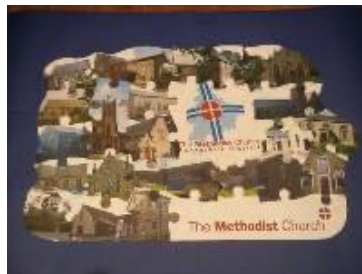


NORTH LANCASHIRE METHODIST CIRCUIT 21/16

Registered Charity Number 1155398

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST
AUGUST 2020



North Lancashire Methodist Circuit
Circuit Officers

(as at 31st August 2020) Circuit

Ministers

Rev Steve Charman (Superintendent)

Rev Keith W. Borwick

Rev Roy Burley

Rev Emma Holroyd

Rev Derek Oldham

Rev David Philo

Circuit Stewards

Ruth Champley

Shirley Cormack

Jane Entwistle (Senior Steward)

Peter Gorst

David Midwinter

Howard Rogerson

Sandra Cooper (Finance)

Circuit Administrator

Shirley A Townley

Cornerstone Chaplain

Simon Stewart

North Lancashire Methodist Circuit

Type of Governing document

Deed of Union (1932) and Methodist Church Act (1976)

How the charity is constituted

Act of Parliament

Trustees' selection methods

- Appointed by local churches and existing trustees.
 - Ministers are automatically trustees.

Induction/Training

- Range of guidance produced by Methodist Connexion.
- Leaflet 'The Role of a Trustee in the Methodist Church' available to all trustees

Structure

- Part of the Lancashire District
- Accountable to the Methodist Conference

Risks

- Considered by the Circuit Leadership Team
 - Take professional advice as required.
 - Regular review process.
- Adopted Safeguarding Policy and ensured it is rolled out to the churches.

North Lancashire Methodist Circuit

Circuit Meeting

The Circuit Meeting meets four times a year and its constitution is set out in CPD

(SO510)

In 2019/20 it had 71 members (Trustees) registered with the Charity Commission.

Circuit Executive

This is the Circuit Leadership Team. It deals with matters delegated to it by the

Circuit Meeting, offers guidance to the circuit and constantly reviews the personnel, property, and financial resources of the circuit.

Pay policy for Ministers

Stipends and allowances for Presbyters and Deacons (collectively Ministers) are set annually by Methodist Conference, and the circuit is responsible for meeting those costs for all Ministers stationed by the Conference in the Circuit.

Risk Management

The Trustees have carried out ongoing assessments of the charity's activities setting out the major opportunities available to the charity and the risks to which it is exposed. These risks are identified by the Circuit Leadership Team and are risk assessed.

The principal risks and uncertainties faced by the charity are as follows:

- The cost of ongoing maintenance and refurbishment of circuit property.
- The reduction in the number of Ministers available throughout the Methodist Connexion.
- The risk of a church defaulting on its assessment.

The Trustees have considered their responsibility under legislation including health and safety, employment law and safeguarding. Systems and procedures are implemented to manage specific risks that have been identified.

Volunteers

The North Lancashire Methodist Circuit is supported by a team of active volunteers. The charity is grateful to all volunteers for their skills and support they so willingly bring to the charity.

North Lancashire Methodist Circuit

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 another 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.

When reviewing the aims and objectives of the charity, and in planning future activities, the Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

Mission Statement:

We are the Methodist people of God in North Lancashire responding to God's loving challenge as we promise to.

- Energise discipleship -
- Enable leadership -
- Encourage risk -
- Employ buildings -
- Embrace technology -
- Enrich communities -
- Engage all -

North Lancashire Methodist Circuit

The Circuit's Priorities for the five years to August 2024

These priorities are based on the assumption that we have sound financial management and administration. They also take account of the earlier work done during reconfiguration on structure and communication as well as the Possible Futures document to look at what we have achieved, and which ideas are still worth pursuing.

- The CLT will set up the review into the vitality of each church.
- Use our ministers to equip the church to develop discipleship and to encourage the growth of faith, leadership, and commitment across the circuit. It is only by making disciples that the churches grow rather than decline.
- Look at models of ministry and pastoral care required across our diverse circuit to see how we can meet the needs in our churches and the communities we serve of children and families, older people and those living in rural areas.
- Developing the role and function of IT possibilities and potential - there is a lot of travelling attached to our circuit - could we work 'smarter', and we need more effective communication across the circuit.
- Continue to develop the circuit mission focuses of rural ministry and projects at The Cornerstone.

The Circuit produces a quarterly preaching plan to ensure regular acts of worship take place at each of the 21 Methodist Churches in its geographical area. These are open to all people, without charge. The Circuit is directly involved with the provision of a chaplaincy service at the Cornerstone (in the centre of Lancaster) and at the University of Lancaster.

North Lancashire Methodist Circuit

Staffing

The year began with the welcome of Rev Derek Oldham who joined the staff team of the Circuit. Derek arrived as an experienced Minister to oversee the churches in Calder Vale, Dolphinholme, Hollins Lane, Garstang and Scorton - he was warmly welcomed and quickly built good relationships with the members of each of the churches with his relaxed and approachable manner. Towards the end of the year, we received the resignation of our Circuit Administrator - Shirley Townley - who has served the Circuit for many years and her ministry has been very much appreciated, the recruitment of a new Circuit Administrator will be a primary focus in the early weeks of the next year.

The Challenge of filling vacant roles

During the year, a number of roles within the Circuit became vacant. Year-on-year we are experiencing increasing difficulty in finding people willing to take-on the responsibility of holding important roles such as Safeguarding Coordinator, Treasurer or Circuit Steward. While we managed to fill all these roles in this year, we are aware that this difficulty is unlikely to decrease, and we need to identify appropriate strategies to address this challenge.

Impact of Covid-19 global pandemic

In March 2020, the UK entered a period of enforced lockdown as a result of the Covid-19 global pandemic. Inevitably this had a significant impact upon the Circuit:

- all church buildings were closed from March 2020 till the end of the accounting year.
- there was a significant impact on the lives of those who use the premises each week.
- Ministers were unable to visit people in their homes, care homes or hospital and instead had to revert to letters, emails, phone calls and zoom calls.
- worship and some meetings, social activities and support groups were moved to an online format - with a significant proportion of members being able to continue to engage, but some unable to do so; paper worship resources were delivered to those who were unable to access the online worship.
- the adaptation to the use of Zoom video calls and events has been quite remarkable - further reflection will be needed about how this technology will continue to be used beyond the pandemic to reduce our travel time and carbon footprint.

North Lancashire Methodist Circuit

....Impact of Covid-19 global pandemic (cont.)

- worship held via Zoom has been much appreciated and has enabled some new creativity using video-editing. Consideration is being given as to how this technology might be 'blended' with in-person worship in our church buildings to enable those who are unable to attend worship physically, to still be able to engage with our worship activities. We are also exploring whether worship can be shared between two (or more) church buildings via Zoom - meaning that one Preacher may be able to lead worship on multiple sites.
- we have had people engage with our worship via Zoom from beyond the geographical boundaries of the Circuit - this has meant that the limits of our mission and ministry have much more blurred lines than we have previously assumed.
- the Circuit offered assistance to all churches in completing Covid-19 riskassessments and re-opening checklists (though the process of re-opening the buildings has been in fits-and-starts as the national restrictions have been eased and then tightened repeatedly as the waves of the pandemic have increased and decreased).
- many churches in the Circuit experienced a significant drop in income - both through a lack of offering donations and through the lack of rental income from the lettings of their buildings. This has had a knock-on effect to the Circuit and resulted in some churches being unable to contribute their allocated assessment. The budget shortfall has been drawn down from the Circuit reserves, enabling the Circuit to remain in a reasonably stable financial position.

Tensions surrounding the Methodist Conference Report 'God in Love Unites Us' A significant amount of time and energy has had to be devoted to the impact of the 'God in Love Unites Us' report which was due to be presented to the Methodist Conference of 2020. Our circuit has members which hold a very wide spectrum of theological viewpoints and as such this report has been received with quite varied responses - some have embraced it with enthusiasm, while others have rejected it entirely.

Several meetings were held around the Circuit to try and enable people to understand and engage with the content of the report.

While some congregations received the report with openness, the majority of three congregations (Brookhouse, Quernmore and Wray) declared publicly that if the report was agreed at Conference, then they would resign their membership of the Methodist Church. Due to the Covid-19 pandemic, Methodist Conference postponed discussion of the report, but most of the congregations at Quernmore and Wray resigned their membership nonetheless on 31st August 2020. The ramifications of their decision will be addressed in the forthcoming year.

North Lancashire Methodist Circuit

Future Planning - addressing the 'Hard Truths'.

In considering the various challenges facing the Circuit (e.g., financial, staffing, shortage of people to hold office, resignation of members), we have concluded that our current model of Circuit will not be sustainable for the future. We are exploring the possibility of linking congregations together in 'Clusters' to form closer working relationships for worship and fellowship, for mission and ministry, and for management and oversight (i.e., one cluster would be one church operating on multiple sites) this would reduce the number of officers required and reduce the number of Trustee bodies necessary. This project is something which will need to be explored more fully and implemented over the next twelve months. We feel that, alongside the structural matters, as a Circuit we should be focusing upon the positive characteristics of Methodism, and we should be celebrating our commitments:

- Emphasizing our DNA - what makes us 'Methodist'.
- Emphasizing the many positive things, we are involved with across North Lancashire.
- Emphasizing why we are doing these things.

North Lancashire Methodist Circuit

Finance

The Circuit Model Trust Fund had a balance at the year-end of £123,488. This fund derives from sales of churches and manses and is restricted by the Conference. This restriction is an internal regulation though the fund can be used for a variety of purposes. The Circuit Leadership team has drawn up a set of ground rules, which have been accepted by the Circuit Meeting, to ensure grants made from the Circuit Model Trust Fund are used effectively for mission and capital works. Grants amounting to £11,250 have been made during the year.

The Reserves Policy

The Reserves Policy for the North Lancashire Circuit is to hold a sum equivalent to 6 months' average expenditure. This should be sufficient to meet any unforeseen item of major expenditure on manses and / or to be able to continue, in the short term, funding planned activities in the event of an inability to raise the full Circuit Assessment from churches. It is necessary to hold sufficient working capital to enable the payment of stipends and business expenses for 6 ministers and a part time Administrator and our contribution to the District.

Statement of Financial Activities (SOFA) for the year ended 31 August 2020

	Notes to the accounts	General Fund (Unrestricted)	Circuit Model Trust (Unrestricted)	Designated Funds (unrestricted)	Restricted Funds	Endowment Funds	Total 2019-20
		£	£	£	£	£	£
Income							
1 Donations and legacies		500					500
2 Income from monetary investments		441	1,060				1,500
3 Income from investment properties		5,444					5,444
4 Assessments on Churches		339,394					339,394
5 Capital Receipts							0
6 Grants received		3,592					3,592
7 Other charitable income		244					244
8 Total income		349,615	1,060	-	-	-	350,674
Expenditure							
9 Grants and donations		10,000	1,250				11,250
10 Salaries and associated costs		262,788					262,788
11 Property maintenance		6,195					6,195
12 Connexional assessment & model trust levy			2,564				2,564
13 District Assessment & Levy		67,860					67,860
14 Depreciation							0
15 Office expenses		2,984					2,984
16 Other outgoings		10,336					10,336
17 Total charitable expenditure		360,163	3,814	0	0	0	363,977
18 Gains/(losses) on monetary investments							0
19 Gains/(losses) on investment properties							
20 Net income/(expenditure)		-10,548	-2,755	0	0	0	-13,303
21 Transfers between funds		1,500	1,500				0
22 Other gains/(losses)							
23 Net movement in funds		-9,048	-4,255	0	0	0	-13,303
24 Total funds brought forward		1,674,099	159,618		932		1,834,649
25 Total funds carried forward		1,665,051	155,363	-	932	-	1,821,346

Statement of Financial Activities (SOFA) for the year ended 31 August 2019

	Notes to the accounts	General Fund (Unrestricted) £	Circuit Model Trust (Unrestricted) £	Designated Funds (unrestricted) £	Restricted Funds £	Endowment Funds £	Total 2018-19 £
Income							
1 Donations and legacies		1,100					1,100
2 Income from monetary investments		445	1,169				1,614
3 Income from investment properties		5,343					5,343
4 Assessments on Churches		336,961					336,961
5 Capital Receipts			65,901				65,901
6 Grants received		32,242					32,242
7 Other charitable income		5,297			790		
8 Total income		381,388	67,070	-	790	-	449,248
Expenditure							
9 Grants and donations		4,853	30,000				34,853
10 Salaries and associated costs		277,972					277,972
11 Property maintenance		41,483					41,483
12 Connexional assessment & model trust levy			15,043				15,043
13 District Assessment & Levy		65,700					65,700
14 Depreciation							0
15 Office expenses		1,353					1,353
16 Other outgoings		6,893			438		7,331
17 Total charitable expenditure		398,254	45,043	0	438	0	443,735
18 Gains/(losses) on monetary investments							0
19 Gains/(losses) on investment properties							
20 Net income/(expenditure)		-16,866	22,027	0	352	0	5,513
21 Transfers between funds		21,931	21,931				0
22 Other gains/(losses)							
23 Net movement in funds		5,065	96	0	352	0	5,513
24 Total funds brought forward		1,669,034	159,522		580		1,829,136
25 Total funds carried forward		1,674,099	159,618	-	932	-	1,834,649

Balance Sheet as at 31 August 2020

Notes to the Accounts	General Fund (Unrestricted)	Circuit Model Trusts (Unrestricted)	Designated Funds (Unrestricted)	Restricted Funds	Endowment Funds	Totals 2019/20	Totals 2018/19
	£	£	£	£	£	£	£
Fixed Assets							
Circuit Manses & Equipment	1,512,216					1,512,216	1,512,216
Investment properties						0	
Investments						0	
Total fixed assets	1,512,216	0	0	0	0	1,512,216	1,512,216
Current Assets							
Debtors	16,700					16,700	49,382
Loans by the Circuit		31,875				31,875	33,375
Investments with TMCP		123,488				123,488	126,243
Central Finance Board Deposits	35,432					35,432	102,852
Cash at Bank and in hand	166,585			932		167,517	96,662
Total current assets	218,717	155,363	0	932	0	375,012	408,514
Current liabilities							
Creditors (due in under 1 year)	65,883					65,883	86,081
Grants payable within 2018-19						0	0
Total current liabilities	65,883	0	0	0	0	65,883	86,081
Net current assets/liabilities	152,835	155,363	0	932	0	309,130	322,433
Total assets less current liabilities	1,665,051	155,363	0	932	0	1,821,346	1,834,649
Long term liabilities (due after more than one year)							
Grants payable after 2018-19						0	
Loans to the Circuit						0	
Net assets	1,665,051	155,363	0	932	0	1,821,346	1,834,649
Funds of the Circuit							
General Fund (Unrestricted)	1,665,051					1,665,051	1,674,099
Circuit Model Trust Fund (Unrestricted)		155,363				155,363	159,618
Designated Funds (Unrestricted)			0			0	0
Total Unrestricted Funds						1,820,414	1,833,717
Restricted Funds				932		932	932
Endowment Funds					0	0	0
Total Funds	1,665,051	155,363	0	932	0	1,821,346	1,834,649

Notes to the Accounts**1 Basis of accounting**

The financial statements have been prepared under the Charities Act 2011 in accordance with the 2014 version of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS102 – the Charities SORP (FRS102) and taking note of the Update Bulletin 1 issued in 2016.

2 Funds

The funds held constitute: General Funds held for any purpose of the Circuit which are Unrestricted. The Circuit Model Trust Fund has wide purposes defined in Standing Orders and is categorised as unrestricted. Restricted funds which are held for a narrower purpose. There are no Endowment funds. Details of each material fund are disclosed in the final note to these accounts. Any funds may be represented by more than just cash.

3 Accounting policies**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.

Incoming Resources

Income is included in the Statement of Financial Activities (SOFA) when the Circuit becomes entitled to the resources, and the trustees are reasonably certain they will receive the resources; and the monetary value can be measured with sufficient reliability.

Resources Expended

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.

Grants

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

VAT

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

Tangible fixed assets for use by the Circuit

Tangible fixed assets are capitalised if they can be used for more than one year, and cost at least £500. The freehold property is shown in the accounts at 2015 deemed values. No depreciation is provided on the building because the trustees consider the current residual fair value of the manse buildings (on the assumption that it had reached the end of its useful economic life by the year-end) to be not less than its current value. Any depreciation would not be material. The property has been reviewed for impairment.

Investment Properties

Investment properties - no property is currently deemed to not be held for the long term purposes of the charity.

Investments

Investments are valued in the balance sheet at market value at the year end. Investment income is included in the accounts when receivable and any gains or losses on revaluation at the year end are shown in the SOFA.

Debtors and Prepayments

Debtors include church assessments. Prepayments are September stipends paid in August.

Creditors

Creditors include both sundry expenses and specifically the 1st quarter assessment received in August.

4 Payment to Trustees

There were no payments made to trustees for additional services provided to the Circuit by agreement with the Circuit Meeting, this excludes stipends.

Trustee expenses

	2019/20	2018/19
Number of Trustees	0	0
Total amount	£0	£0

Expense payments primarily relate to reimbursement for travel and computing costs

5 Fees for examination or audit of the accounts

	2019/20 £	2018/19 £
Independent examiner's or auditors' fees for reporting on the accounts	1,080	1056
Other fees (eg: advice, accountancy services) paid to the independent examiner or auditor	NIL	NIL

6 Paid employees**Staff Costs paid during the year were:**

	2019/20	2018/19
Gross wages, salaries and benefits in kind	£ 169,585	167,903
Employer's National Insurance costs	£ 14,121	15,133
Pension costs	£ 40,111	40,255
Total staff costs	£ 223,817	219,391

Average number of full-time equivalent employees in the year were:

	8	8
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7 Capital Commitments and Contingent Liabilities

At the 31st August 2019 there are no capital commitments.
No Contingent liabilities were identified at 31st August 2019.

8 For information only Money received and passed on to External Organisations

	2019/20	2018/19
	£	£
Balance brought forward from last year	30	30
Offerings/Gifts - received for External Organisations	4,467	5,696
Offerings/Gifts - passed to External Organisations	4,467	5,696
Balance carried forward	30	30

9 Tangible Fixed Assets**Cost or valuation**

	Land £	Manses £	Other buildings £	Fixtures, fittings and equipment £	Payments on account and assets under construction £	Total £
Balance brought forward	0	1,512,216	0	0		0
Additions						0
Revaluations (+/-)						
Disposals (-)						
Transfers * (+/-)						
Balance carried forward	0	1,512,216		0		0

Accumulated depreciation

Balance brought forward				00		0
Depreciation charge for year (-)				0		0
Revaluations (+/-)						
Disposals (-)						
Transfers* (+/-)						
Balance carried forward				0		0

Net book value

Brought forward	0	1,512,216	0	0		0
Carried forward	0	1,512,216	0	0		0

10 Investment assets

The circuit has no Investment properties

The circuit has no common investment fund holdings

11 Loans

The Circuit currently has no loans

12 Analysis of restricted and designated funds**2018-19**

Restricted Fund Name	Opening Balance	Incoming Resources	Resources Expended	Transfers	Closing Balance	Purpose of the fund
Benevolent Fund	0	0	0		0	Support for individuals in specific need
Development Fund	0	0	0		0	Available for funding outreach and development work
Circuit resource centre	0	0	0		0	Fund designated for the maintenance of the centre.
Totals	0	0	0		0	

*****Comparative analysis of restricted and designated funds 2017-18*

Restricted Fund Name	Opening Balance	Incoming Resources	Resources Expended	Transfers	Closing Balance	Purpose of the fund
Benevolent Fund	0	0	0		0	Support for individuals in specific need
Development Fund	0	0	0		0	Available for funding outreach and development work
Circuit resource Fund	0	0	0		0	Fund designated for the maintenance of the centre.
Totals	0	0	0		0	

Declarations and Scrutiny

I confirm that these accruals-based accounts for the year to 31 August 2020 have been prepared from the records of the Circuit and that they include all funds under the control of the Circuit Meeting.

Signature of treasurer *S. Cooper* Date *12.05.21*

Name and address of treasurer *SANDRA COOPER THE HAVEN SUNNY BANK ARKHOVE CARNFORTH LANCES* Post Code *LA6 1BE*

Presentation to the Circuit Meeting

I confirm that the annual report and accounts for the year ended 31 August 2020 ~~were~~ or will be,* presented to the Circuit Meeting at its meeting on *13th JULY 2021*

Signature of the Chair of the meeting *[Signature]*

Name of the Chair of the meeting *REV STEVE CHARMAN* Date *20/5/21*

Independent Examiner's Report to the Trustees of the Circuit, named above

The Circuit's trustees are responsible for ensuring that the annual report and accounts for the year to 31 August 2020 present a true and fair view of the Circuit's income and expenditure for the year and of its assets and liabilities at the balance sheet date. The trustees consider that an audit is not necessary for this year under section 144 of the Charities Act 2011 and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act 2011
- follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011
- state whether particular matters have come to my attention.

* delete or circle as appropriate

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts with those records. It also includes consideration of any unusual items, in nature or scale, or disclosures in the accounts, seeking explanations from the trustees concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a true and fair view. My report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention (other than as disclosed below*)

- (1) which gives me reasonable cause to believe that in any material respect the requirements
- to keep accounting records in accordance with section 130 of the Charities Act 2011
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act 2011

have not been met, or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.
- (3) I have/have not* obtained independent verification of all investments with the Trustees for Methodist Church Purposes or held in other trusts, bank balances and funds at the Central Finance Board of the Methodist Church which are individually in excess of £10,000 (ten thousand pounds) at the balance sheet date.

Signature of independent examiner.....



Name of independent examiner

STUART KINNIGAN

Relevant professional qualification of independent examiner

FCA

Name of firm (where appropriate)

SCOTT & WILKINSON LLP
CHARTERED ACCOUNTANTS

Address

DALTON HOUSE
9 DALTON SQUARE
LANCASTER LA1 1WD

Post Code

Date


21 MAY 2021

* delete or circle as appropriate

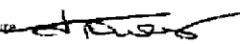
North Lancashire Methodist Circuit
Declaration

This Annual Report will be presented to trustees at the
Circuit Meeting on: 13th July 2021.

Signed on behalf of the charity's trustees

Signature 

Rev Stephen J Charman
Chair (Superintendent Minister)

Signature 

Mrs Joanne Towers
Secretary of Circuit Meeting

Date **10th June 2021**