

CHARITY REGISTRATION NUMBER: 1134236

Cardiff Methodist Circuit
Financial Statements
31 August 2023

GORDON DOWN & PARTNERS

Accountants & statutory auditor
144 Walter Road
Swansea
SA1 5RW

Cardiff Methodist Circuit

Financial Statements

Year ended 31 August 2023

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Cardiff Methodist Circuit

Trustees' Annual Report

Year ended 31 August 2023

Introduction

The trustees present their report with the financial statements of the charity for the year ended 31 August 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Cardiff Methodist Circuit is the primary unit in which the local Methodist churches within Cardiff and Caerphilly express and experience their interconnection in the Body of Christ, for purposes of mission, mutual encouragement and help. It is in the Circuit that the ministers are stationed and local preachers are trained, admitted and exercise their calling. The purposes of the Circuit include the effective deployment of the resources of ministry, which include people, property and finance, as they relate to the Methodist churches in Cardiff & Caerphilly to churches of other denominations and to participation in the life of the communities served by the Circuit, including local schools and colleges and in ecumenical work in the area.

Aims and Organisation

The purposes of the Methodist Church are 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, Synod, 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.

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Significant Activities

- (i) The Circuit produces a quarterly preaching plan to ensure regular Acts of Worship take place at each of the Methodist Churches and Local Ecumenical Partnerships in its geographical area. These are open to all people without charge. Worship is also provided for Young People at Youth Space.
- (ii) The Circuit aims to encourage the nurture of and witness to families through the local churches and also to young people through Youth Space. The Children's and Youth work is achieved through the employment of a Lay Worker who works alongside volunteers across the circuit delivering accessible worship and other youth work. This is currently funded by the Circuit with an annual grant from the Wales Synod and appropriate training is offered.
- (iii) To deliver worship to every church in the circuit each week. We deliver worship by appointing Ministers and training Local Preachers. There is also a regular meeting of all preachers to encourage in-service development.
- (iv) The Circuit is involved in a wide range of outreach activities, in accordance with its charitable purposes, mainly through the work of individual churches. There is a Circuit-wide project in the Trinity Centre which provides services for refugees and asylum seekers residing in Cardiff. More will be said about the Trinity Centre below.
- (v) The Circuit is involved in the work of the Church of the Resurrection and Pontprennau Community Church through work with ecumenical partners who are part of the Covenanted Churches in Wales group. Both these churches are 5-way ecumenical partnerships in which the Methodist Church is one participating denomination. The Methodist Church owns the Pontprennau building.

Public Benefit

The trustees of the Methodist Church had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011. This guidance sets out 2 key principles:

1. The organisation must have an identifiable benefit
2. The benefit must be to the public or a section of the public.

The church exists, inter alia to:

1. Increase awareness of God's presence and to celebrate God's love;
2. Help people to learn and grow as Christians, through mutual support and care; and
3. Be a good neighbour to people in need and challenge injustice.

The trustees consider that for these reasons the charity meets these public benefit requirements.

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Charitable activities

- a. The Trinity Centre "Sanctuary for All" project is now fully funded with construction having commenced in January 2024 and estimated completion by January 2025. The Circuit has earmarked £230,000 from the sale of property for the project. The refurbished building will be used as a base for mission in the local area particularly with refugees and asylum seekers.
- b. Since September 2019 the circuit ministerial staff has included one minister who is 50% circuit and 50% pioneer. Her pioneering role was initially focussed on a fast-developing new housing estate named Plasdwr in the Radyr area of Cardiff. This work was significantly affected by the covid pandemic but has thrived nonetheless. Other pioneering work has developed as offshoots of the work on the housing estate and has reached many people who would not easily engage with "traditional" or "established" church.

Financial Review of the Year

The Circuit had an overall deficit for the year, before transfers, of £87,270. This was a planned deficit giving churches time to rebuild their reserves after the struggles of Covid followed by quite high levels of inflation.

The overall finances of the Circuit include the Trinity Project – a Centre in Adamsdown serving the local community where a high level of refugees and asylum seekers reside. This building currently has a large refurbishment project which will be ongoing through 2023-5. The figures for the Trinity Centre are included as restricted funds.

Income Trends

Circuit income is primarily drawn from the assessment paid by the Circuit churches which amounted to £280,900 in 2022-3.

Funds are also received through the rental of six properties that were previously manses.

Expenditure Trends

Stipend expenditure has increased each financial year in line with conference approved increases – rate of increase for 2022-3 was 7.83%.

15.5% of expenditure is the Circuit contribution to the District and Connexion. Of which a significant part is used to fund the work of the wider Methodist Church.

Other significant expenditure related to maintenance of property in the Circuit.

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Fund Balances

As at 31st August 2023 the net current assets/liabilities were as follows:

	£
Circuit	(1,134)
Circuit Model Trust Fund	239,414
Trinity Centre	49,810
Total	<u>288,090</u>

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 / or to be able to continue, in the short term, funding planned activities in the event of any inability to raise the full Circuit Assessment from churches. As noted above the subsequent sale of one of our manses ensures reserves are in line with this policy.

Plans for 2023-4

Circuit financial plans for the coming year have been prepared on the basis that there remains 5.16 full-time ordained staff with anticipated cost of living stipend increases combined with an increase in the assessment paid to the district such that and average 10% assessment increase has been requested from the Circuit churches. However, with the closure of two of the Circuit churches and the loss of related assessment income it is expected the Circuit will also experience a small deficit in 2023-4.

Basis of Preparation and Legal Framework

The Charity's annual report and accounts for the year ended 31st August 2023 have been prepared in accordance with the Charities Act 2011 and the Charities: Statement of Recommended Practice 2015 as applicable to the Financial Reporting Standard (FRS) 102

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

The Trustees' annual report was approved on5/6/24..... and signed on behalf of the board of trustees by:



Rev C Gale
Trustee

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Charity Reference and administrative details

Registered charity name: Cardiff Methodist Circuit

Charity No. 1134236

Registered 10th February 2010

Correspondence Address:

Cardiff Methodist Circuit office,
Cyncoed Methodist Church,
Westminster Crescent,
Cardiff CF23 6SE

Full List of Trustees is shown as Appendix A to this report

Active Circuit Ministers

Rev. Catherine Gale
Rev. Judith Holliman
Rev. Alexis Mahoney
Rev. Evelyn Bhajan
Deacon Laura Evans

Circuit Lay Workers

Mr Gareth Knowles

Circuit Stewards

Mrs Janet Rees
Mrs Marie Edwards
Mr Stephen McElveen
Mrs Beth Barry
Mrs Wendy Barwise

Administrator

Mrs Lisa Medina

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Circuit Treasurer

Mrs Wendy Barwise

Auditor

Gordon Down & Partners

Investment bankers

Central Finance Board of the Methodist Church

Trustees for Methodist Church Purposes

Lloyds Bank

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

The trustees

Cathy Gale - Minister
Evelyn Bhajan - Minister
Judith Holliman - Minister
Alexis Mahoney - Minister
Irfan John – Minister
Laura Evans Minister (from 1st September 2022)
Bethany Barry - Circuit Steward
Wendy Barwise - Circuit Steward
Marie Edwards - Circuit Steward
Steve McElveen - Circuit Steward
Janet Rees - Circuit Steward
Catherine Dodd - Circuit Meeting Secretary
Gauri Taylor-Nayar - Local Preacher Rep
Anthony Thomas - Local Preacher Rep
Maurice Wentworth - Local Preacher Rep
Paul Demery - Safeguarding Rep
Matthew Angilley - Cathays
Stuart Cane - Cathays
Martin Hunt - Cathays
Susan Morris - Cathays
Heather Cox - Conway Road
Derek Perkins - Conway Road
John Powell - Conway Road
Peggy Lau - Cyncoed
Carol Plumridge - Cyncoed
John Plumridge - Cyncoed
Terry Wing - Cyncoed
Janice Perris - Llandaff North
John Elias - Llandaff North
Peter Richards – Llandaff North
Deborah Witts - Llandaff North
Liz Crispie - Llanishen
Neil Lyle - Llanishen
Hannah Ofoe - Llanishen
Vera Ruddock - Llanishen
Ann Thomas - Llanishen
Diane Richards - Pontprennau

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Susan Beavis - Radyr
Christina Crow - Radyr
Sylvia (Catherine) Hewett - Radyr
Cath Taylor - Radyr
Christopher Markall - St. Andrew's
Lisa Medina - St. Andrew's
Helen Tyler - St. Andrew's
Karen Smith - Taffs Well
Peter Smith - Taffs Well
Irene Welsby - Taffs Well
Sidney Chandler - Wesley Caerphilly
Gillian Griffiths - Wesley Caerphilly
Carol Pym - Wesley Caerphilly
Ann Thomas - Wesley Caerphilly
Andrew Cross - Wesley Canton
Ann Cross - Wesley Canton
Graham Hosgood - Wesley Canton
Paul Knight - Wesley Canton
Murray Taylor - Wesley Canton
Clive Carpenter - Whitchurch
Allison Hill - Whitchurch
Christine Stanley - Whitchurch
Monica Symonds - Whitchurch

The following until 27 July 2023.

Muriel Fisher - Circuit Steward:
Alison Hill - Ely
Gareth Hill - Ely
Roger Palmer - Ely
Sandra Palmer - Ely
Debbie Paul - Ely
Alan Doble - Rumney
Wendy Doble - Rumney
Barbara Ward - Rumney
Roslyn Forster - Taffs Well

Cardiff Methodist Circuit

Trustees' Annual Report *(continued)*

Year ended 31 August 2023

Cardiff Methodist Circuit

Independent Auditor's Report to the Members of Cardiff Methodist Circuit

Year ended 31 August 2023

Opinion

We have audited the financial statements of Cardiff Methodist Circuit (the 'charity') for the year ended 31 August 2023 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 2023 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;
- 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 charity'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 this report.

Cardiff Methodist Circuit

Independent Auditor's Report to the Members of Cardiff Methodist Circuit (continued)

Year ended 31 August 2023

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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.

Cardiff Methodist Circuit

Independent Auditor's Report to the Members of Cardiff Methodist Circuit (continued)

Year ended 31 August 2023

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.

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:

Our audit procedures were designed to respond to the identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

Our audit procedures included, but were not limited to:

- remaining alert to any indications of non-compliance throughout our audit;
- considering the risk of acts by the Charity which were contrary to applicable laws and regulations, including fraud;
- making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate the risks related to fraud and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
 - Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
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Cardiff Methodist Circuit

Independent Auditor's Report to the Members of Cardiff Methodist Circuit (continued)

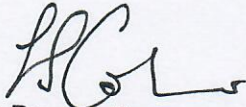
Year ended 31 August 2023

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Gordon Down & Partners
Accountants & statutory auditor
144 Walter Road
Swansea
SA1 5RW

5/6/2024

Cardiff Methodist Circuit

Statement of Financial Activities

Year ended 31 August 2023

		Unrestricted funds £	2023 Restricted funds £	Total funds £	2022 Total funds £
	Note				
Income and endowments					
Donations and legacies	4	25,194	128,774	153,968	152,652
Charitable activities	5	280,900	31,803	312,703	311,387
Investment income	6	77,910	2,261	80,171	58,028
Other income	7	—	600	600	1,719
Total income		<u>384,004</u>	<u>163,438</u>	<u>547,442</u>	<u>523,786</u>
Expenditure					
Expenditure on charitable activities	8,9	471,541	168,372	639,913	561,643
Total expenditure		<u>471,541</u>	<u>168,372</u>	<u>639,913</u>	<u>561,643</u>
Net gains on investments	10	196,479	—	196,479	—
Net income/(expenditure)		<u>108,942</u>	<u>(4,934)</u>	<u>104,008</u>	<u>(37,857)</u>
Other recognised gains and losses					
(Losses)/gains from revaluation of fixed assets		(410,000)	—	(410,000)	405,000
Net movement in funds		<u>(301,058)</u>	<u>(4,934)</u>	<u>(305,992)</u>	<u>367,143</u>
Reconciliation of funds					
Total funds brought forward		5,769,339	54,743	5,824,082	5,456,939
Total funds carried forward		<u>5,468,281</u>	<u>49,809</u>	<u>5,518,090</u>	<u>5,824,082</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.


The notes on pages 18 to 27 form part of these financial statements.


Cardiff Methodist Circuit
Statement of Financial Position

31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	13	5,230,000	5,640,000
Current assets			
Debtors	14	20,419	36,434
Cash at bank and in hand		613,351	388,406
		633,770	424,840
Creditors: amounts falling due within one year	15	345,680	240,758
Net current assets		288,090	184,082
Total assets less current liabilities		5,518,090	5,824,082
Net assets		5,518,090	5,824,082
Funds of the charity			
Restricted funds		49,809	54,743
Unrestricted funds:			
Revaluation reserve		4,451,580	4,861,580
Other unrestricted income funds		1,016,701	907,759
Total unrestricted funds		5,468,281	5,769,339
Total charity funds	16	5,518,090	5,824,082

These financial statements were approved by the board of trustees and authorised for issue on 5 June 2024, and are signed on behalf of the board by:


Rev C Gale
Trustee


Mrs H Cox
Trustee

The notes on pages 18 to 27 form part of these financial statements.

Cardiff Methodist Circuit

Statement of Cash Flows

Year ended 31 August 2023

	2023 £	2022 £
Cash flows from operating activities		
Net income/(expenditure)	104,008	(37,857)
<i>Adjustments for:</i>		
Net gains on investments	(196,479)	—
Dividends, interest and rents from investments	(80,171)	(86,656)
Accrued income	(3,758)	(15,634)
<i>Changes in:</i>		
Trade and other debtors	16,086	5,230
Trade and other creditors	108,609	(5,567)
Cash generated from operations	(51,705)	(140,484)
Net cash used in operating activities	(51,705)	(140,484)
Cash flows from investing activities		
Dividends, interest and rents from investments	80,171	86,656
Purchase of tangible assets	—	(230,000)
Proceeds from sale of property	196,479	—
Net cash from/(used in) investing activities	276,650	(143,344)
Cash flows from financing activities		
Proceeds from borrowings	—	150,000
Net cash from financing activities	—	150,000
Net increase/(decrease) in cash and cash equivalents	224,945	(133,828)
Cash and cash equivalents at beginning of year	388,406	522,234
Cash and cash equivalents at end of year	613,351	388,406

The notes on pages 18 to 27 form part of these financial statements.

Cardiff Methodist Circuit

Notes to the Financial Statements

Year ended 31 August 2023

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is Cyncoed Methodist Church, Westminster Crescent, Cardiff, CF23 6SE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable, and its amount can be measured reliably.
- legacy income is recognised when receipt is probable, and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Tangible assets

Manses and churches are shown at fair value using the Revaluation Model. It is the policy to carry out a professional valuation of these properties every five years. The trustees carry out a fair value and impairment review for each reporting period (alongside any professional valuations). Where this results in a carrying value which differs materially from that at the beginning of the period, adjustment is made to the carrying value and corresponding entry in the revaluation reserve.

It is considered that the residual values of the properties at the end of their useful lives will be at a similar level as their current fair values. Costs of disposal are estimated at 5% of value. The land element is estimated at one-third of total value. The life of the buildings is estimated at 100 years. Given these factors, it is considered that any resulting depreciation would be immaterial on an annual basis.

Further justification for adopting this policy is that it gives a more meaningful result than charging an immaterial amount of depreciation on the buildings element of the properties, only to value the properties back to fair value each year informally, and every five years when professionally revalued. It is also the policy to maintain all buildings in good condition, a basis for asserting no loss in residual values.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations, Grants and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Donations			
Donations and legacies	753	51,566	52,319
Grants			
Grants receivable	24,441	77,208	101,649
	<u>25,194</u>	<u>128,774</u>	<u>153,968</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations			
Donations and legacies	29,487	—	29,487

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

4. Donations, Grants and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Grants			
Grants receivable	123,165	—	123,165
	<u>152,652</u>	<u>—</u>	<u>152,652</u>

5. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Assessments on Churches	280,900	—	280,900
Rental income	—	31,803	31,803
	<u>280,900</u>	<u>31,803</u>	<u>312,703</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Assessments on Churches	282,759	—	282,759
Rental income	—	28,628	28,628
	<u>282,759</u>	<u>28,628</u>	<u>311,387</u>

6. Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Income from investment properties	71,404	—	71,404
Income from monetary investments	6,506	2,261	8,767
	<u>77,910</u>	<u>2,261</u>	<u>80,171</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Income from investment properties	56,820	—	56,820
Income from monetary investments	1,208	—	1,208
	<u>58,028</u>	<u>—</u>	<u>58,028</u>

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

7. Other income

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	2023
Other charitable income	—	600	£ 600

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	2022
Other charitable income	—	1,719	£ 1,719

8. Expenditure on charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	2023
Christian Ministry	471,541	168,372	£ 639,913

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	2022
Christian Ministry	561,643	—	£ 561,643

9. Expenditure on charitable activities by activity type

	Activities undertaken directly	Grant funding of activities	Total funds	Total fund
	£	£	2023	2022
Christian Ministry	639,160	753	£ 639,913	£ 561,643

10. Net gains on investments

	Unrestricted Funds	Total Funds	Unrestricted Funds	Total Funds
	£	2023	£	2022
Gains/(losses) on investment property	196,479	196,479	—	—

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

11. Staff costs

	31.8.23	31.8.22
	£	£
Wages and salaries	205,770	203,691
Social security costs	14,711	14,917
Other pension costs	39,990	41,680
	<u>260,471</u>	<u>260,288</u>

The average monthly number of employees during the year was as follows:

	31.8.23	31.8.22
	£	£
Ministers	6	6
Administrator	1	1
Children, Families & Youth Worker	1	1
Trinity Centre workers	2	2
	<u>10</u>	<u>10</u>

No employees received emoluments in excess of £60,000.

Of the above costs £175,606 relate to stipends paid to ministers, £39,990 for their pension costs and £14,700 social security.

A further £30,164 relates to staff costs for the Trinity Centre paid out of its funds.

12. Trustee remuneration and expenses

Each of the ministers of the Circuit received a stipend for their services. The Circuit Administrator also received a salary for her services.

Trustees' expenses

Each of the ministers, the Administrator and two others, a total of nine trustees, have incurred expenses on behalf of the Circuit for travel, office costs and ministry in the main and such expenses are reimbursed by the Circuit.

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Investment property £	Total £
Cost				
At 1 Sep 2022	4,225,000	4,361	1,415,000	5,644,361
Disposals	(300,000)	—	—	(300,000)
Revaluations	(95,000)	—	(15,000)	(110,000)
Transfers	(1,420,000)	—	1,420,000	—
At 31 Aug 2023	<u>2,410,000</u>	<u>4,361</u>	<u>2,820,000</u>	<u>5,234,361</u>
Depreciation				
At 1 Sep 2022 and 31 Aug 2023	—	4,361	—	4,361
Carrying amount				
At 31 Aug 2023	<u>2,410,000</u>	<u>—</u>	<u>2,820,000</u>	<u>5,230,000</u>
At 31 Aug 2022	<u>4,225,000</u>	<u>—</u>	<u>1,415,000</u>	<u>5,640,000</u>

Tangible fixed assets held at valuation

For investment properties which existed prior to 1 September 2000 their historical cost has not been ascertained. Subsequent cost of purchases and improvements amounts to £30,364 (2022: £30,364).

The investment properties were last professionally valued at open market value by Croft Davies & Co NAEA in October/November 2020 and reconsidered at 31 August 2023. It is the considered opinion of the trustees that the carrying values represent a fair value at 31 August 2023.

The properties are not owned outright by the Cardiff Methodist Circuit but by the Trustees for Methodist Church Purposes (TMCP) but it is a requirement of the Methodist Church that the properties are included in the accounts of the Circuit.

14. Debtors

	2023 £	2022 £
Trade debtors	1,474	1,740
Prepayments and accrued income	18,945	34,694
	<u>20,419</u>	<u>36,434</u>

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

15. Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	150,000	150,000
Payments received on account	58,658	55,925
Accruals and deferred income	2,500	6,187
Other creditors	134,522	28,646
	<u>345,680</u>	<u>240,758</u>

16. Analysis of charitable funds

Unrestricted funds

	At 1 Sep 2022 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Aug 2023 £
General funds	763,619	185,294	(468,943)	100,837	196,479	777,286
Circuit Model Fund	144,140	198,710	(2,598)	(100,837)	–	239,415
Revaluation reserve	4,861,580	–	–	–	(410,000)	4,451,580
	<u>5,769,339</u>	<u>384,004</u>	<u>(471,541)</u>	<u>–</u>	<u>(213,521)</u>	<u>5,468,281</u>

	At 1 Sep 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Aug 2022 £
General funds	826,962	523,786	(560,665)	101	(26,565)	763,619
Circuit Model Fund	145,219	–	(978)	(101)	–	144,140
Revaluation reserve	4,456,580	–	–	–	405,000	4,861,580
	<u>5,428,761</u>	<u>523,786</u>	<u>(561,643)</u>	<u>–</u>	<u>378,435</u>	<u>5,769,339</u>

Cardiff Methodist Circuit

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

16. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 Sep 2022	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Aug 2023
Trinity Centre	£ 54,743	£ 163,438	£ (168,372)	£ —	£ —	£ 49,809

	At 1 Sep 2021	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Aug 2022
Trinity Centre	£ 28,178	£ —	£ —	£ —	£ 26,565	£ 54,743

17. Analysis of changes in net debt

	At 1 Sep 2022	Cash flows	At 31 Aug 2023
Cash at bank and in hand	£ 388,406	£ 224,945	£ 613,351
Debt due within one year	(150,000)	—	(150,000)
	<u>238,406</u>	<u>224,945</u>	<u>463,351</u>

Cardiff Methodist Circuit

Management Information

Year ended 31 August 2023

The following pages do not form part of the financial statements.

Cardiff Methodist Circuit

Detailed Statement of Financial Activities

Year ended 31 August 2023

	2023 £	2022 £
Income and endowments		
Donations and legacies		
Donations and legacies	52,319	29,487
Grants receivable	101,649	123,165
	<u>153,968</u>	<u>152,652</u>
Charitable activities		
Assessments on Churches	280,900	282,759
	<u>280,900</u>	<u>282,759</u>
Investment income		
Income from investment properties	71,404	85,448
Income from monetary investments	8,767	1,208
	<u>80,171</u>	<u>86,656</u>
Other income		
Other charitable income	32,403	1,719
	<u>32,403</u>	<u>1,719</u>
Total income	<u>547,442</u>	<u>523,786</u>
Expenditure		
Expenditure on charitable activities		
Wages and salaries	286,999	288,659
Repairs and maintenance	136,991	112,917
Other office costs	2,415	6,197
Other expenditure	138,691	80,643
District assessment levy	8,676	8,773
Connexional assessment and model trust levy	66,141	64,454
	<u>639,913</u>	<u>561,643</u>
Total expenditure	<u>639,913</u>	<u>561,643</u>
Net gains on investments		
Gains/(losses) on investment property	196,479	—
	<u>196,479</u>	<u>—</u>
Net income/(expenditure)	<u>104,008</u>	<u>(37,857)</u>