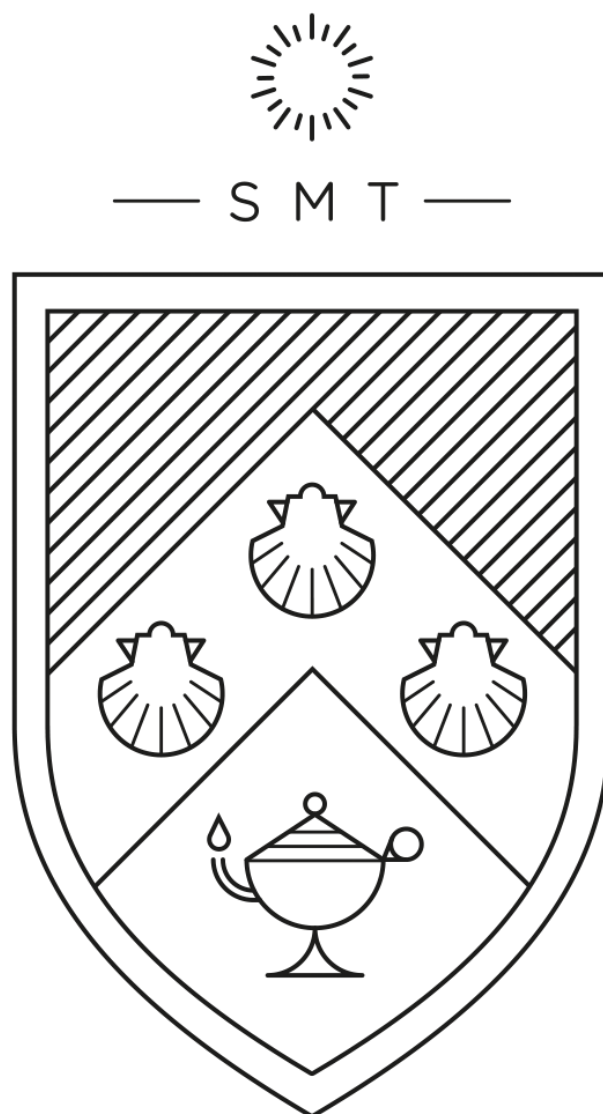


Southlands Methodist Trust

Report and Financial Statements

For the Year Ended 31 August 2019



The Southlands Methodist
Trust
is a charity of the
Methodist Church in Britain
Registered charity number 1100660

SWF@roehampton.ac.uk

www.susannawesleyfoundation.org
020 8392 4462

Southlands College
80 Roehampton Lane
London SW15 5SL

SOUTHLANDS METHODIST TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees:

Rev Margaret Jones, Chair
 Rev Stan Brown
 Rev Dr J Cox-Darling
 Mr John Logan
 Rev Tim Macquiban
 Dr Clive Norris
 Rev Colin Smith
 Rev M Youngson

Registered office:

Southlands College
 80 Roehampton Lane
 London
 SW15 5SL

Auditors:

Haysmacintyre LLP
 Chartered Accountants
 10 Queen Street Place
 London EC4R 1AG

Bankers:

Methodist Central Finance Board
 9 Bonhill Street
 London
 EC2A 4PE

HSBC
 West End Corporate Banking Centre
 70 Pall Mall
 London
 SW1Y 5EZ

Solicitors:

Pothecary Witham Weld
 70 St George's Square
 London
 SW1V 3RD

SOUTHLANDS METHODIST TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE GOVERNANCE AND MANAGEMENT

The Trustees present their report and audited financial statements for the year ended 31 August 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, issued in 2011, in preparing the annual report and financial statements of the charity.

The Southlands Methodist Trust (SMT) is a registered unincorporated charity (Charity number 1100660). The Governing Document is a Deed of Trust.

Trustees are appointed by a decision of Methodist Council, at the recommendation of members of the Trustees. When vacancies arise, a sub-group of the trustee board is formed in order to conduct a search process. This includes both direct approaches and approaches through the Church's Connexional Team, asking for expressions of interest. From time to time, advertisements of vacancies are also used in the press. CVs of those expressing interest in appointments are considered by the sub-group and brought to a full meeting of the trustee board, where a decision is made to recommend names to Council.

RISK ASSESSMENT

The Trustees have active involvement in the day to day running of the charity. This involvement ensures that they are fully aware of the risks and required action to sufficiently mitigate those risks. As the charity grows the Trustees will more formally record the risk assessment process they undertake as part of their duties as trustees.

OBJECTIVES AND ACTIVITIES

The aims and purposes of the charity are:

- 1) as part of the work carried out through the Discipleship and Ministries Learning Network, to support in association with the College and University the development of Christian, and specifically Methodist, scholarship, research and innovation, of local, national and global significance and to facilitate the public dissemination of such developments.
- 2) to enable members of the Methodist community and wider public in Britain and internationally to benefit from the academic and other expertise and experience within the College and the University and the facilities available within them.
- 3) to enrich the community life of the College and the work of its chaplaincy in ways that reflect its Methodist values and ethos.
- 4) to maintain and develop the relationship between the Methodist Church, the College and the University in the context of developing the contribution made to the work carried out through the Discipleship and Ministries Learning Network.
- 5) to further the wider charitable purposes of the Methodist Church through close working with the other persons and bodies responsible for the work carried out through the Discipleship and Ministries Learning Network.

Fundraising

SMT does not fundraise with the public and has not received any complaints in this regard during the year.

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity. The Trustees review the activities of the Charity against its aims on an ongoing basis and are satisfied that all

SOUTHLANDS METHODIST TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

activities continue to be related to the aims which are set in such a way as to benefit society as a whole. The benefits are set out in the review of activities shown below.

The Susanna Wesley Foundation

The Susanna Wesley Foundation (SWF) is a community of scholarship, research and innovation based at Southlands College. Its staff and activities are sponsored primarily by the SMT, while some additional funding and resources (such as physical space, IT and technical support, health and safety, security and other institutional services) are provided by the University of Roehampton, without cost to the Trust. The SWF forms the main activity of the SMT in the delivery of the first, second and fourth charitable purposes of the charity. It was developed over a number of years by the trustees to provide a focus and strategic direction for the Trust in generating its scholarship, research and innovation.

ACHIEVEMENTS AND PERFORMANCE

Research projects

The theological action research project with TARN, the Theological Action Research Network based at the University of Roehampton, continued to explore collaborative learning across the Methodist Connexion, adding new places and activities to its research loci. The process of carrying out the research helped to illuminate practice, for the benefit both of the overarching research, (which was led by a Reader from Roehampton's Ministerial Theology team), and of participants in their local contexts.

A Senior Lecturer in the University of Roehampton's School of Education continued research which grew out of a pilot project he conducted in 2017-18, exploring the perspectives of headteachers and school chaplains in Methodist schools in relation to their understanding and practice of leadership, and issues of equality, diversity and inclusion. The project: 'A Northern Gospel? What Good News is at the heart of a flourishing Church within their communities in the North of England' (which began in January 2017 and continued into 2018-19) involved immersive research in various contexts. The findings, which provide some useful insights into questions of leadership, identity and diversity, will continue to be analysed in 2019-20.

The Foundation partnered with a Counselling Psychologist who completed her Professional Doctorate at the University of Roehampton and who has been conducting research in relation to clergy well-being in the Church of England. The researcher looked at various psychological frameworks and their application in the context of ministry in the Methodist Church. This enabled some input into connexional conversations around well-being in ministry. Some empirical research is being planned for 2019-20.

The focus on transformational change continued in 2018-19 and will continue into 2019-20 with a set of research projects, partnerships, learning events and resources, while conversations around leadership in the context of church also featured, with potential for some further work in the Methodist Church in 2019-20.

The Foundation continued to sponsor several students to enable them to undertake PhDs and Professional Doctorates at Roehampton, in keeping with the objective of making the resources of the University available to the Church. Lay Methodist workers were among those who started their professional doctorates in 2018-19, and it is hoped that this will facilitate knowledge exchange between the University of Roehampton and the Methodist Church.

Events, Involvements and Partnerships

SWF held its annual conference in June 2019, with a focus on disability: the title was 'Creating Compassionate Communities of Inclusion: Enabling and Disabling Theology and Practice'. The keynote speaker was the Revd Prof Frances Young, and various agencies and charities were represented. One of SWF's doctoral students contributed to a workshop, as did SWF's Communications and Resources Officer, who trialled SWF's newly developed resource around diversity and inclusion.

SOUTHLANDS METHODIST TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

SWF's new resource booklet, which was showcased at the annual conference, is entitled 'Diversity, Otherness and Privilege'. It helps people to consider all kinds of diversity, and their own sense of otherness and privilege, both individually, and, most crucially, in community. It is accompanied by additional online resources and is informed by research carried out on behalf of the Foundation. It is designed to stimulate questions and discussion, and generate conversation, empathy and understanding as an ongoing practice. The booklet has been welcomed by leaders both within Methodism and in other faith communities.

The Foundation again planned and delivered a conference with MODEM (a national ecumenical Christian network), entitled 'Transforming Communities: power and powerlessness', addressing the theme of power and change in the Church and community, from the perspectives of mission and of community development. The conference thus built further on some of the strands of work which the Foundation has been pursuing through its projects over a couple of years.

One of SWF's staff was a prime mover in the planning and delivery of a residential symposium entitled 'Racial Justice: What is our Calling?' The symposium brought together over 70 people from across the Methodist Church in Britain, and involved them in a deeply participative process using the principles of 'Theory U', a methodology designed to bring about profound change. SWF also funded the time of one of the Foundation's Honorary Research Fellows, who advised and applied her experience in using this methodology. The event brought much learning for organisers/facilitators and other participants, with a plan to take the learning further in 2019-20.

An important part of the work of the SMT is to enrich the community life of Southlands College, specifically in ways that reflect its Methodist values and ethos, and, through this, to maintain and develop the relationship between the Methodist Church, the college and the University of Roehampton. During 2018-19, work to achieve this aim included the following areas:

THE SOUTHLANDS VENTURE

The Southlands Venture encourages students to campaign, volunteer and work in the local community on projects which emerge from the student body. It does this by offering seed funding to resource good ideas, and mentoring to enable students to receive the advice and guidance they need to lead their projects successfully. The project is coordinated by the college's staff team and financed by the Southlands Methodist Trust.

COMMUNITY MUSIC

The SMT regards music-making as a building block of any community, and has continued to support music at Southlands College and across the university. The funding it provided for student music scholarships in 2018-19 ensured that individuals in financial difficulty could pursue the development of their musical talents, and that community cohesion could be enhanced within the college. A number of small awards helped students with mental health concerns grow in confidence, contribute to the community, and be able to progress with their Studies.

SUPPORTING INNOVATIVE RESEARCH

During the reporting year, the SMT continued to provide grants for research in addition to areas addressed by the Susanna Wesley Foundation, on subjects which fulfil the charitable objectives of the SMT in ways that benefit the wider public.

2018-19 projects

1. Service Operations Management applications in churches
2. Women imams in the "present"
3. Free schools and the moral purpose of education
4. Gospel teaching and personal finance
5. Dhaka
6. Exploring the effects of a musical play intervention on young children's self-regulation

2019-20 projects

1. Lifelong Reading: New Stories
2. Makerspaces: Supporting digital inclusiveness in urban communities
3. Dhaka – On Climate Change and Urbanisation in Bangladesh

SOUTHLANDS METHODIST TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

4. Religion and Spirituality in the therapeutic space: exploring how trainee and newly qualified counsellors and psychotherapists who identify as religious or spiritual, experience undertaking therapeutic training in the UK.
5. Narratives of masculinity: visual accounts of young men's experience of fatherhood
6. Visioning the Future of the City Together: Group relations in urban community neighbourhood planning
7. Thinking Place – Five Philosopher's Huts
8. Student and staff perceptions on race and racism at the University of Roehampton

For further details on the above activities please see our separate Trustees' Review document.

FINANCE REVIEW

At the start of the year the net assets of the Trust amounted to £10.5m of which £800,000 was an expendable endowment and the remaining £9.7m represented general funds. Income is derived from interest on and dividends from the invested assets and lease income from the investment property. The Trust does not undertake public fundraising activities. Expenditure during the year totalled £655.8k. Of this £593.5k was expended on activities within the charitable objects of the Fund, most of which was spent on events and research carried out under the Susanna Wesley Foundation banner. £17k was spent on governance. Net assets at the end of the year totalled £10.5m.

More details of the financial position of the charity are set out in the Statement of Financial Activities, together with the Balance Sheet and Notes to the Financial Statements.

The accounts are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The charity will be able to continue its work and will cut costs by cutting events previously scheduled and through other cost savings. Investments have also declined significantly in value after the year-end. The ultimate impact of COVID-19 on the UK, the world, the economy and the charity sector is yet to be seen. However, through appropriate consideration of risks as part of its normal risk management processes and mitigating actions both already taken and available to be taken, the trustees consider it appropriate for the going concern basis to be adopted for these accounts.

The Mount Clare Estate has suffered no material decline or change to the Lease since the recent valuation in July 2019, however market conditions may have had a detrimental effect on value.

The advice from the surveyors is that valuations are currently being reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they recommend that trustees keep the valuation of this property under frequent review. With the Lease having 6 years remaining the trustees do not consider the need to have the property revalued at this time but are mindful of the advice. The next formal valuation is due in July 2022.

RESERVES POLICY

In accordance with the Trust Deed, the Trustees hold as an expendable endowment £800,000. The Trust's free reserves (after allowing for amounts tied up in fixed assets) amounts to £1,325,088. The trustees' general policy on reserves is that, unless there is an exceptional reason to seek permission to utilise the expendable endowment, they will maintain it and retain other reserves or build them further to a level that will generate sufficient income to achieve the aims of the charity.

The Trustees aim to retain a minimum of 3 years' Operating and Capital Costs as cash reserves, being approximately £1.8m. In addition, a further £400k is being held in reserve for an exceptional item, being planning fees for the Mount Clare Redevelopment project.

For the year ended 31 August 2019, operating costs were £651.5k and capital costs were £26.9 (F&F), totalling £678.4k. The forecast for 2019/20 financial year is £705k for operating costs and £20k capital expenditure. Future years' operating costs will be in the region of £650k - £745k.

87% of the income (£400k) for the Trust is derived from the Mount Clare lease. The remaining 13% (£66k) is derived from Dividends and Interest on investment funds and cash assets, and donations in line with forecasts.

The above policy will inevitably require amendment once the plans, and their execution, have been agreed re Mount Clare. The trustees are therefore satisfied that the reserves of the charity are at a satisfactory but not excessive level.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The trustees are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the surplus or deficit for that year. In preparing those financial statements the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that the investments have been acquired in accordance with their powers and that the charities can meet all their obligations.

AUDITORS

A resolution re-appointing Haysmacintyre LLP will be proposed at the forthcoming Trustees' meeting.

BY ORDER OF THE BOARD OF TRUSTEES



.....
John Logan, Trustee

3 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTHLANDS METHODIST TRUST

Opinion

We have audited the financial statements of Southlands Methodist Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities, 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 2019 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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.

Responsibilities of trustees for the financial statements

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

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.

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 auditor's report.

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.

SOUTHLANDS METHODIST TRUST**TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF****SOUTHLANDS METHODIST TRUST (continued)****Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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.

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 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 18 June 2020

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

SOUTHLANDS METHODIST TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds £	Endowment funds £	Total funds 2019 £	Total Funds 2018 £
Income and endowments from:					
Donations and legacies		423	-	423	438
Charitable activities		3,931	-	3,931	10,330
Investments	2	461,917	-	461,917	437,792
Total income		<u>466,271</u>	<u>-</u>	<u>466,271</u>	<u>448,560</u>
Expenditure on:					
Raising funds	3	4,071	-	4,071	4,196
Charitable activities	4	651,710	-	651,710	424,514
Total expenditure	7	<u>655,781</u>	<u>-</u>	<u>655,781</u>	<u>428,710</u>
Net income before gains and losses on investments		(189,510)	-	(189,510)	19,850
(Losses)/gains on investments	10	(16,465)	-	(16,465)	25,188
Gains on investment property	9	195,000	-	195,000	-
Net(expenditure)/income/ net movement in funds		<u>(10,975)</u>	<u>-</u>	<u>(10,975)</u>	<u>45,038</u>
Reconciliation of funds:					
Balance brought forward at 1 September 2018		9,681,063	800,000	10,481,063	10,436,025
BALANCES CARRIED FORWARD AT 31 AUGUST 2019	14	<u><u>£9,670,088</u></u>	<u><u>£800,000</u></u>	<u><u>£10,470,088</u></u>	<u><u>£10,481,063</u></u>

- All funds in both years are unrestricted and there has been no movement on the endowment fund in either year.
- All transactions are derived from continuing activities.
- All recognised gains and losses are included in the Statement of Financial Activities.


SOUTHLANDS METHODIST TRUST

BALANCE SHEET


AS AT 31 AUGUST 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Investment property	9		8,345,000		8,150,000
Other investments	10		1,944,334		1,702,496
Tangible fixed assets	11		26,985		-
			<u>10,316,319</u>		<u>9,852,496</u>
CURRENT ASSETS					
Debtors	12	1,286		107,454	
Cash at bank and in hand		262,157		604,045	
		<u>263,443</u>		<u>711,499</u>	
CREDITORS: due within one year	13	(109,674)		(82,932)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			<u>153,769</u>		<u>628,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,470,088</u>		<u>10,481,063</u>
CREDITORS: due after one year	13		-		-
			<u></u>		<u></u>
NET ASSETS			<u><u>£10,470,088</u></u>		<u><u>£10,481,063</u></u>
FUNDS AND RESERVES					
General funds	14		9,670,088		9,681,063
Endowment funds			800,000		800,000
			<u>£10,470,088</u>		<u>£10,481,063</u>

Approved by the Trustees on 3 June 2020 and signed on their behalf by:



John Logan **Trustee**



Margaret Jones **Trustee**

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES**Statement of compliance**

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The format of the financial statements has been presented to comply with the Charities Act 2011, FRS102 The Financial Reporting Standard applicable in the UK and Ireland and the Statement of Recommended Practice Accounting and Reporting by Charities (“SORP 2015”). The Charity is a Public Benefit Entity as defined by FRS102.

Basis of Accounting

The financial statements have been prepared under the Charities Act 2011 on the historical cost convention [as modified by the valuation of investments], which is consistent with the prior year.

Going concern

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity’s ability to continue as a going concern.

The trustees are aware of the impact of COVID-19 on the charities assets and operations however this has not changed their opinion on the going concern assumptions.

Significant judgments and sources estimation uncertainty

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the general charitable objectives.

Income recognition

All income and endowments are recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

Investment income, including interest receivable, and other miscellaneous income are accounted for on a receivable basis.

Expenditure

Expenditure is recognised as soon as the related liability is incurred and has been classified under headings that aggregate all costs relating to that category. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Expenditure on raising funds comprises investment manager’s fees. Expenditure on charitable activities comprises expenditure directly related to charity’s objects.

Support costs represent indirect costs relating to raising funds and the Charity’s charitable activities.

Governance costs comprise the costs of running the charity, auditors’ remuneration, certain legal costs and all costs of complying with constitutional and statutory requirements, such as costs of Board meetings and of preparing the statutory accounts.

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)**Investments**

Investments are initially recognised at their transaction cost and subsequently valued at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of Financial Activities.

Investment property

The Investment Property is held at fair value. No depreciation is charged and movements in valuation are taken to the Statement of Financial Activities. The most recent independent valuation of the freehold investment properties was undertaken in July 2019 by Giles Sutcliffe MRICS on behalf of Cluttons LLP.

Fixed assets

Expenditure on fixed assets is capitalised where the cost (or the value if donated) is in excess of £100; otherwise it is written off through the Statement of Financial Activities.

Tangible fixed assets are depreciated at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected life, as follows:-

Fixtures and fittings to be written off over four years.

Financial instruments

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

Debtors and creditors

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

Funds

General funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which is not restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds comprise funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated unrestricted funds are set out in the notes to the accounts.

Restricted income funds comprise unexpended balances of donations and grants held in trust to be applied for specific purposes.

Permanent endowment funds comprise trust funds which are subject to specific trusts declared by the donors or with their authority. The condition of the trust is that the capital element is not expendable. The income arising from the investments is applied only in accordance with the conditions imposed by the donors (where specified) or for the general purposes of the Charity. The Trustees have power of discretion to convert the expendable endowment fund into income. It is however their policy to retain the capital of this fund to generate income. Income arising on this fund can be used in accordance with the objects of the Trust and is included in unrestricted income.

Pensions

The charity's liability is limited to the annual contributions payable. All contributions are charged to the Statement of Financial Activities in the year in which they accrue.

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

2. INVESTMENT INCOME	2019 £	2018 £
Rental income from Mount Clare	400,000	400,000
Interest on cash deposits	1,439	6,857
Dividends on investments	60,478	30,935
	<u>£461,917</u>	<u>£437,792</u>
3. RAISING FUNDS	2019 £	2018 £
Investment management fees	<u>£4,071</u>	<u>£4,196</u>
4. CHARITABLE ACTIVITIES	2019 £	2018 £
Support of assistant chaplain	28,579	14,278
Support of music provision	6,883	3,200
Archive development	10,035	16,960
Head of College and Chaplain's Funds	3,973	3,559
Southlands Venture	2,020	-
SWF research centre	347,790	322,104
Small grants	17,424	17,633
MAST	105,822	-
Ecumenical work	35,611	2,848
Methodism's University College	21,620	-
IAMSCU	7,533	5,319
Professional fees – Mount Clare	1,800	1,200
Support costs	53,213	30,083
Loan costs	-	121
Governance costs (note 5)	9,407	7,209
	<u>£651,710</u>	<u>£424,514</u>

5. GOVERNANCE COSTS

No trustees received remuneration for their services during the year (2018: £nil).

Reimbursed travel expenses of £551 were paid to 4 trustees during the year (2018: travel expenses of £453 was paid to 1 trustee).

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

6. ANALYSIS OF TOTAL EXPENDITURE – 2019

	Direct costs £	Grants £	Other costs £	Total £
Raising funds	-	-	4,071	4,071
Charitable activities	229,613	333,538	25,939	589,090
Support costs	53,213	-	-	53,213
Governance	9,407	-	-	9,407
	<u>£292,233</u>	<u>£333,538</u>	<u>£30,010</u>	<u>£655,781</u>

Grants totalling £137,851 were paid to Roehampton University. Support costs have been allocated to direct costs.

ANALYSIS OF TOTAL EXPENDITURE -2018

	Direct costs (including staff costs) £	Grants £	Other costs £	Total £
Raising funds	-	-	4,196	4,196
Charitable activities	221,190	112,471	45,048	378,709
Support costs	30,083	-	-	30,083
Loan fees	121	-	-	121
Governance	7,209	-	-	7,209
	<u>£258,603</u>	<u>£112,471</u>	<u>£49,244</u>	<u>£420,318</u>

7. STAFF COSTS

	2019 £	2018 £
Salaries	154,270	143,387
Employer's NI	14,594	12,837
Pension costs	8,973	7,984
	<u>£177,937</u>	<u>£164,208</u>

The number of employees during the year was 7 (4.5 full time equivalent employees) (2018 – 4.5) with all employee time involved in charitable activities or providing support services to charitable activities. No employees had emoluments in excess of £60,000 (2018 - none). The charity's key management personnel consist of the Research Director and the Head of College. Payments to them amounted to £79,734 (2018 - £51,253). The pension scheme is a defined contribution scheme and has no other commitments or obligations beyond the contributions paid.

8. NET MOVEMENT IN FUNDS

	2019 £	2018 £
This is stated after charging:		
Auditor's remuneration	<u>£4,560</u>	<u>£4,840</u>

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

9. INVESTMENT PROPERTY	Freehold land and buildings £
Valuation:	
At 1 September 2018	8,150,000
Gain on revaluation	195,000
	<hr/>
At 31 August 2019	£8,345,000
	<hr/>
Net book value:	
At 31 August 2019	£8,345,000
	<hr/> <hr/>
At 31 August 2018	£8,150,000
	<hr/> <hr/>

The property was transferred into Southlands Methodist Trust on 31 July 2010 and was reclassified as an investment property during that year and therefore transferred out of tangible fixed assets and recognised within investments. The property was valued at August 2019 by an independent valuer at £8.345 million.

10. OTHER INVESTMENTS	2019 £	2018 £
At 1 September 2018	1,702,496	1,037,786
Investment additions	423,744	639,522
Investment disposals	(165,441)	-
Investment (losses)/gains	(16,465)	25,188
	<hr/>	<hr/>
Market value at 31 August 2019	£1,944,334	£1,702,496
	<hr/> <hr/>	<hr/> <hr/>
Equity Fund	1,433,694	1,217,986
Corporate Bond Fund	198,642	249,750
Property Fund	311,998	234,850
	<hr/>	<hr/>
	£1,944,334	£1,702,496
	<hr/> <hr/>	<hr/> <hr/>

Since the year-end investments declined by 4.16% to £1,863,433. The trustees continue to intend to hold the investments for the longer term and therefore this fall post year end is not evidence of a permanent impairment in value.

11. TANGIBLE FIXED ASSETS	Fixtures and fittings
Cost	
At 1 September 2018	-
Additions	26,985
	<hr/>
At 31 August 2019	26,985
	<hr/>
Depreciation	
At 1 September 2018	-
Charge in year	-
	<hr/>
	-
	<hr/>
Net book value:	
At 31 August 2019	£26,985
	<hr/> <hr/>
At 31 August 2018	-
No depreciation has been provided in the year as the assets were bought at the end of the financial year and the depreciation charge would be immaterial.	

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

12. DEBTORS	2019 £	2018 £
Other debtors	-	86,500
Accrued income	-	10,562
Prepayments	1,286	10,392
	<u>£1,286</u>	<u>£107,454</u>
	<u><u>£1,286</u></u>	<u><u>£107,454</u></u>
13. CREDITORS due within 1 year	2019 £	2018 £
Deferred income*	66,667	66,667
Accrued expenses	34,538	10,672
Tax and social security	5,523	4,573
Accounts payable	2,946	1,019
	<u>£109,674</u>	<u>£82,931</u>
	<u><u>£109,674</u></u>	<u><u>£82,931</u></u>

*Deferred income is the same value at the beginning and end of the year. It represents rents received in advance.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Endowment Funds * £	General Funds £	Total 2019 £
Fund balances at 31 August 2019 are represented by:			
Fixed assets	-	8,371,985	8,371,985
Current assets	800,000	1,407,777	2,207,777
Current liabilities	-	(109,674)	(109,674)
	<u>£800,000</u>	<u>£9,670,088</u>	<u>£10,470,088</u>
Net assets	<u><u>£800,000</u></u>	<u><u>£9,670,088</u></u>	<u><u>£10,470,088</u></u>

* Endowment funds represent the capital value of donations received from the Southlands College Trust governed by trust deed dated 5 October 2000. The trust fund is an expendable endowment where the capital can only be spent on the express permission of the Methodist Council. Income generated from the fund is credited to the general fund in accordance with the trust deed.

ANALYSIS OF NET ASSETS BETWEEN FUNDS	Endowment Funds * £	General Funds £	Total 2018 £
Fund balances at 31 August 2018 are represented by:			
Fixed assets	-	8,150,000	8,150,000
Current assets	800,000	1,613,995	2,413,995
Current liabilities	-	(82,932)	(82,932)
	<u>£800,000</u>	<u>£9,681,063</u>	<u>£10,481,063</u>
Net assets	<u><u>£800,000</u></u>	<u><u>£9,681,063</u></u>	<u><u>£10,481,063</u></u>

SOUTHLANDS METHODIST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

15. TAXATION

The Southlands Methodist Trust is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the exemptions available to registered charities.

16. FINANCIAL INSTRUMENTS

	Total 2019 £	Total 2018 £
Financial assets measured at fair value	8,345,000	8,150,000
Financial assets measured by amortised cost	-	86,500
Financial liabilities measured by amortised cost	2,946	1,019

Financial assets measured at fair value comprise investments

Financial assets include other debtors.

Financial liabilities include trade creditors, loans and other creditors.

17. RELATED PARTIES

There were no related party transactions in the year or previous year to be disclosed.

18. POST BALANCE SHEET EVENT

Since the year end, the COVID-19 pandemic has had a huge impact across the world. Global financial markets have suffered as a result, and this volatility is likely to have an impact on the value of investment assets. The trustees have considered the impact on other parts of the balance sheet and do not envisage this to be significant however the ultimate extent of the impact of the pandemic is currently unknown.

The crisis has also had an impact on the operations of the charity and steps have been taken to reduce the impact of this. Trustees will continue to monitor the changing operational landscape and impact on assets and related income.