

Appendix A

The Vale of Glamorgan Welsh Church Act Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017/18

Registered Charity no. 506628

Annual Report and Financial Statements 2017/18

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Report of the Trustees for the year ended 31 March 2018

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 2018 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 25th 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 2017/18.

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 £4.960m, an increase of £11k on the previous year. This is attributable to a gain on the revaluation of stock market investments £4k, there was also an increase in the unrestricted funds held of £7k during 2017/18.

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 £113k to £120k during 2017/18, this sum equates to 3.9% of the value of the Investment Properties and 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. It is felt that the balance of unrestricted reserves is slightly higher than is required given the nature of the assets held by the Trust however a cost of £30k for land to the rear of Church Road which will be incurred in 2018/19 and will be funded from the reserve which will reduce the balance to an estimated £90k in 2018/19.

Plans for Future Periods

No changes are envisaged to the operation of the fund.

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 *16th July 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: 16th July 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 31st March 2018

2016/17					2017/18		
Unrestricted Fund	Endowment Fund	Total Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
£'000	£'000	£'000			£'000	£'000	£'000
			Income and endowments from:				
20	0	20	Investment Properties		16	0	16
39	0	39	Investments	1	47	0	47
59	0	59	Total		63	0	63
			Expenditure on:				
0	0	0	Raising Funds – Investment Management Costs		(1)	0	(1)
(5)	0	(5)	Raising Funds – Property Repairs and Maintenance		(3)	0	(3)
0	0	0	Raising Funds – Costs of Sale		0	0	0
(45)	0	(45)	Charitable activities – Grant Making	2	(51)	0	(51)
(1)	0	(1)	Governance Costs		(1)	0	(1)
(51)	0	(51)	Total		(56)	0	(56)
0	130	130	Net gains/(losses) on investments		0	4	4
8	130	138	Net income/(expenditure)		7	4	11
0	0	0	Transfers between funds		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	8	8	Proceeds on disposal of investment properties		0	0	0
0	0	0	Other gains/(losses)		0	0	0
8	138	146	Net movement in funds		7	4	11
			Reconciliation of funds:				
105	4,698	4,803	Total funds brought forward		113	4,836	4,949
113	4,836	4,949	Total funds carried forward		120	4,840	4,960

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

Balance Sheet as at 31st March 2018

2016/17				Notes	2017/18		
Unrestricted Fund	Endowment Fund	Total Fund			Unrestricted Fund	Endowment Fund	Total Fund
£000's	£000's	£000's			£000's	£000's	£000's
			Fixed assets				
0	3,074	3,074	Investment Properties	1.1	0	3,074	3,074
0	1,732	1,732	Investments	1.2	0	1,744	1,744
0	4,806	4,806	Total fixed assets		0	4,818	4,818
			Current assets				
8	0	8	Debtors	2	7	0	8
13	22	35	Debtors Cash owed by Vale of Glamorgan Council		32	22	54
100	8	108	Investments	3	100	0	100
121	30	151	Total current assets		139	22	161
			Current liabilities				
8	0	8	Creditors: amounts falling due within one year	4	19	0	19
8	0	8	Total current liabilities		19	0	19
113	30	143	Net current assets or liabilities		120	22	142
113	4,836	4,949	Total assets less current liabilities		120	4,840	4,960
			The funds of the charity:				
1	1,005	1,006	Endowment funds		0	1,004	1,004
112	0	112	Unrestricted funds		120	0	120
0	3,831	3,831	Revaluation Reserve		0	3,836	3,836
113	4,836	4,949	Total charity funds		120	4,840	4,960

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

Approved by the trustees at their meeting on 16th July 2018 and the Chairman, Councillor G. A. Cox duly authorised to sign the same on their behalf.

Signed :

Date : 16th July 2018

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

Cashflow Statement

		2017/18	2016/17
	Notes	Total Funds	Prior Year Funds
		£'000	£'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		45	47
Cash flows from investing activities		0	0
Dividends interest and rents from investments		(64)	(51)
Proceeds from the sale of investments		(0)	(10)
Purchase of investments		0	10
Net cash provided by (used in) investing activities		(64)	(51)
Net cash provided by (used in) financing activities		0	0
Change in cash and cash equivalents in the reporting period		(19)	(4)
Cash and cash equivalents at the beginning of the reporting period		(35)	(31)
Cash and cash equivalents at the end of the reporting period		(54)	(35)

Notes to the Statement of Financial Activities

1. Related Party Transactions

	2017/18 £	2016/17 £
Interest Received from Vale of Glamorgan Council	355	369
Total	355	369

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

2. Grants Paid

During 2017/18 the Fund awarded total grants amounting to £51,452 towards the charitable purposes to which the fund may be applied, as detailed below.

Organisation	Scheme	Amount £
Rectorial Benefice of Cowbridge	Repair stone walls and footpath at St Canna Church, Llangan	630
Rectorial Benefice of Cowbridge	Chairs for Holy Cross Church, Cowbridge	1,850
Rumney Gospel Chapel	Repairs to church kitchen	235
Barry Community Choir	Easel and copies of music scores	150
Elfed Avenue United Church	High definition CCTV and movement activated loud speakers	1,675
The Makers Guild in Wales	Crafting techniques summer workshop for young people	4,575
Cambrian Educational Foundation for Deaf Children	IT equipment to promote communication and language skills	750
St Athan Primary School	Garden expansion	1,000
St Germans Church	New heating system	5,000
Cardiff Deaf Creative Hands	British sign language courses	4,410
Princes Street Evangelical Church	Main entrance and toilet renovation	5,000
Moorland Star	New Boiler	4,865
Cadoxton Methodist Church	Modification to entrance to incorporate disabled access	5,000
Cowbridge Rectorial Benefice - Llanblethian Church Hall	Replacement floor for hall	2,500
Llantwit Major Tennis Club	Restoration Llantwit Major Tennis Courts	5,000
The Rectorial benefice of Barry - St Cadocs Parish Church	Installation of Toilet and Repair of Pathways	5,000
Tabernacle Baptist Church	Roof Repair Phase 1	5,000
Refunds relating to 2016-17 Grant Awards		(1,188)
Total Grants Paid as per SOFA		£51,452

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 2017	3,074	0	3,074
Disposals	0	0	0
Additions	0	0	0
Unrealised gains/ (losses) in year	0	0	0
Balance as at 31st March 2018	3,074	0	3,074

1.2 Investments

	2016/17 £'000	2017/18 £'000
Balance as at 1st April	1,602	1,732
Additions at cost	10	0
Reclassification from short term	0	8
Disposals at carrying value	0	0
Net profit / (loss) on revaluation	120	4
Total	1,732	1,744

The Investments balance at 31st March 2018 is made up of £644k Fixed income investments, £553k equity investments, £337k alternative funds and £210k cash.

2. Debtors – amounts receivable within one year

Debtors at 31st March 2018 amounted to £7,564.18 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”.

4. Creditors - amounts payable within one year

Creditor	31/03/17 £'000	31/03/18 £'000
Independent examiners fee	3	4
Grants agreed in 2017/18 unpaid at 31 st March 2018	5	15
Total	8	19