

# **Appendix A**

## **The Vale of Glamorgan Welsh Church Act Fund**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS 2016/17**

Registered Charity no. 506628

# Annual Report and Financial Statements 2016/17

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## **Report of the Trustees for the year ended 31 March 2017**

### **Duty to Prepare Annual Reports and Accounts**

The Vale of Glamorgan Council, as corporate trustee, is responsible for the preparation of the Annual Report and Accounts for the Vale of Glamorgan Welsh Church Act Fund.

The trustees present their report along with the accounts of the charity for the year ended 31st March 2017 as required by Section 162 of the Charities Act 2011.

### **Reference and Administrative Information**

#### **Name of Charity**

The Vale of Glamorgan Welsh Church Act Fund

#### **Charity Number**

506628

#### **Principal Office**

Civic Offices, Holton Road, Barry, Vale of Glamorgan.CF63 4RU

#### **Trustees**

The Vale of Glamorgan County Borough Council corporate body appointed under the Local Government (Wales) Act 1994 and The Welsh Church Act Funds (Designation and Specification) Order 1996 thereto.

#### **Managing Director**

Rob Thomas

#### **Independent Examiner**

Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ.

#### **Bankers**

Lloyds Bank, 140b Holton Road, Barry, Vale of Glamorgan CF63 4TZ.

#### **Solicitors**

Legal Services, Vale of Glamorgan County Borough Council, Civic Offices, Holton Rd., Barry, Vale of Glamorgan. CF63 4RU.

#### **Investment Advisors**

Tilney Financial Planning Limited, The Observatory, Western Road, Bracknell. RG12 1TL

## **Structure Governance and Management**

### **Governing Document**

The current Scheme of Arrangement is dated 25<sup>th</sup> November 1975 pursuant to Section 19 of the Welsh Church Act 1914, which requires the fund the subject of the scheme to be expended on the charitable purposes as set out on page 5 of this report.

### **Organisation**

The Council as corporate trustee is responsible for the administration of the fund across the geographical areas of the Vale of Glamorgan Council and the City and County of Cardiff. The Council has delegated management of the fund to a Welsh Church Act Estate Committee.

The members of the Welsh Church Act Estate Committee are Vale of Glamorgan Council Councillors and are appointed by full Council, at the Council's Annual Meeting.

The fund operates in accordance with the Vale Council constitution, which sets out how decisions are made, the scheme of officer delegation, contract standing orders, and financial regulations, and the procedures, which are to be followed to ensure that these are efficient, transparent and accountable to local people.

### **Related Parties**

A related party transaction is one where the charity has a relationship with another party, which might inhibit it from pursuing its own separate interests. It is considered that the Vale of Glamorgan County Borough Council has a related party relationship with the trust. Financial transactions with the Council are disclosed in Note 1 to the Statement of Financial Activities. There are no related party transactions with the City and County of Cardiff during 2016/17.

### **Risk Management**

Trustees are made aware of any issues with possible detrimental effects upon the fund as they arise. The financial administration of the trust has regard to the Council's overarching risk management strategy and is conducted in accordance with the Council's Corporate Governance policies, which include inter alia Financial Procedure Rules, Standing Orders and Scheme of Delegation.

### **Objectives and Activities**

Lloyd George, under the provisions of the 1914 and 1919 Welsh Church Acts, established the Welsh Church Fund. These two acts transferred certain categories of secularised property, to a Welsh Church Fund to be administered by the County Councils. However these funds were not activated until 1942-47, when property to the value of almost £2.5 million was handed over to the County Councils.

The Welsh Church Acts state that income of the funds should be devoted to charitable or alms giving purposes and that each Council is required to prepare a scheme for the use of the fund.

The Vale of Glamorgan Welsh Church Act Fund currently operates in accordance with the Scheme dated 25 November 1975 effected by the former South Glamorgan County Council and agreed by the Secretary of State for Wales 9 February 1976.

The following is a precis of the charitable purposes to which the fund may be applied:

- Educational
- Relief in sickness
- Relief in need
- Libraries, Museums, Art Galleries, etc.
- Social and recreational
- Protection of historical building etc.
- Medical and social research treatment etc.
- Probation, etc.
- Blind persons
- Aged persons
- Places of worship and burial grounds
- Emergencies or disasters
- Other purposes not inconsistent with the Scheme or the Welsh Church Acts.

### **Achievements and Performance**

Details of grants made from the fund during the course of the year are as shown in the Notes to the Statement of Financial Activities; there are no performance targets.

### **Financial Review**

#### **Fund value**

The net value of the fund at year end was £4.949m, an increase of £146k on the previous year. This is attributable to the surplus on the sale of a plot of land at St Peters Church £9k and a gain on the revaluation of stock market investments £129k, there was also an increase in the unrestricted funds held of £8k during 2016/17.

#### **Investment Policy**

The trustees have complied with their investment powers as in the approved Scheme and under the Trustee Act 2000. Tilney Financial Planning Limited, authorised and regulated by the Financial Services Authority, act as Independent Financial Adviser to the trust. The investment objectives are to maximise income within a low risk to capital strategy.

#### **Policy on Reserves**

The Trust's unrestricted funds increased from £100k to £112k during 2016/17, this sum equates to 2.32% of the value of the Investment Properties, this sum is held primarily to fund unforeseen costs on maintaining the Investment Properties. The unrestricted fund is also used to allow for fluctuations in investment income to ensure consistent provision of grant funding as part of the Trust's charitable purposes. The balance of the fund will be kept under review in future years.

#### **Plans for Future Periods**

No changes are envisaged to the operation of the fund.

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## **Statement of Responsibilities for the Preparation of the Annual Report**

### **The trustee responsibilities**

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees at their meeting on *8<sup>th</sup> January 2018* and the Chairman, Councillor. G. A. Cox, duly authorised to sign the same on their behalf.

Signed :  
**Councillor G. A. Cox**  
**Chairman**  
**Vale of Glamorgan Welsh Church Act Estate Committee**

Date : 8<sup>th</sup> January 2018

## **Statement of Accounting Policies**

Accounting Policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts to show a true and fair view in accordance with the financial reporting standard (FRS) 18.

### **Basis of Preparation**

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

### **Income Policy**

Investment income is recognised as it becomes receivable.

### **Expenditure Policy**

Grants are recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

### **Fixed Assets**

### **Investment Properties**

Investment Properties are recorded in the accounts at current market value as required by the above-mentioned regulations. Valuations are carried out by an external valuer, (being a member of the The Royal Institution of Chartered Surveyors (RICS)) in accordance with the RICS Valuation Standards. Any difference in value arising out of the periodic revaluations is charged / credited to the Revaluation Reserve except where the individual assets have not previously been revalued upwards, in which case any charges will be expensed in the year to which they relate. A valuation was carried out by GVA Grimley Ltd., Chartered Surveyors during the financial year 2013/14. In accordance with SSAP19, Accounting for Investment Properties, depreciation is not provided on the land and buildings as these are held as investment properties.

### **Other Investments**

Other Investments are recorded in the accounts at current market value as required by the above-mentioned regulations. Any difference in value on the previous year is charged

/credited to the Revaluation Reserve except where the individual assets have not previously been revalued upwards, in which case any charges will be expensed in the year to which they relate.

### **Fund Structure**

The funds of the trust are restricted in their application to the charitable purposes set out in the “scheme for the administration of the trust” made by the former South Glamorgan County Council.

## Statement of Financial Activities for the year ended 31<sup>st</sup> March 2017

2015/16					2016/17		
Unrestricted Fund	Endowment Fund	Total Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Income and endowments from:</b>				
15	0	15	Investment Properties		20	0	20
15	0	15	Investments	1	39	0	39
<b>30</b>	<b>0</b>	<b>30</b>	<b>Total</b>		<b>59</b>	<b>0</b>	<b>59</b>
			<b>Expenditure on:</b>				
0	0	0	Raising Funds – Investment Management Costs		0	0	0
(3)	0	(3)	Raising Funds – Property Repairs and Maintenance		(5)	0	(5)
0	(6)	(6)	Raising Funds – Costs of Sale		0	0	0
(43)	0	(43)	Charitable activities – Grant Making	2	(45)	0	(45)
(1)	0	(1)	Governance Costs		(1)	0	(1)
<b>(47)</b>	<b>(6)</b>	<b>(53)</b>	<b>Total</b>		<b>(51)</b>	<b>0</b>	<b>(51)</b>
0	(68)	(68)	<b>Net gains/(losses) on investments</b>		0	130	130
<b>(17)</b>	<b>(74)</b>	<b>(91)</b>	<b>Net income/(expenditure)</b>		<b>8</b>	<b>130</b>	<b>138</b>
0	0	0	<b>Transfers between funds</b>		0	0	0
0	0	0	Other recognised gains/(losses):		0	0	0
0	0	0	Gains/(losses) on revaluation of fixed assets		0	0	0
0	316	316	Proceeds on disposal of investment properties		0	8	8
0	0	0	Other gains/(losses)		0	0	0
<b>(17)</b>	<b>242</b>	<b>225</b>	<b>Net movement in funds</b>		<b>8</b>	<b>138</b>	<b>146</b>
			<b>Reconciliation of funds:</b>				
123	4,456	4,578	Total funds brought forward		105	4,698	4,803
<b>105</b>	<b>4,698</b>	<b>4,803</b>	<b>Total funds carried forward</b>		<b>113</b>	<b>4,836</b>	<b>4,949</b>

The notes contained on page 12 forms part of these Accounts.

**Balance Sheet as at 31<sup>st</sup> March 2017**

2015/16				Notes	2016/17		
Unrestricted Fund	Endowment Fund	Total Fund			Unrestricted Fund	Endowment Fund	Total Fund
£000's	£000's	£000's			£000's	£000's	£000's
			<b>Fixed assets</b>				
0	3,075	3,075	Investment Properties	1.1	0	3,074	3,074
0	1,602	1,602	Investments	1.2	0	1,732	1,732
<b>0</b>	<b>4,677</b>	<b>4,677</b>	<b>Total fixed assets</b>		<b>0</b>	<b>4,806</b>	<b>4,806</b>
			<b>Current assets</b>				
0	0	0	Debtors	2	8	0	8
100	0	100	Investments	3	100	8	108
10	21	31	Cash at bank and in hand		13	22	35
<b>110</b>	<b>21</b>	<b>131</b>	<b>Total current assets</b>		<b>121</b>	<b>30</b>	<b>151</b>
			<b>Current liabilities</b>				
5	0	5	Creditors: amounts falling due within one year	4	8	0	8
<b>5</b>	<b>0</b>	<b>5</b>	<b>Total current liabilities</b>		<b>8</b>	<b>0</b>	<b>8</b>
<b>105</b>	<b>21</b>	<b>126</b>	<b>Net current assets or liabilities</b>		<b>113</b>	<b>30</b>	<b>143</b>
<b>105</b>	<b>4,698</b>	<b>4,803</b>	<b>Total assets less current liabilities</b>		<b>113</b>	<b>4,836</b>	<b>4,949</b>
			<b>The funds of the charity:</b>				
5	985	990	Endowment funds		1	1,005	1,006
100	0	100	Unrestricted funds		112	0	112
0	3,713	3,713	Revaluation Reserve		0	3,831	3,831
<b>105</b>	<b>4,698</b>	<b>4,803</b>	<b>Total charity funds</b>		<b>113</b>	<b>4,836</b>	<b>4,949</b>

The notes contained on page 13 form part of these Accounts.

Approved by the trustees at their meeting on 8<sup>th</sup> January 2018 and the Chairman, Councillor G. A. Cox duly authorised to sign the same on their behalf.

Signed :

Date : 8<sup>th</sup> January 2018

**Councillor G. A. Cox, Chairman Vale of Glamorgan Welsh Church Act Estate Committee**

## Cashflow Statement

		2016/17	2015/16
	Notes	Total Funds	Prior Year Funds
		£'000	£'000
Cash flows from operating activities:			
<b>Net cash provided by (used in) operating activities</b>		<b>47</b>	<b>44</b>
Cash flows from investing activities		0	0
Dividends interest and rents from investments		(51)	(29)
Proceeds from the sale of investments		(10)	(760)
Purchase of investments		10	760
<b>Net cash provided by (used in) investing activities</b>		<b>(51)</b>	<b>(29)</b>
<b>Net cash provided by (used in) financing activities</b>		<b>0</b>	<b>0</b>
Change in cash and cash equivalents in the reporting period		(4)	15
Cash and cash equivalents at the beginning of the reporting period		(31)	(46)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(35)</b>	<b>(31)</b>

## **Notes to the Statement of Financial Activities**

### **1. Related Party Transactions**

	<b>2016/17</b> £	<b>2015/16</b> £
Interest Received from Vale of Glamorgan Council	369	2,116
<b>Total</b>	<b>369</b>	<b>2,116</b>

The interest shown above is part of Income and Endowments from Investments in the Statement of Financial Activities.

### **2. Grants Paid**

During 2016/17 the Fund awarded total grants amounting to £44,550 towards the charitable purposes to which the fund may be applied, as detailed below.

<b>Organisation</b>	<b>Scheme</b>	<b>Amount</b> £
<b>Maintenance of places of public worship and public burial:</b>		
Barry National Spiritualist Church and Centre	Induction Loop System	£750
Archdiocese of Cardiff Parish of Blessed Sacrament	Renovation of the interior back wall and refurbishment of the altar area	£6,000
St Pauls Church, Merthyr Dyfan	Keyboard Instrument	£1,000
St Tathan Church, St Athan	Porch Ceiling Conservation	£2,000
Beulah United Reform Church	Repair leaking wall and replace roof of garage	£1,000
St Nicholas Parish Church	Re-roofing and associated works	£1,000
Croes Y Parc Baptist Church	Sunday School Building Project	£1,000
Apostolic Church Bridgend T/A Cardiff International Church	Repairs to flat roof at Cardiff International Church	£2,000
All Saints Church PCC	Organ Appeal	£2,000
St Marys Church Whitchurch	Repair and replace flat roofs and damaged capstone at Church Community Hall	£2,000
Rumney Parish St Augustines Church	Conservation of church and buildings	£1,000
St Timothy's Church Parish of Caerau with Ely	Replacement of UPVC fascias at St Timothy's Careau	£1,500
The Parochial Church Council Account of St Andrews Major	Reordering of the Lady Chapel and Church to provide community space	£4,000
St Peters Church - Parish of All Saints	Building of a car park at St Peters church	£5,000
Parish of Porthkerry and Rhoose	Limewash exterior of St Curig's Church	£1,500
PCC of St Davids Careau	New Drain and Drainage at St Davids Church Ely	£1,500
All Saints Church Barry	All Saints Church Roof Restoration Project	£2,000
Llandough Church Rectoral Benefice	Repair Boundary Walls, make graves safe, work to the pointing of the church	£2,000
<b>Grants awarded for other purposes</b>		
Ewenny Community Council	Defibrillator for Village	£500
Pentyrch Tennis Club	Resurfacing Tennis Courts	£1,000
Music in Hospitals	4 concerts in care homes throughout Vale of Glamorgan	£1,000
Gofal A Chymorth Gwalia Cyf	Decoration costs	£100
The Gathering Place	Defibrillator for Gathering Place Centre	£500
Clybiau Plant Cymru Kids Club	Playworker Workshops	£500
Welsh Housing Aid Limited t/a Shelter Cymru	Housing Services Advisor	£1,000
Cardiff City Football Club Ltd t/a Cardiff City FC Community Foundation	All Skilled Up Literacy Projects	£2,000
Wenvoe Leisure Group	Running Costs	£100
Triumph Over Phobia	Self Help Therapy Group Set Up Cardiff	£500
<b>Total Grants Paid as per SOFA</b>		<b>£44,450</b>

## Notes to the Balance Sheet

### 1. Fixed Asset Investments

#### 1.1 Investment Properties

	Land £'000	Freehold Properties £'000	Totals £'000
Balance as at 1st April 2015	3,075	0	3,075
Disposals	(1)	0	(1)
Additions	0	0	0
Unrealised gains/ (losses) in year	0	0	0
<b>Balance as at 31<sup>st</sup> March 2016</b>	<b>3,074</b>	<b>0</b>	<b>3,074</b>

#### 1.2 Investments

	2015/16 £'000	2016/17 £'000
Balance as at 1st April	909	1,602
Additions at cost	761	10
Disposals at carrying value	0	0
Net profit / (loss) on revaluation	(68)	120
<b>Total</b>	<b>1,602</b>	<b>1,732</b>

The Investments balance at 31<sup>st</sup> March 2017 is made up of £541k Fixed income investments, £722k equity investments, £400k alternative funds and £69k cash.

### 2. Debtors – amounts receivable within one year

Debtors at 31<sup>st</sup> March 2017 amounted to £8,431.08 outstanding from Tilney Financial Planning Ltd for income on investments in year.

### 3. Investments

The short-term investment of £100k is invested in the money markets by the Vale of Glamorgan Council on behalf of the fund. Interest is payable at the “Average Seven Day Rate”.

A residual investment is also held in the Transact Account of £8k and it is intended that this will be sold and transferred into the main investment account during 2017/18.

### 4. Creditors - amounts payable within one year

Creditor	31/03/17 £'000	31/03/16 £'000
Independent examiners fee	2	3
Grants agreed in 2016/17 unpaid at 31 <sup>st</sup> March 2017	3	5
<b>Total</b>	<b>5</b>	<b>8</b>