

Monmouthshire Farm School Endowment Trust Fund

Annual report for the year ended 31 March 2020

Registered Charity Number: 525649

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020

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Trustees, officers and advisers

Trustees

R Edwards
Monmouthshire County Council

D Yeowell
Torfaen County Borough Council

P Murphy
Monmouthshire County Council
Commenced during year.

Professor J D Hayes
University College Wales Aberystwth

S B Jones
Monmouthshire County Council
Left during year

K Backhouse
Director Usk Campus – Coleg Gwent
Left during year

A Easson
Monmouthshire County Council

Helen Morgan
Director Usk Campus – Coleg Gwent
Commenced during year

D W.H Jones
Monmouthshire County Council

D Havard
Caerphilly County Borough Council

B Thomas
Blaenau Gwent County Borough Council

M Feakins
Mounmouthshire County Council

Dr W O C Symondson
University of Wales College Cardiff

B Jones
Monmouthshire County Council
Commenced in year.

Secretary

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Registered Office

County Hall, The Rhadyr, Usk, NP15 1GA

Auditors

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

Solicitors

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Investment custodian

Monmouthshire County Council

Bankers

Barclays Bank
1-5 St David's Way
St David's Centre
Cardiff
CF10 2DP

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2020

Report of the Trustees for the year ended 31st March 2020

The Trustees presents their annual report and the independently examined financial statements for the year ended 31 March 2020 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisors set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and Charity Act 2011. The financial statements comply with the Charity's trust deed.

Status and administration

The Charity is governed by the 1959 Principal Scheme as amended by the Altering Scheme of 1971, although the governing body may rightly claim a history stretching back to 1894. The Fund is registered with the Charity Commission under charity number 525649. The trustees also have regard to the Charity Commission's guidance on public benefit.

Objects

The primary object of the Charity, as stated in its governing document, is to make awards to students in need of assistance to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects. The governing body can use its discretion to apply any unawarded income to provide funding towards the cost of facilities or amenities at Usk College which would benefit these students. The grants awarded have allowed the beneficiaries to pursue land based courses to enhance career opportunities. The area of benefit is clearly defined; household income is a consideration when making the award. The total grant awards were £26,517.

Review of activities and future developments

The statement of financial activities for the year is set out on page 5 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

The Fund has decreased in value by £27,036 (£47,560 decrease in 2018/19) over the financial year as a result of incoming resources (including income from investments and income from the Roger Edwards Educational Trust) being outweighed by outgoing resources.

Income consists of interest on investment stock and cash held of £26,508 (£25,426 in 2018/19), and £0 (£4,779 2018/19) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £29,0638 (£77,358 in 2018/19) primarily comprised of grants payable of £26,517 (£75,605 in 2018/19) in line with the Charity's objects. Unrealised investment loss of £24,482 (£1,590 gain in 2018/19) was made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries. This income generation forms the main basis of the following year's grant allocations to ensure continuity and non-degradation of the fund's capital assets and to perpetuate the charity as a going concern.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustees have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustees has reviewed their investment strategy and produced an investment and fund strategy for 2018/19 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 7th March 2018. Investments are strategically placed in low-risk investments. Investment performance is reviewed periodically in light of prevailing economic changes.

Grant making policy

Grants are made in pursuance of the Charity's objectives in assisting students in need to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects.

Changes in fixed assets

The movements in fixed asset investments during the year are set out in note 7 to the financial statements.

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Reserves

The Fund consists primarily of the sale proceeds of the Former Monmouthshire Farm School by the governing body of the school to Monmouthshire County Council. The fund has received an annual payment from The Roger Edwards Educational Trust (Charity Number 525638) equivalent to two thirds of the annual investment and rental income accrued to the Trust.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2018-19 which states that it is the Trust's policy to maintain funds at approximately the current level and utilise the annual income received to fund its charitable expenditure. This was approved by Cabinet on the 7th March 2018.

Governance of the Charity

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (five years); the other representative Trustees have a term of office of three years and the co-opted Trustees have a term of office of five years. The Trustees are listed on page 1.

Risk management

Monmouthshire County Council as appointed administrator of the Trust Fund periodically review the major risks to which the Charity is exposed as part of the Authority's overall risk management processes. The Roger Edwards Educational Trust has historically provided significant income to this trust to be used for the distribution of grants. This income is received after the independent examination of the accounts and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 6th March 2019.

Independent examiners

The Wales Audit Office are the appointed independent examiners to the Charity.

Trustees' responsibilities

The Trustees are required by charity law 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 net incoming/outgoing resources of the Charity as at the end of the financial year.

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2020. The Trustees also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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 1993. They 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.

By order of the Trustees

Trustee:

Date: 21st January 2019

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**Report of the independent examiner to the trustees of
Monmouthshire Farm School Endowment Trust Fund**

I report on the financial statements of Monmouthshire Farm School Endowment Trust Fund for the year ended 31st March 2020, which are set out on pages 5 to 10.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's financial statements as carried out under section 145 of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Ann-Marie Harkin
On behalf of the Auditor General for Wales
Date:

24 Cathedral Road
Cardiff CF11 9LJ

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Statement of financial activities (Sofa) for the year ended 31st March 2020

	Notes	2020	2019
		Unrestricted Funds	Unrestricted Funds
		£	£
Income & Endowments from:			
Investment income	2	26,508	25,429
Other incoming resources (REET)		0	1,436
Total income & Endowments		26,508	26,865
Resources Expended			
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	26,517	75,605
Other expenditure	3 & 4	2,546	1,753
Total Resources expended		29,063	77,358
Gains/(losses) on investment assets	5	(24,482)	1,590
Net Income / (Expenditure)		(27,037)	(48,903)
Net movement in funds			
Fund balances brought forward 1 April 2019		(27,037)	(48,903)
Fund balances carried forward 31 March 2020		658,650	707,553
		631,614	658,650

All incoming resources and resources expended are derived from continuing activities. There are no recognised gains or losses other than those disclosed above.

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Balance Sheet as at 31 March 2020

	Notes	2020	2019
		Unrestricted Funds	Unrestricted Funds
		£	£
Fixed assets			
Investments	7	618,678	643,160
		618,678	643,160
Current assets			
Debtors: amounts falling due within one year	8	245	7,462
Cash at bank and in hand		16,615	11,751
		16,860	19,213
Current Liabilities			
Creditors: amounts falling due within one year	9	3,924	3,724
Net current assets		12,936	15,480
Net assets		631,614	658,650
The Funds of the Charity:			
Unrestricted Funds	10	631,614	658,650
Total Charity funds		631,614	658,650

The financial were approved by the Trustees on 20th July 2020 and signed on their behalf by:

Trustee:

Date: 21st January 2019

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Notes to the financial statements for the year ended 31st March 2020

1 Principal accounting policies

Basis of accounting

The 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 Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) and Charity Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Incoming Resources

All income received is accounted for on a receivable basis and has been classified under the appropriate categories. The income from the Roger Edwards Educational Trust is an estimate of the income to be received for the year.

Grants payable

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustees and accepted by the beneficiaries.

Management and administration

Monmouthshire County Council administer the Trust Fund on behalf of the Trustees. Management and administration costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of support service recharges and overhead apportionments. The basis of the apportionment is a fixed fee agreed with the Trustees of £200 per year.

Debtors/ Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Investment income and gains are allocated to the appropriate fund.

Investments

Investments are included at market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

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Transition to FRS 102

The opening fund position at the date of transition has not been restated and no subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2016.

Cash flow statement

The charity has taken exemption from preparing a cash flow under Charities SORP FRS 102 Update Bulletin 1.

2 Investment income

	2020	2019
	£	£
Interest on cash balances	87	255
<u>Interest on Investments</u>	26,421	25,174
	26,508	25,429

3 Expenditure on Charitable Activities

	2020	2019
	£	£
Grants payable	26,517	75,605
<u>Management & administration</u>	2,546	1,753
	29,063	79,358

Grants payable comprise numerous payments to individual students in respect of full time and part-time courses attended. It is not possible to provide further details due to restrictions of confidentiality.

4 Governance Costs

	2020	2019
	£	£
Net incoming resources is stated after charging:		
Auditor's remuneration	1,762	1,762
	1,762	1,762

No indemnity insurance for Trustees liability has been purchased by the Charity. Though no specific indemnity insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Council's fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustees for any wrong decisions that may have been made. Governance costs have decreased during the year as a result of the Public Audit Wales Act and in particular the duty placed on the Wales Audit Office to ensure full cost recovery in its audit fees. The audit fee is included in the management and administration spend as per note 3.

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5 Gains and losses on revaluation and disposal of investment assets

	Market Value	Market Value	Gain/(Loss)
	2019	2020	
	£	£	£
Charibond	234,907	234,640	(267)
OEIC	182,392	161,043	(21,349)
COIF	225,860	222,993	(2,867)
Total	643,159	618,677	(24,483)

6 Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Charity falls with Monmouthshire County Council regulations for VAT, and therefore any liability is accounted for within Monmouthshire County Council.

7 Fixed asset investments

	Total
	£
Valuation at 1 April 2019	643,160
Purchase	
Net revaluation loss	(24,483)
Valuation at 31 March 2020	618,677

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2020. The historical cost of the investments at 31st March 2019 was £639,000. All of the Charity's investments are quoted in the UK. The details of these are disclosed in the table below, being Charibond, COIF and OEIC Fund.

Investments with a market value greater than 5% of the total portfolio market value at 31st March 2020 are as follows:

	£	%
COIF	222,993	36.0%
Charibond	234,640	37.9%
OEIC Fund	161,043	26.1%

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2020.

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8 Debtors

	2020	2019
	£	£
Amounts falling due within one year		
Receivable from The Roger Edwards Educational Trust	0	5,000
	0	5,500
Welsh Church Fund		
HM Revenue and Customs	245	305
	245	10,805

9 Creditors

	2020	2019
	£	£
Amounts falling due within one year		
Accruals and deferred income	3,924	3,724
	3,924	3,724

The amounts owed relate to audit fees and payments to Monmouthshire County Council to administer the trust.

10 Unrestricted Funds

	Balance 1 April 2019	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2020
	£	£	£	£	£
Permanent endowed funds	658,650	26,508	29,063	(24,481)	631,614

11 Related party transactions

No remuneration directly or indirectly out of the funds of the Charity was paid or payable for the year to any trustees. Payments have been made to Monmouthshire County Council respect of management and administration expenses.