

Meeting of:	Welsh Church Act Estate Committee
Date of Meeting:	Monday, 04 October 2021
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Annual Report and Accounts 2020/21
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"> • The net value of the fund as at 31st March 2020 is £5.230M which is an increase of £261k when compared to the previous year. • During 2020/21 there was a surplus of £8k against unrestricted funds. 	

Recommendation

1. That the Annual Report and Accounts 2020/21, 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 2021 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 surplus of £8k, with the equivalent position for 2019/20 being a deficit of £6k. There was however a further reduction in income of £4k when compared with 2019/20 leaving us £9k short of the £40k income target. The grants allocation was reduced to £38k from £49k in 2019/20.

There was also a significant recovery on investments (£243k) that recovered in excess of the £121k loss in the previous year 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 2021 was £5.130m which is an increase of £261k from the previous year. This is due to an increase of £253k in the value of investments and a transfer to reserves of £8k, £5k is carried forward to grant allocation for 2021/22.

- 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 2020/21

Registered Charity no. 506628

Annual Report and Financial Statements 2020/21

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Report of the Trustees for the year ended 31 March 2021

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 2021 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 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 2020/21.

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 £5.230M, an increase of £261k on the previous year of the £253k was a due to an increase in the value of the Trust's investments and £8k was due to an increase on unrestricted funds.

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 £112k to £120k during 2020/21, this sum equates to 3.71% 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

The Trust will continue to draw on the cleared income from its Investments and Investment Properties to award grants in accordance with the scheme of the Welsh Church Act Trust.

Trustees will regularly review the Investments and Investment Properties held by the Trust for these purposes and an Investment Strategy review will be carried out during 2021/22.

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 4th October 2021 and the Chairman, duly authorised to sign the same on their behalf.

Signed:

Date 4th October 2021

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 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 FRS102, 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 2021

2019/20					2020/21		
Unrestricted Fund	Endowment Fund	Unrestricted Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
£'000	£'000	£'000			£'000	£'000	£'000
			Income and endowments from:				
16	0	16	Investment Properties		18	0	18
35	0	35	Investments	1	31	0	31
51	0	51	Total		49	0	49
			Expenditure on:				
0	0	0	Raising Funds – Investment Management Costs		0	0	0
(7)	0	(7)	Raising Funds – Property Repairs and Maintenance		(3)	0	(3)
0	0	0	Raising Funds – Costs of Sale		0	0	0
(49)	0	(49)	Charitable activities – Grant Making	3	(37)	0	(37)
(1)	0	(1)	Governance Costs		(1)	0	(1)
(57)	0	(57)	Total		(41)	0	(41)
0	(121)	(121)	Net gains/(losses) on investments		0	253	253
(6)	(121)	(127)	Net income/(expenditure)		8	253	261
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	0	0	Proceeds on disposal of investment properties		0	0	0
0	0	0	Other gains/(losses)		0	0	0
(6)	(121)	(127)	Net movement in funds		8	253	261
			Reconciliation of funds:				
118	4,978	5,096	Total funds brought forward		112	4,857	4,969
112	4,857	4,969	Total funds carried forward		120	5,110	5,130

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

Balance Sheet as at 31st March 2021

2019/20					2020/21		
Unrestricted Fund	Endowment Fund	Total Fund		Notes	Unrestricted Fund	Endowment Fund	Total Fund
£000's	£000's	£000's			£000's	£000's	£000's
			Fixed assets				
0	3,231	3,231	Investment Properties	1.1	0	3,231	3,231
0	1,604	1,604	Investments	1.2	0	1,857	1,857
0	4,835	4,835	Total fixed assets		0	5,088	5,088
			Current assets				
5	0	5	Debtors	2	6	0	5
39	22	61	Debtors Cash owed by Vale of Glamorgan Council		34	22	56
100	0	100	Investments	3	100	0	100
144	22	166	Total current assets		140	22	162
			Current liabilities				
(32)	0	(32)	Creditors: amounts falling due within one year	4	(20)	0	(20)
(32)	0	(32)	Total current liabilities		(20)	0	(20)
112	22	134	Net current assets or liabilities		120	22	142
112	4857	4969	Total assets less current liabilities		120	5,110	5,230
			The funds of the charity:				
0	1,004	1,004	Endowment funds		0	1,004	1,004
112	0	112	Unrestricted funds		120	0	120
0	3,853	3,853	Revaluation Reserve		0	4,106	4,106
112	4,857	4,969	Total charity funds		120	5,110	5,230

The notes contained on page 13 and 14 form part of these Accounts.

Approved by the trustees at their meeting on 4th October 2021 and the Chairman, Councillor M Wilson duly authorised to sign the same on their behalf.

Signed :

Date : 4th October 2021

Councillor M Wilson

Chairman Vale of Glamorgan Welsh Church Act Estate Committee

Cashflow Statement

		2019/20	2020/21
	Notes	Prior Year Funds	Total Funds
		£'000	£'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		56	53
Cash flows from investing activities			
Dividends interest and rents from investments		(51)	(49)
Proceeds from the sale of investments		0	0
Purchase of investments		0	0
Net cash provided by (used in) investing activities		(51)	(49)
Net cash provided by (used in) financing activities		0	0
Change in cash and cash equivalents in the reporting period		5	5
Cash and cash equivalents at the beginning of the reporting period		(66)	(61)
Cash and cash equivalents at the end of the reporting period		(61)	(56)

Notes to the Statement of Financial Activities

1. Investment Income

	2019/20 £	2020/21 £
Investment Income from Investments held with Tilney	34,645	30,946
Interest Received from Vale of Glamorgan Council	510	56
Total	35,155	31,002

2. Related Party Transactions

	2019/20 £	2020/21 £
Interest Received from Vale of Glamorgan Council	510	56
Total	510	56

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

3. Grants Paid

During 2020/21 the Fund awarded total grants amounting to £37k towards the charitable purposes to which the fund may be applied, as detailed below.

Organisation	Scheme	Amount £
Multiple Sclerosis Society - Cymru	Project to overcome impact of Covid 19 on people with Multiple Sclerosis	2,500.00
St James Church, Wick	Project to address damp and safety hazards	5,000.00
Holy Family Catholic Church	New heating system	2,500.00
Tabernacle Baptist Church	Improve Access and Update Toilet Facility	5,000.00
Salem Baptist Church	Automatic Doors and Stacking Chairs	2,500.00
Vale of Glamorgan Brass Band	Toilet Upgrade	2,304.00
Ty Hafan	Hospice Refurbishment	5,000.00
Ainon Baptist Church	Community Centre Refurbishment	5,000.00
Vale Cricket Club Limited	Wooden Score Box and Cricket Store	500.00
St Catwgs Church	Quinquennial Inspection Project	2,000.00
St Cadocs Rectorial Benefice of Barry	Installation and Repair of Pathway	5,000.00
Action for Elders Trust Central	Balance Lives at Home Project	2,500.00
National Coastwatch Institution Nells Point	Replacement Binoculaurs	3,000.00
Cardiff & Vale Area Scout Council	Redevelopment of the Jubilee campsite (Phase 2) in Peterston Super Ely	4,000.00
Total Grants Paid as per SOFA		46,804.00
Withdrawal of Grants 2017/18 St Cadocs Church and Tabernacle Baptist Church		-10,000.00
Amended Total Grants as per SOFA		36,804.00

4. Trustees Remuneration/Benefits

No remuneration or benefits was paid to Trustees during 2019/20 or 2020/21.

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 2020	3,232	0	3,232
Disposals	0	0	0
Additions	0	0	0
Unrealised gains/ (losses) in year	0	0	0
Balance as at 31st March 2021	3,232	0	3,232

1.2 Investments

	2019/20 £'000	2020/21 £'000
Balance as at 1st April	1,725	1,604
Additions at cost	0	0
Reclassification from short term	0	0
Disposals at carrying value	0	0
Net profit / (loss) on revaluation	(121)	253
Total	1,604	1,857

The Investments balance at 31st March 2021 is made up as follows.

	Portfolio %	£'000
Equities	50%	929
Investment Grade Corporate Bonds	14%	260
Government Fixed Income	4%	74
High Yield Fixed Income	1%	19
Real Assets	11%	204
Absolute Return	13%	241
Commodity	0%	0
Cash	7%	130
	100%	1,857

43% of equities in the portfolio are classed as UK equities and 70% of the overall portfolio is held in Pounds.

2. Debtors – amounts receivable within one year

Debtors at 31st March 2021 amounted to £5,771 outstanding from Tilney Investment Management 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	31/03/20 £'000	31/03/21 £'000
Independent examiners fee	6	3
Grants agreed in 2017/18 unpaid at 31 st March	10	0
Grants agreed in 2018/19 unpaid at 31 st March	7	1
Grants agreed in 2019/20 unpaid at 31 st March	9	5
Grants agreed in 2020/21 unpaid at 31 st March	0	10
Total	32	19