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| <b>SUBJECT:</b>                 | <b>DRAFT STATEMENT OF ACCOUNTS 2022/23 – CHARITABLE TRUST FUNDS</b> |
| <b>MEETING:</b>                 | <b>Governance and Audit Committee</b>                               |
| <b>DATE:</b>                    | <b>27<sup>th</sup> July 2023</b>                                    |
| <b>DIVISIONS/WARD AFFECTED:</b> | <b>All</b>  |

**1. PURPOSE:**

- 1.1 This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the:
- Draft 2022/23 Welsh Church Fund Accounts (**Appendix 1**)
  - Draft 2022/23 Monmouthshire Farm School Endowment Trust Fund Accounts Fund (**Appendix 2**)
  - Draft 2022/23 Llanelly Hill Social Welfare Centre Accounts (**Appendix 3**)

**2. RECOMMENDATIONS:**

- 2.1 That the Governance & Audit Committee review the 2022/23 draft Statement of Accounts for the above bodies and provide comments or proposed amendments which will be considered alongside the external audit process and prior to publication of final accounts.

**3. KEY ISSUES**

- 3.1 The Authority acts as lead or investment trustee for a number of charitable trust funds.
- 3.2 The accounts for these funds have to be prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on the 16th of July 2014 and the Charities Act 2011, alongside the UK Generally Accepted Practice as it applies from the 1st of January 2015.

**4. Welsh Church Act Fund**

**Background**

- 4.1 Monmouthshire County Council acts as lead trustee for the Welsh Church Act Fund, a charitable trust covering the Council administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen, and the City of Newport.
- 4.2 The primary object of the trust is to assist public groups and individuals for educational, social, recreational, and other charitable benefit purposes. Grants are available from the fund for capital or revenue purposes. Capital grants may be awarded to assist organisations in the furnishing and upkeep of buildings. Revenue grants are designed to further the aims of societies and to assist individuals in their various pursuits.

- 4.3 An annual budget for grant payments is agreed by full Council in March preceding the financial year and is split between the five administrative bodies on a population basis. Each trustee approves grant applications and pay monies in line with their own financial regulations.
- 4.4 The overall grant allocation from the fund in each financial year is considered in line with the long-term financial viability of the trust and to maintain the ability to generate funds in future years for distribution by maintaining sufficient capital assets.
- 4.5 In line with the requirements of lead trustee, Monmouthshire County Council is responsible for preparing the draft accounts as presented in **Appendix 1** and these will be subject to external audit by Audit Wales, and subsequently a final version will be considered for approval by this committee, scheduled for the meeting in January 2024. Following final approval, the accounts will be lodged with the Charities Commission by the end of January 2024.

#### **Activity in year**

- 4.6 The fund has decreased in value by £479,749 during the year (£366,412 gain in 2021/22) with this decrease primarily due to unrealised losses on investments (£472,972) due to volatile economic market conditions following the recovery from the pandemic and the continuing conflict in Ukraine. The objectives of these funds are for regular revenue income and longer-term price stability, with acknowledgment that capital values will move both up and down on months, quarters and even years; but with the confidence that over the long-term that total returns should exceed cash interest rates.
- 4.7 Income during the year principally comprised of investment income of £212,453 (£192,896) in 2021/22), which has increased slightly in regard to distributions from the pooled fund investments.
- 4.8 Charitable resources expended during the year amounted to £219,230 (£177,112 in 2021/22) and principally comprised grant payments of £204,850 (£163,610 in 2021/22).

### **5. Monmouthshire Farm School Endowment Trust Fund**

#### **Background**

- 5.1 Monmouthshire County Council acts as Trust administrator and Investment custodian for the Monmouthshire Farm School Endowment Trust Fund.
- 5.2 The primary object of this charitable trust 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.
- 5.3 The draft accounts presented will be subject to independent examination by Audit Wales and will subsequently be considered by the trustees prior to lodging with the Charities Commission by the end of January 2024.

#### **Activity in year**

The Fund has decreased in value by £61,321 (£30,045 increase in 2021/22) over the financial year primarily due to unrealised losses on investments (£82,846) due to the volatile economic market conditions experienced following the recovery from the pandemic and the continuing conflict in Ukraine.

- 5.4 Income consisted of interest on investments and cash held of £26,287 (£23,448 in 2021/22), and £1,077 (£4,649 2021/22) in respect of the annual payment from the Roger Edwards Educational Trust.

- 5.5 Expenditure of £5,839 (£10,840 in 2021/22) primarily comprised of grants payable of £3,871 (£9,182 in 2021/22) in line with the Charity's objects. An unrealised investment loss of £82,846 (£12,721 gain in 2021/22) was made in relation to investments held.
- 5.6 The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries. The income generation from investments 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.

## **6. Llanelly Hill Social Welfare Centre**

### **Background**

- 6.1 The Llanelly Hill Social Welfare centre is a registered charitable trust owned and run by a board of trustees and supported by Monmouthshire County Council.
- 6.2 Due to the comparatively small size of the trust and the values involved, the statement of accounts does not require a formal audit or inspection process and will subsequently be lodged with the Charities Commission.

### **Activity in year**

- 6.3 The trust has generated income of £3,036 during the year (£5,541 in 2021/22) primarily from income generating activities at the centre. This has failed to cover the management and maintenance costs incurred during the year of £4,859, resulting in an overall operational loss on the fund of £1,823.

## **7. REASONS**

- 7.1 To consider the accounts as presented enabling the external audit and independent inspection process to be undertaken and reported in due course.

## **8. RESOURCE IMPLICATIONS**

- 8.1 As outlined in the respective accounts to be found in the Appendices.

## **9. CONSULTEES**

Cabinet Member - Resources  
Deputy Chief Executive (Section 151 Officer)

## **10. BACKGROUND PAPERS**

**Appendix 1** - Draft 2022/23 Welsh Church Fund Accounts

**Appendix 2** - Draft 2022/23 Monmouthshire Farm School Endowment Trust Fund Accounts

**Appendix 3** - Draft 2022/23 Llanelly Hill Social Welfare Centre Accounts

## **11. AUTHORS:**

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