

Meeting of:	<b>Welsh Church Act Estate Committee</b>
Date of Meeting:	<b>Monday, 28 September 2020</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	<b>Annual Report and Accounts 2019/20</b>
Purpose of Report:	To consider the Annual Report and Accounts as required by the Charities Act 2011 Section 162
Report Owner:	Report of the Managing Director
Responsible Officer:	Carys Lord Head of Finance/ Section 151 officer
Elected Member and Officer Consultation:	Not applicable
Policy Framework:	Not applicable
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The net value of the fund as at 31st March 2020 is £4.969m which is a reduction of £127k when compared to the previous year.</li> <li>• During 2019/20 there was a deficit of £6k against unrestricted funds.</li> </ul>	

## **Recommendation**

1. That the Annual Report and Accounts 2019/20, as set out at Appendix A to this report be approved, and that the Chairman be authorised to sign the same on behalf of trustees.

## **Reason for Recommendation**

1. In accordance with the requirements of the Charities Act 2011, and the Charities (Accounts & Reports) Regulations 2008.

### **1. Background**

- 1.1 The Charities (Accounts & Reports) Regulations 2008 require that the Annual Report and Accounts should be approved by the Trustees as a body in accordance with their normal administrative procedures.

### **2. Key Issues for Consideration**

- 2.1 The Annual Report and Accounts for the year ended 31st March 2020 is set out at Appendix A to this report.

- 2.2 The main features of the report when compared to the previous year, are as follows:-

- 2.3 **Statement of Financial Activities**

There was an in-year deficit of £6k, with the equivalent position for 2018/19 being a deficit of £2k. This is due to a further reduction in investment and investment property income of £7k when compared with 2018/19 and £12k when compared with 2017/18. The grants allocation was reduced by £4k from £53k in 2018/19 to £49k in 2019/20 and there was an increase in other expenditure of £1k, in the main relating to repairs and maintenance.

There was also a significant loss on investments (£121k) that took place in March 2020 as a result of the novel coronavirus COVID-19 pandemic.

- 2.4 **Balance Sheet**

The value of the fund as at 31st March 2020 was £4.969m which is a reduction of £127k from the previous year. This is due to a reduction of £121k in the value of investments and a use of reserves of £6k to fund expenditure commitments.

- 2.5 Subject to its approval by this Committee, the document as above will be forwarded to the Council's external auditors Wales Audit Office for independent examination.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The Trusts actions need to comply with Charity Law and its decisions are independent of the Council's obligations under the Well-Being of Future Generations Act.

### **4. Resources and Legal Considerations**

#### **Financial**

- 4.1** As detailed in the body of the report.

#### **Employment**

- 4.2** There are no direct employment implications.

#### **Legal (Including Equalities)**

- 4.3** This report is submitted in accordance with the statutory requirements of the Charities Acts' 1993 and 2011 and the Charities (Accounts and Reports) Regulations 2008.

### **5. Background Papers**

# **Appendix A**

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

### **ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20**

Registered Charity no. 506628

# Annual Report and Financial Statements 2019/20

## Contents

	Page
Report of the Trustees	3
Statement of Responsibilities for the Annual Report and Trustees' Certificate	6
Accounting Policies	7
Statement of Financial Activities	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Statement of Financial Activities	12
Notes to the Balance Sheet	13
Report of the independent examiner to the trustees	15

## **Report of the Trustees for the year ended 31 March 2020**

### **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 2020 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**

Audit Wales, 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 which is 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 City and County of Cardiff and the Vale of Glamorgan County Borough Council has a related party relationship with the charity. 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 2019/20.

### **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**

The former Prime Minister 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 £4.969m, a reduction of £127k on the previous year. This is mainly attributable to a significant loss on investments that took place in March 2020 as a result of the novel coronavirus COVID-19 pandemic and a use of reserves of £6k to fund expenditure commitments.

#### **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 decreased from £118k to £112k during 2019/20, this sum equates to 3.5% 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.

#### **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 28th September 2020 and the Chairman,  
duly authorised to sign the same on their behalf.

Signed:

Date 28<sup>th</sup> September 2020

**Chairman Councillor M Wilson**  
**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 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.

### **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 Avison Young, during the financial year 2018/19. 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 2020

2018/19					2019/20		
Unrestricted Fund	Unrestricted Fund	Unrestricted Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Income and endowments from:</b>				
17	0	17	Investment Properties		16	0	16
41	0	41	Investments	1	35	0	35
<b>58</b>	<b>0</b>	<b>58</b>	<b>Total</b>		<b>51</b>	<b>0</b>	<b>51</b>
			<b>Expenditure on:</b>				
0	0	0	Raising Funds – Investment Management Costs		0	0	0
(6)	0	(6)	Raising Funds – Property Repairs and Maintenance		(7)	0	(7)
0	0	0	Raising Funds – Costs of Sale		0	0	0
(53)	0	(53)	Charitable activities – Grant Making	2	(49)	0	(49)
(1)	0	(1)	Governance Costs		(1)	0	(1)
<b>(60)</b>	<b>0</b>	<b>(60)</b>	<b>Total</b>		<b>(57)</b>	<b>0</b>	<b>(57)</b>
0	(20)	(20)	<b>Net gains/(losses) on investments</b>		0	(121)	(121)
<b>(2)</b>	<b>(20)</b>	<b>(22)</b>	<b>Net income/(expenditure)</b>		<b>(6)</b>	<b>(121)</b>	<b>(127)</b>
0	0	0	<b>Transfers between funds</b>		0	0	0
0	0	0	Other recognised gains/(losses):		0	0	0
0	158	158	Gains/(losses) on revaluation of fixed assets		0	0	0
0	0	0	Proceeds on disposal of investment properties		0	0	0
0	0	0	Other gains/(losses)		0	0	0
<b>(2)</b>	<b>138</b>	<b>136</b>	<b>Net movement in funds</b>		<b>(6)</b>	<b>(121)</b>	<b>(127)</b>
			<b>Reconciliation of funds:</b>				
120	4,840	4,960	Total funds brought forward		118	4,978	5,096
<b>118</b>	<b>4,978</b>	<b>5,096</b>	<b>Total funds carried forward</b>		<b>112</b>	<b>4,857</b>	<b>4,969</b>

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

**Balance Sheet as at 31<sup>st</sup> March 2020**

2018/19				Notes	2019/20		
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	3,232	3,232	Investment Properties	1.1	0	3,232	3,232
0	1,724	1,724	Investments	1.2	0	1,603	1,603
<b>0</b>	<b>4,956</b>	<b>4,956</b>	<b>Total fixed assets</b>		<b>0</b>	<b>4,835</b>	<b>4,835</b>
			<b>Current assets</b>				
5	0	5	Debtors	2	6	0	6
44	22	66	Debtors Cash owed by Vale of Glamorgan Council		38	22	60
100	0	100	Investments	3	100	0	100
<b>149</b>	<b>22</b>	<b>171</b>	<b>Total current assets</b>		<b>144</b>	<b>22</b>	<b>166</b>
			<b>Current liabilities</b>				
31	0	31	Creditors: amounts falling due within one year	4	32	0	32
31	0	31	<b>Total current liabilities</b>		<b>32</b>	<b>0</b>	<b>32</b>
<b>118</b>	<b>22</b>	<b>140</b>	<b>Net current assets or liabilities</b>		<b>112</b>	<b>22</b>	<b>134</b>
<b>118</b>	<b>4,978</b>	<b>5,096</b>	<b>Total assets less current liabilities</b>		<b>112</b>	<b>4,857</b>	<b>4,969</b>
			<b>The funds of the charity:</b>				
0	1,004	1,004	Endowment funds		0	1,004	1,004
118	0	118	Unrestricted funds		112	0	112
0	3,974	3,974	Revaluation Reserve		0	3,853	3,853
<b>118</b>	<b>4,978</b>	<b>5,096</b>	<b>Total charity funds</b>		<b>112</b>	<b>4,857</b>	<b>4,969</b>

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

Approved by the trustees at their meeting on 28<sup>th</sup> September 2020 and the Chairman, Councillor M Wilson duly authorised to sign the same on their behalf.

Signed :

Date : 28<sup>th</sup> September 2020

**Councillor M Wilson**

**Chairman Vale of Glamorgan Welsh Church Act Estate Committee**

## Cashflow Statement

		2018/19	2019/20
	Notes	Prior Year Funds	Total Funds
		£'000	£'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>		<b>49</b>	<b>57</b>
<b>Cash flows from investing activities</b>			
Dividends interest and rents from investments		(61)	(51)
Proceeds from the sale of investments		0	0
Purchase of investments		0	0
<b>Net cash provided by (used in) investing activities</b>		<b>(61)</b>	<b>(51)</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		(12)	4
Cash and cash equivalents at the beginning of the reporting period		(54)	(66)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(66)</b>	<b>(60)</b>

## Notes to the Statement of Financial Activities

### 1. Investment Income

	2018/19 £	2019/20 £
Investment Income from Investments held with Tilney	40,515	34,645
Interest Received from Vale of Glamorgan Council	510	510
<b>Total</b>	<b>41,025</b>	<b>35,155</b>

### 2. Related Party Transactions

	2018/19 £	2019/20 £
Interest Received from Vale of Glamorgan Council	510	510
<b>Total</b>	<b>510</b>	<b>510</b>

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

### 3. Grants Paid

During 2019/20 the Fund awarded total grants amounting to £49k towards the charitable purposes to which the fund may be applied, as detailed below.

Organisation	Scheme	Amount £
The Mentor Ring	Provision of sewing classes for "Relief in Need"	4,315
St Illtud's Church Llantwit Major	Repairs to organ and purchase of a seating system	4,287
St Ellteyn's Church Hall	Replacement of double doors	1,200
Capel Siriol	Restoration of Saron Vestry	5,000
Rectorial Benefice of Canton - St Catherines Church	St Catherines Church Hall - External Refurbishment	3,275
Grange Pavilion	Provision of a meditative space as part of redevelopment of the Grange Pavilion	4,500
Croes Y Parc Church	Croes Y Parc Chapel Refurbishment	5,000
St Hilary Church Within the Rectorial Benefice of Cowbridge	St Hilary Church Tower Repairs	5,000
Cadoxton Methodist Church	Provision of stackable chairs	3,000
The Parochial Church Council of the Ecclesiastical Parish of Penarth and Llandough.	Repair works to retaining walls and grounds of the Church of the Holy Nativity,	5,000
All Saints Church Llandaff North	Renovation of the East Wall of the church.	2,000
The Smallpiece Trust	Delivery of 3 STEM Enrichment Challenge Days	2,000
ValePlus (Cymru) and ValePlus Extra Ltd	Provision of Workbenches, Tables & Chairs for new art's and craft's classroom	1,000
Christ Church Presbyterian Jerusalem Chapel and Hope Hall	Structural stitching of exterior walls, asbestos works and other renovation costs	3,790
<b>Total Grants Paid as per SOFA</b>		<b>49,367</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 2019	3,232	0	3,232
Disposals	0	0	0
Additions	0	0	0
Unrealised gains/ (losses) in year	0	0	0
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3,232</b>	<b>0</b>	<b>3,232</b>

#### 1.2 Investments

	2018/19 £'000	2019/20 £'000
Balance as at 1st April	1,744	1,724
Additions at cost	0	0
Reclassification from short term	0	0
Disposals at carrying value	0	0
Net profit / (loss) on revaluation	(20)	(121)
<b>Total</b>	<b>1,724</b>	<b>1,603</b>

The Investments balance at 31<sup>st</sup> March 2020 is made up as follows.

	Portfolio %	£'000
Equities	41%	657
Investment Grade Corporate Bonds	16%	257
Government Fixed Income	3%	48
High Yield Fixed Income	3%	48
Real Assets	16%	257
Absolute Return	14%	225
Commodity	0%	0
Cash	7%	111
	<b>100%</b>	<b>1,603</b>

47% of equities in the portfolio are classed as UK equities and 73% of the overall portfolio is held in Pounds.

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

Debtors at 31<sup>st</sup> March 2020 amounted to £6,006 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**

<b>Creditor</b>	<b>31/03/19 £'000</b>	<b>31/03/20 £'000</b>
Independent examiners fee	5	6
Grants agreed in 2017/18 unpaid at 31 <sup>st</sup> March 2020	10	10
Grants agreed in 2018/19 unpaid at 31 <sup>st</sup> March 2020	16	7
Grants agreed in 2019/20 unpaid at 31 <sup>st</sup> March 2020	0	9
<b>Total</b>	<b>31</b>	<b>32</b>

**Report of the independent examiner to the trustees of The Vale of Glamorgan Welsh Church Act Fund**