
Wellesbourne Methodist Church	A Circuit Church	Grants for Audio Visual equipment	-	383	-	-
Stratford upon Avon Methodist Church	A Circuit Church	Grants for Audio Visual equipment	-	2,294	-	-
Dale Steet Methodist Church	A Circuit Church	Grant for K4 equipment	-	-	-	-
Birmingham Methodist District	Methodist District in which Circuit located	Assessment (share of costs of District and Methodist Connexion)	-	57,420	-	55,716
Birmingham Methodist District	Methodist District in which Circuit located	District Advance Fund contribution	-	19,160	-	28,778
Fenny Compton and Tysoe Methodist Churches	Churches within the Circuit	Assets transferred on closure	421,144	-	-	-

There were no amounts owed to related parties at the year end.

South Warwickshire Methodist Circuit
Notes to the Accounts for the year ended 31 August 2022

18. Operating Leases

The minimum future lease payments receivable under non-cancellable operating leases ending not later than one year from the balance sheet date is £nil (2021 £10,350).

19. Contingent Liabilities and Capital Commitments

Under the agreement that divided the assets of the Stratford and Evesham Methodist Circuit a disposal of the Mickleton manse would result in a liability to share the proceeds with the South Worcestershire Methodist Circuit. At 31 August 2022 the decision to make such a disposal had already been made so the property has been reclassified as a current asset investment at a value net of the amount due to the South Worcestershire Methodist Circuit.

Independent Auditor's Report to the Trustees of South Warwickshire Methodist Circuit

Opinion

We have audited the financial statements of South Warwickshire Methodist Circuit (the 'charity') for the year ended 31 August 2022 which comprise of the Statement of Financial Activities, Statement of Cash Flows, Balance Sheet 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report
- the charity has not kept adequate accounting records; 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.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions.
- Testing documentation supporting account balances or classes of transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

J.W. Hinks up

JW Hinks LLP
Chartered Accountants and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH

28 June 2023