

# **Appendix A**

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

### **ANNUAL REPORT AND FINANCIAL STATEMENTS 2015/16**

Registered Charity no. 506628

# Annual Report and Financial Statements 2015/16

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## **Report of the Trustees for the year ended 31 March 2016**

### **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 2016 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**

Towry Limited, 7<sup>th</sup> Floor, Belmont House, Churchill Way, Cardiff, CF10 2HE.

## **Structure Governance and Management**

### **Governing Document**

Scheme of Arrangement

### **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 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.

### **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 précis 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 £4.803m, an increase of £225k on the previous year. This is attributable to the surplus on the sale of Southerndown £316k after allowing for costs of sale and a loss on the revaluation of stock market investments -£69k, there was also a reduction in the unrestricted funds held of £22k during 2015/16.

#### **Investment Policy**

The trustees have complied with their investment powers as in the approved Scheme and under the Trustee Act 2000. Towry 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 reduced from £122k to £100k during 2015/16, this sum equates to 3.25% of the value of the Investment Properties, and 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.

## **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 (*insert date*) and the Chairman, Councillor F T Johnson, duly authorised to sign the same on their behalf.

Signed :

Date :

**Councillor F T Johnson**  
**Chairman**  
**Vale of Glamorgan Welsh Church Act Estate Committee**

## **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 financial statements are prepared in accordance with the legal requirements contained in Part VIII of the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the Statement of Recommended Practice: Accounting by Charities (the Charities SORP) 2015 and all other relevant Accounting Standards.

### **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 2016

2014/15					2015/16		
Unrestricted Fund	Endowment Fund	Total Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
			<b>Income and endowments from:</b>				
21	0	21	Investment Properties		15	0	15
21	0	21	Investments	1	15	0	15
0	0	0	Other		0	0	0
<b>42</b>	<b>0</b>	<b>42</b>	<b>Total</b>		<b>30</b>	<b>0</b>	<b>30</b>
			<b>Expenditure on:</b>				
0	0	0	Raising Funds – Investment Management Costs		0	0	0
(11)	0	(11)	Raising Funds – Property Repairs and Maintenance		(3)	0	(3)
0	0	0	Raising Funds – Costs of Sale		0	(6)	(6)
(35)	0	(35)	Charitable activities – Grant Making	2	(43)	0	(43)
0	0	0	Other		0	0	0
(1)	0	(1)	Governance Costs		(1)	0	(1)
<b>(47)</b>	<b>0</b>	<b>(47)</b>	<b>Total</b>		<b>(47)</b>	<b>(6)</b>	<b>(53)</b>
0	35	35	<b>Net gains/(losses) on investments</b>		0	(68)	(68)
<b>(5)</b>	<b>35</b>	<b>30</b>	<b>Net income/(expenditure)</b>		<b>(17)</b>	<b>(74)</b>	<b>(91)</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	0	0	Proceeds on disposal of investment properties		0	316	316
0	0	0	Other gains/(losses)		0	0	0
<b>(5)</b>	<b>35</b>	<b>30</b>	<b>Net movement in funds</b>		<b>(17)</b>	<b>242</b>	<b>225</b>
			<b>Reconciliation of funds:</b>				
128	4,421	4,549	Total funds brought forward		123	4,456	4,578
<b>123</b>	<b>4,456</b>	<b>4,578</b>	<b>Total funds carried forward</b>		<b>106</b>	<b>4,698</b>	<b>4,803</b>

The notes contained on page 10 forms part of these Accounts.



**Balance Sheet as at 31<sup>st</sup> March 2016**

2014/15				Notes	2015/16		
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	3,525	3,525	Investment Properties		0	3,075	3,075
0	909	909	Investments		0	1,602	1,602
<b>0</b>	<b>4,434</b>	<b>4,434</b>	<b>Total fixed assets</b>		<b>0</b>	<b>4,677</b>	<b>4,677</b>
			<b>Current assets</b>				
0	0	0	Debtors		0	0	0
100	0	100	Investments		100	0	100
23	22	45	Cash at bank and in hand		10	21	31
<b>123</b>	<b>22</b>	<b>145</b>	<b>Total current assets</b>		<b>110</b>	<b>21</b>	<b>131</b>
			<b>Current liabilities</b>				
1	0	1	Creditors: amounts falling due within one year		5	0	5
<b>1</b>	<b>0</b>	<b>1</b>	<b>Total current liabilities</b>		<b>5</b>	<b>0</b>	<b>5</b>
<b>122</b>	<b>22</b>	<b>144</b>	<b>Net current assets or liabilities</b>		<b>105</b>	<b>21</b>	<b>126</b>
<b>122</b>	<b>4,456</b>	<b>4,578</b>	<b>Total assets less current liabilities</b>		<b>105</b>	<b>4,698</b>	<b>4,803</b>
			<b>The funds of the charity:</b>				
0	985	985	Endowment funds		5	985	990
122	0	122	Unrestricted funds		100	0	100
0	3,471	3,471	Revaluation Reserve		0	3,713	3,713
<b>122</b>	<b>4,456</b>	<b>4,578</b>	<b>Total charity funds</b>		<b>105</b>	<b>4,698</b>	<b>4,803</b>

The notes contained on pages 11 - 12 form part of these Accounts.

Approved by the trustees at their meeting on *(Insert Date)* and the Chairman, Councillor F T Johnson, duly authorised to sign the same on their behalf.

Signed :

Date :

**Councillor F T Johnson, Chairman Vale of Glamorgan Welsh Church Act Estate Committee**

## Cashflow Statement

		2015/16	2014/15
	Notes	Total Funds	Prior Year Funds
Cash flows from operating activities:			
<b>Net cash provided by (used in) operating activities</b>		<b>44</b>	<b>47</b>
Cash flows from investing activities		0	0
Dividends interest and rents from investments		(29)	(47)
Proceeds from the sale of investments		(760)	0
Purchase of investments		760	0
<b>Net cash provided by (used in) investing activities</b>		<b>(29)</b>	<b>(47)</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		15	0
Cash and cash equivalents at the beginning of the reporting period		(46)	(46)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(31)</b>	<b>(46)</b>

## Notes to the Statement of Financial Activities

### 1. Related Party Transactions

	2015/16 £	2014/15 £
Interest Received from Vale of Glamorgan Council	2,116	444
<b>Total</b>	<b>2,116</b>	<b>444</b>

The interest shown above is part of Investment Income Other in the Statement of Financial Activities.

### 2. Grants Paid

During 2015/16 the Fund awarded total grants amounting to £42,900 towards the charitable purposes to which the fund may be applied, as detailed below.

Organisation	Scheme	Amount £
Maintenance of places of public worship and public burial:		
Rectorial Benefice of Cowbridge – Holy Cross Church	Replacement Limewash for the tower at Holy Cross Church	1,000
Parochial Church Council of the Parish of Merthyr Dyfan – St Pauls Church	Redecoration of St Pauls Church Hall following closure of the Church	1,500
Rectorial Benefice of Cowbridge	Demountable Staging for Cowbridge Music Festival	1,000
Elfed Avenue United Church, Penarth	Convert existing toilets into accessible toilets with baby changing facilities	1,500
Croes Y Parc Baptist Church, Peterston Super Ely	Provision of Sunday School and Congregation facilities	5,000
Saron Chapel, Treoes	Urgent repairs replacing defective roof, re-rendering walls etc.	5,000
Parochial Church Council of the Parish of Merthyr Dyfan	Replace Keyboard Instrument	400
St Cattwgs Church, Llanmaes	Roof Repair Work	1,500
St Peters Church Parochial Church Council, Peterston Super Ely	Heating Project Replace boiler, radiator and piping	1,500
St Mary the Virgin Church Cardiff Parish of Pentyrch	Repairs due to Water Ingress	2,000
	Reconfiguring and modernising internal layout of the church	2,500
Cannas Church, Llangan	Restore Manders Organ	1,000
Archdiocese of Cardiff – St Josephs Church Penarth	Works to address damp ingress	1,500
Archdiocese of Cardiff – St Marys Church Dinas Powys	Preparation and painting	1,500
Parish of Cadoxton Juxta Barry – St Marys Church, Barry	St Marys Roof and Boundary Wall project	5,000
Bethel English Baptist Church	Improved Sound System	1,000
Crossway Methodist Church	Updating Facilities; lighting, projector, music system	2,000
Saint John the Baptist Sully	Replace Church Lighting	2,000
South Wales Quaker Meeting House	Window Replacement	1,500
Saint Athan Methodist Church	Sound and Visual Enhancement	1,000
Grants awarded for other purposes		
Llandow Village Hall	Contribution to building work at village hall	500
Valeways Limited	Volunteer Coordinator	3,000
<b>Total Grants Paid as per SOFA</b>		<b>42,900</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	450	3,525
Disposals	0	(450)	(450)
Additions	0	0	0
Unrealised gains/ (losses) in year	0	0	0
<b>Balance as at 31<sup>st</sup> March 2016</b>	<b>3,075</b>	<b>0</b>	<b>3,075</b>

#### 1.2 Other Investments

	2015/16 £'000	2014/15 £'000
Balance as at 1st April	909	875
Additions at cost	761	0
Disposals at carrying value	0	0
Net profit / (loss) on revaluation	(68)	34
<b>Total</b>	<b>1,602</b>	<b>909</b>

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

Debtors at 31<sup>st</sup> March 2016 amounted to £185.21 outstanding from HMRC for Income Tax paid 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 further £766k was invested by the Vale of Glamorgan Council between 17<sup>th</sup> July 2015 and 16<sup>th</sup> December 2015 whilst investment proposals were prepared and reviewed by trustees.

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

Creditor	31/03/16 £'000	31/03/15 £'000
Independent examiners fee	1	1
<b>Total</b>	<b>1</b>	<b>1</b>