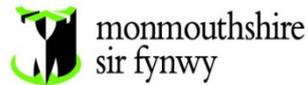


Public Document Pack



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Brynbuga
NP15 1GA

County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 20 November 2019

Notice of Reports Received following Publication of Agenda.

Audit Committee

Thursday, 28th November, 2019 at 2.00 pm,
County Hall, The Rhadyr, Usk, NP15 1GA

Attached are reports that the committee will consider as part of the original agenda but were submitted to democratic services following publication of the agenda.

| Item No | Item | Pages |
|---------|---------------------------------------------------------------------|---------|
| 9. | Monmouthshire County Council Welsh Church Act Fund Audited Accounts | 1 - 20 |
| 10. | ISA 260 or Equivalent for Trust Funds | 21 - 34 |

Paul Matthews
Chief Executive

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The Monmouthshire County Council Welsh Church Act Fund

Annual Report and Financial Statements for the year ended the 31 March 2019

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

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| Notes to the Financial Statements | 10 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

Trustee, Officers and Advisors

Trustee

Monmouthshire County Council

Secretary

Matthew Phillips
Monitoring Officer
Monmouthshire County Council

Registered Office

Innovation House
Magor
PO Box 106
NP26 9AN

Auditors

Wales Audit Office
24, Cathedral Road
Cardiff
CF11 9LJ

Solicitor

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Investment Custodian

Monmouthshire County Council

General Management

Mr Peter Davies
Director of Resources
Monmouthshire County Council

Bankers

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

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2019

Report of the Trustee for the year ended 31 March 2019

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2019 of The Monmouthshire County Council Welsh Church Act Fund ('the Charity').

The information with respect to the Trustee, officers and advisors set out on page 1 forms part of this report.

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 Standard applicable in the UK and Republic of Ireland (FRS 102) issued on the 16th July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the UK Generally Accepted Practice as it applies from the 1st January 2015.

The 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.

Structure, Governance and Management

The Charity is governed by the Welsh Church Act 1914 and the Welsh Church Act (Designation and Specification) Order 1996 and is registered with the Charity Commissioners under charity number 507094. A model scheme for the administration of the fund has been prepared and has been submitted to the Welsh Government for approval.

The Trust covers the Council administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and the City of Newport, with Monmouthshire County Council being designated as the host Authority. The Monmouthshire Welsh Church Act Fund was established on 1 April 1996, from the former Gwent Welsh Church Act Fund and part of the former Mid Glamorgan Welsh Church Act Fund.

Monmouthshire County Council as the Corporate Body is the Trustee for the Welsh Church Fund and therefore there are no policies and procedures adopted for the induction and training of trustees. The trustees also have regard to the Charity Commission's guidance on public benefit.

The management of the Fund is undertaken by officers of the Council and a calculated proportion of their time is charged to the Fund.

Objectives

The primary object of the Charity for each year, as stated in its governing document, 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.

Grants allocation policy

An annual budget set by the Trustee for grant payments is split between the administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and Newport on a population basis.

A Committee set up by the Trustee approves grant applications on a basis in line with full Council meetings or as deemed required by the participating authorities. Grants are made in pursuance of the Charity's objectives.

The grant allocation of 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.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2019

Review of activities and future developments

The statement of financial activities for the year is set out on page 7 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 £117,776 (£21,654 increase in 2017/18); this decrease is due to the allocation of previously unspent grant allocations by Caerphilly Borough Council that had been carried forward.

Income is principally comprised of investment income of £210,597 (£216,152 in 2017/18), The Trust has utilised the Trustee's own investment managers to manage the fund, thus, controlling management fees and therefore maximising returns whilst at the same time maintaining a balanced capital risk strategy.

Charitable resources expended during the year amounted to £369,772 (£173,430 in 2017/18) and principally comprised grant payments of £355,400 (£159,481 in 2017/18). The increase in charitable expenditure was primarily due to Caerphilly Borough Council utilising a large majority (£155,007) of their brought forward balances from previous years.

Net gains on investments held amounted to £41,399 (£21,068 net loss in 2017/18). These non-realised investment gains have been as a result of the Trusts' current investment strategy, diversifying the portfolio across several investment categories in the last couple of financial years amid the current volatility in the financial markets. The long term projections on these charity based investments as indicated by the Trustees' Treasury consultants continue to offer a balanced risk portfolio between income generation and asset growth.

Income generation

The Charity's income was £210,597, compared to £216,152 in 2017/18. The diverse market investment strategy that mainly replaced the pooled investment strategy with Monmouthshire County Council has continued to produce consistent returns in the financial markets due to investment in more specific charitable investment funds. This income generation forms the main basis of the following years grant allocations to ensure continuity and non-degradation of the funds capital assets and to perpetuate the charity as a 'going concern'.

Bad debt provision

There are no bad debts arising in the year of account.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustee has general powers of investment, subject to the provisions of The Trustee Act 2000. The investment policy of the Trust is to maximise the rate of investment return, whilst employing a risk strategy that minimises any potential reduction in the capital value of the Fund.

The Trustee has reviewed its investment strategy and produced an investment and fund strategy for 2018/19, which was approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on March 7th 2018.

Changes in fixed assets

The fixed asset investments were re-valued in the 2018-19 financial year in line with the Investment Asset policy of revaluation every year.

Reserves

The Trustee's policy is to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure. The level of funds held at 31st March 2019 is £5,374,556 (5,492,332 in 2017/18). The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2018/19 which states that the purpose of reserves is to maintain investments such that they realise sufficient income to provide grants to organisations at a consistent level. Whilst, the strategy is to ensure that there is no long-term detrimental effect on overall reserve balances, recommendations made by the Charity Commission has resulted in grants allocations being made in line with investment returns.

Governance of the Charity

Representative Councillors from each of the five administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and Newport are appointed by their respective councils annually to form a committee

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2019

to oversee fund management. Members are appointed to the committee for the term of the Council.

Risk management

The Trustee has undertaken a review of the major risks to which the Charity is exposed and its risk management and internal control procedures should be updated to ensure that systems are in place to mitigate the risks identified. The risk assessment was considered by Monmouthshire County Council on 7th March 2018 and no risks were identified.

Auditors

The Wales Audit Office was appointed as auditors to the Welsh Church Act Fund in 2007/08.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and its financial activities for that period.

In preparing those financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The Trustee confirms that it has complied with the above requirements in preparing the financial statements.

The Trustee is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure that the financial statements comply with the Charities Act 1993 It is 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.

The Trustee certifies that:

- as far as it is aware, there is no relevant information of which the Charity's auditors are unaware; and
- as Trustee of the Charity, it has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

By order of the Trustee

Mr Peter Davies

Director of Resources (Acting S151 Officer), Monmouthshire County Council

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

**Report of the Auditor General for Wales to the Trustee of the
Monmouthshire County Council Welsh Church Act Fund**

Report on the audit of the financial statements

Opinion

I have audited the financial statements of The Monmouthshire County Council Welsh Church Act Fund for the year ended 31st March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31st March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you were:

- the trustee use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustee is responsible for the other information in the annual report and accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2019

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Trustee for the financial statements

As explained more fully in the Trustee Responsibility Statement set out on page 4 of the Trustee Report, the trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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

24 Cathedral Road
Cardiff
CF11 9LJ

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

**Statement of financial activities (Sofa) for the year ended 31
March 2019**

| | Notes | 2019 Unrestricted Funds £ | 2019 Total Unrestricted Funds £ | 2018 Total Unrestricted Funds £ |
|-------------------------------------------------------------|-------|------------------------------------|---------------------------------------------|---------------------------------------------|
| Income & Endowments from: | | | | |
| Investment income | 2 | 210,597 | 210,597 | 216,152 |
| Other incoming resources | | 0 | 0 | 0 |
| Total income & Endowments | | 210,597 | 210,597 | 216,152 |
| Resources Expended | | | | |
| Raising funds: | | | | |
| Investment Property Professional fees | | (679) | (679) | (749) |
| Management and administration | | (2,000) | (2,000) | (3,000) |
| | | (2,679) | (2,679) | (3,749) |
| Charitable expenditure | | | | |
| Costs of activities in furtherance of the Charity's objects | | | | |
| Grants payable | 3,4 | (355,400) | (355,400) | (159,481) |
| Management and administration | | (5,813) | (5,813) | (4,511) |
| Other | | | | |
| Governance Costs | 5 | (5,880) | (5,880) | (5,689) |
| Total Resources Expended | | (367,093) | (367,093) | (173,430) |
| Gains/(losses) on investment assets | 9,10 | 41,399 | 41,399 | (21,068) |
| Net Income /(Expenditure) | | (117,776) | (117,776) | 21,654 |
| Transfers between funds | 13 | 0 | 0 | 0 |
| Net movement in funds | | (117,776) | (117,776) | 21,654 |
| Fund balances brought forward April 2018 | | 5,492,332 | 5,492,332 | 5,470,678 |
| Fund balances carried forward 31 March 2019 | 13 | 5,374,556 | 5,374,556 | 5,492,332 |

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

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

Balance Sheet as at 31 March 2019

| | Notes | 2019 Unrestricted Funds £ | 2018 Unrestricted Funds £ |
|------------------------------------------------|-------|------------------------------------|------------------------------------|
| Fixed assets | | | |
| Investment Land | 9 | 394,000 | 418,000 |
| Investments | 10 | 4,871,730 | 4,806,332 |
| | | 5,265,730 | 5,224,332 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 52,052 | 54,518 |
| Cash at bank and in hand | | 395,958 | 368,539 |
| | | 448,010 | 423,057 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 12 | (339,184) | (155,058) |
| Net current assets or liabilities | | 108,826 | 268,000 |
| Net assets or liabilities | | 5,374,556 | 5,492,332 |
| The Funds of the Charity: | | | |
| Unrestricted Funds | 13 | 5,374,556 | 5,492,332 |
| Total Charity funds | | 5,374,556 | 5,492,332 |

The accounts on pages 7 to 16 were approved by the Trustee on 28 November 2019, and signed on their behalf by:

By order of the Trustee

**Mr Peter Davies
Director of Resources – Monmouthshire County Council**

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

Statement of Cash flows as at 31 March 2019

| | note | Total Funds £ | Prior Year Funds £ |
|---------------------------------------------------------------------------|------|---------------------|-----------------------------|
| Cash flows from operating activities | | | |
| <i>Net cash provided by operating activities</i> | 7 | (183,180) | (59,882) |
| <hr/> | | | |
| Cash flow from investing activities | | | |
| Dividends and rents from investments | | 210,597 | 216,152 |
| <hr/> | | | |
| <i>Change in cash and cash equivalents in the reporting period</i> | | 27,417 | 156,270 |
| Cash and cash equivalents at the beginning of the reporting period | | 368,541 | 212,271 |
| <hr/> | | | |
| <i>Cash and cash equivalents at the end of the reporting period</i> | | 395,958 | 368,541 |
| <hr/> | | | |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

**Notes to the financial statements for the year ended 31 March
2019**

1 Principal accounting policies

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 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.

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.

A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the inclusion of investments and tangible fixed assets at market value. During the year the Charity reviewed its accounting policies in accordance with FRS 102 'Accounting Policies'. No accounting policies have been changed as a result.

Incoming Resources

All income is accounted for on an accruals basis.

Resources expended

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Grants payable

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

Management and administration

Management and administration costs include expenditure on administration of the Charity and, an appropriate apportionment of overheads based upon a time allocation.

Governance Costs

Governance costs comprise costs involving the compliance with constitutional and statutory requirements. These costs relate to audit fees payable to the appointed external auditor.

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.

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.

The Monmouthshire County Council Welsh Church Act Fund

Annual Report for year ended 31 March 2019

Fund accounting

Funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Investment Land and Property

Capitalisation, Replacement and Valuation

The Trust's policy is to revalue its Investment land on an annual basis in line with the Charities SORP. Valuations will also be undertaken where it is identified that there have been material movements between formal valuations, this has been changed from a five-year valuation cycle due to the Land assets being deemed to be Investment Land not tangible fixed assets.

An Independent Valuer of Williams Associates, a qualified Land Valuer and Chartered Surveyors, re-valued all Investment Land as at 1st March 2019 and all assets held at year-end are included in the accounts at valuation. Vacant properties are valued at open market value.

Depreciation

Land is not depreciated. The Fund currently has no buildings on the fixed asset register.

Investments

Any realised and unrealised gains and losses on revaluation or disposals of investments are included in the statement of financial activities. The Authority is authorised to invest any surplus income or dispose of any investments when it deems appropriate. Investments are strategically placed in investment funds specifically designed for charitable organisations. Investment performance is reviewed periodically in light of prevailing economic changes.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Cash flow statement

The Charity has produced a cash flow statement under Financial Reporting Standard 102 under section 7 on the basis that it meets the relevant conditions and size criteria specified in the Companies Act.1985.

2 Investment income

| | 2019 | 2018 |
|-----------------------------------------------|----------------|---------|
| | £ | £ |
| Investments with Monmouthshire County Council | 3,975 | 1,351 |
| Investment Property Rental Income | 6,214 | 3,835 |
| External Investments | 200,408 | 210,966 |
| | 210,597 | 216,152 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

3 Grants Payable

| | 2019 | 2018 |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Grants have been paid to the following administering Local Authorities for them to make to groups and individuals on behalf of the Fund: | | |
| Monmouthshire County Council | 42,025 | 35,054 |
| Torfaen County Borough Council | 38,425 | 30,106 |
| Newport City Council | 33,943 | 49,694 |
| Blaenau Gwent County Borough Council | 24,400 | 27,697 |
| Caerphilly County Borough Council | 216,607 | 16,929 |
| | 355,400 | 159,480 |

The management and administration cost of the fund and grants distributed were £5,813 during the year.

4 Analysis of Grants

| | Grants to Organisations | Grants to Individuals |
|--------------------------------------------|----------------------------|--------------------------|
| | £ | £ |
| The Advancement of Education | 8,703 | 1,300 |
| The Advancement of Religion | 163,494 | 0 |
| The Relief of Poverty | 250 | 38,425 |
| Other Purposes Beneficial to the Community | 143,228 | 0 |
| Total | 315,675 | 39,725 |

Caerphilly Borough Council, Newport City Council, Torfaen County Borough Council and Monmouthshire County Council have under spent their allocations for 2018/19 by £108,233, £17,303, £14,372 and £772 respectively which will be carried forward for distribution in 2019/20. Grants to Churches and other Religious establishments totaled £163,494 and Community Organisations £143,278 respectively during the financial year. Grants of essential equipment and furnishings to the value of £38,425 were made to individuals for the relief of families in deemed to be in poverty. Oakdale Community Centre was awarded more than 1 award during the 2018/19 financial year totaling £7,972.

5 Governance Costs

| | 2019 | 2018 |
|------------------------|--------------|--------------|
| | £ | £ |
| Auditor's remuneration | 5,880 | 5,689 |
| | 5,880 | 5,689 |

No indemnity insurance for Trustee's liability has been purchased by the Charity. Though no specific indemnity

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Councils' fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustee for any wrong decisions that may have been made. Governance costs have increased 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.

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 is not separately registered for VAT because it falls within the Local Authority's VAT Registration as Corporate trustee and accordingly, all their expenditure is recorded exclusive of any VAT incurred.

**7 Reconciliation of net income/ (expenditure) to net cash flow
from operating activities as at 31 March 2019**

| | Current Year | Prior Year |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------|
| | £ | £ |
| <i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i> | (117,776) | 21,654 |
| Adjustments for non-cash transactions | | |
| (Gains) /losses on investments | (41,399) | 21,068 |
| Dividends, Interest & Rents from investments | (210,597) | (216,152) |
| Increase/(decrease) in Provisions | 0 | 0 |
| (Increase)/ decrease in debtors / bad debts | 2,466 | 125,503 |
| Increase/(decrease) in creditors | 184,126 | (11,955) |
| Net cash provided and (used in) operating activities | (183,180) | (59,882) |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

8 Analysis of cash and cash equivalents as at 31 March 2019

| | Current Year | In Year Movement | Prior Year |
|----------------------------------------|-------------------------|-----------------------------|-------------------|
| | £ | £ | £ |
| Cash in hand | 395,958 | 27,417 | 368,541 |
| Overdraft facility repayable on demand | 0 | 0 | 0 |
| Total cash and cash equivalents | 395,958 | 27,417 | 368,541 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

9 Investment Land and Property

| | Total |
|-------------------------|----------------|
| | £ |
| Valuation | |
| At 1 April 2018 | 418,000 |
| Disposals | 0 |
| Revaluation | (24,000) |
| At 31 March 2019 | 394,000 |
| Depreciation | |
| At 1 April 2018 | 0 |
| Charge in year | 0 |
| Disposals | 0 |
| At 31 March 2019 | 0 |
| Net book Value | |
| At 1 April 2018 | 418,000 |
| At 31 March 2019 | 394,000 |

Tangible Investment Assets solely consist of freehold land. All land held by the Fund had been revalued as at 01st March 2019. Valuations were carried out in accordance with the valuation policy. A further valuation will be carried out within 2019/20 financial year and on thereafter on an annual rolling basis.

10 Investments

| | 2019 | 2018 |
|--------------------------------------------|------------------|-------------|
| | £ | £ |
| CCLA - COIF Property Fund | 1,050,649 | 1,038,108 |
| UBS Multi Asset Income Fund | 687,279 | 694,458 |
| M&G Charibond Fund | 689,393 | 689,617 |
| Schroders Income Maximiser | 422,246 | 436,285 |
| M&G Charifund | 535,509 | 531,403 |
| CCLA - COIF Investment Fund | 1,025,599 | 957,143 |
| Treasury Stock 2024 2.5% | 111,055 | 109,318 |
| Invested with Monmouthshire County Council | 350,000 | 350,000 |
| | 4,871,730 | 4,806,332 |

The Trust has investments held with UBS, M&G, Schroeder's, CCLA, HM Treasury and Monmouthshire County Council which are generally managed by the trusts treasury management advisors. Returns from Monmouthshire County Council are generated on a "pooled" basis. The average rate of interest generated on the pooled funds from Monmouthshire was 0.5839% for 2018/19 (0.2449% for 2017/18). The basis of valuation on the market based investments held with CCLA, M&G, UBS and Schroder's, is the

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

open market value of the unit holdings on the 31st March 2019 multiplied by the units held. There were no additions or disposals of investments during the financial year. The Treasury Stock 2024 valuation is based upon the market value of the Treasury Gilt at the 31st March 2019 as listed on the dmo.gov website. The value of the 'pooled' investment with Monmouthshire County Council is the cash value as at the 31st March 2019. None of the Investments are held outside of the territorial limits of the United Kingdom and the cost of the revaluations is contained within the charity management fee charged annually from Monmouthshire County Council.

11 Debtors

| | 2019 £ | 2018 £ |
|----------------------------------------------|---------------|---------------|
| Amounts falling due within one year | | |
| <i>Prepayment & accrued income</i> | | |
| Investment Income | 52,052 | 51,143 |
| Other Debtors | | |
| MCC Bank Transfer | 0 | 0 |
| <i>Trade debtors</i> | | |
| Rental income | 0 | 0 |
| Bad debt provision for loss of rental income | 0 | 0 |
| <i>Other Debtors</i> | | |
| HM Revenue and Customs | 0 | 1,375 |
| Other Debtors | 0 | 2,000 |
| | 52,052 | 54,518 |

All investment interest due from the trustee was paid in year in 2018-19.

12 Creditors

| | 2019 £ | 2018 £ |
|--------------------------------------------|----------------|----------------|
| Amounts falling due within one year | | |
| Grant creditors | 327,931 | 138,821 |
| Other creditors | 11,253 | 16,237 |
| | 339,184 | 155,058 |

Grant creditors are recognised on the amounts awarded by the five constituent authorities of the Welsh Church Fund unpaid at the financial year-end. Other creditors are fees reimbursable for professional services utilised during the financial year by the Charity.

13 Funds

| | Balance 1 April 2018 £ | Incoming resources £ | Resources Expended £ | Other Recognised Gain / (Loss) £ | Balance 31 March 2019 £ |
|--------------------|---------------------------------|----------------------------|----------------------------|-------------------------------------------|--------------------------------------------|
| Unrestricted funds | 5,492,332 | 210,597 | (369,772) | 41,399 | 5,374,556 |

There were no transfers between funds during the 2018-19 financial year.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2019**

14 Related party transactions

During the year transactions with related parties arose as follows:

| | 2019 | | 2018 | |
|------------------------------|--------------|--------------|----------|----------|
| | Receipts | Payments | Receipts | Payments |
| | £ | £ | £ | £ |
| Monmouthshire County Council | 3,975 | 4,785 | 1,352 | 4,886 |

Members of the Authority have direct control over the Welsh Church Fund's financial and operating policies. Where work or services have been commissioned, or where grants were made during the financial year in which members had an interest, members have a duty to declare such an interest. The Welsh Church Fund must ensure that grants allocated were in full compliance with the Authority's standing orders and that grants were made with proper consideration of declarations of such interests.

During the financial year, members who declared an interest did not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in minutes or relevant meetings and recorded in the Register of Members' Interest, open to public inspection at County Hall, Usk.

There are outstanding balances for expenditure of £4,785 and income of £3,525 at the year-end with Monmouthshire County Council. The Trust also held a £350,000 investment fund balance with Monmouthshire County Council at the year-end.

15 Trustee's Expenses, Remuneration and Benefits

No Expenses, Remuneration or Benefits were incurred during the year of account

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report and Management Letter – **The Monmouthshire County Council Welsh Church Act Fund**

Audit year: 2018-19

Date issued: November 2019

Document reference:

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised Ann-Marie Harkin, Jeremy Saunders, Rhodri Davies, Dafydd Parker and Gillian Howells.

Contents

This document summarises the conclusions on the 2018-19 audit including our recommendations for the year. The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

Summary report

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Summary report

Introduction

- 1 The purpose of this report is twofold:
 - to set out for consideration the matters arising from the audit of the financial statements of The Monmouthshire County Council Welsh Church Act Fund for 2018-19, that require reporting to those charged with governance, in time to enable appropriate action; and
 - to formally communicate the completion of our audit and capture the recommendations arising from our audit work for the year.
- 2 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of The Monmouthshire County Council Welsh Church Act Fund at 31 March 2019 and its income and expenditure for the year then ended.
- 3 We do not try to obtain absolute assurance that the financial statements are correctly stated but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 4 The quantitative levels at which we judge such misstatements to be material for The Monmouthshire County Council Welsh Church Act Fund is £20,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

Status of the audit

- 5 We received the draft financial statements for the year ended 31 March 2019 on 12 September and have now substantially completed the audit work.
- 6 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with management.

Proposed audit report

- 7 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 8 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 9 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 10 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 11 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**
 - **We did not encounter any significant difficulties during the audit.**
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 12 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 13 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and The Monmouthshire County Council Welsh Church Act Fund that we consider to bear on our objectivity and independence.

Appendix 1

Final letter of representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

28 November 2019

Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2019, for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that, to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Charities SORP 2015; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects The Monmouthshire County Council Welsh Church Act Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by The Trustee on 31 March 2019.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Date:

Date:

Appendix 2

Proposed audit report of the Auditor General to the Trustee of Monmouthshire County Council Welsh Church Act Fund

The independent auditor's report of the Auditor General for Wales to the Trustee of Monmouthshire County Council Welsh Church Act Fund

Report on the audit of the financial statements

Opinion

I have audited the financial statements of The Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2019, which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the Charity as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Trustee is responsible for the other information in the annual report and accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Trustee for the financial statements

As explained more fully in the Trustee Responsibility Statement set out on page 4 of the Trustee's report, the trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Trustee of Monmouthshire County Council Welsh Church Act Fund

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

| Value of correction | Nature of correction | Reason for correction |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| £20,000 | Net Cash provided by operating activities decreased by £20,000. | Value from 2017-18 incorrectly brought forward. |
| £1,176 | <ul style="list-style-type: none">• Other Incoming Resources has decreased by £1,176, and• Governance costs decreased by £1,176. | VAT recoverable on audit invoice incorrectly included in incoming resources, instead of being netted off against Governance costs. |
| £4,075 | <ul style="list-style-type: none">• Accrued investment income increased by £4,075, and• Investment income increased by £4,075. | Accrued income for a few investments was estimated at the time of preparing the accounts. At the time of the audit the Tax vouchers were received, and an adjustment made for the difference. |
| Presentational | Inclusion of outstanding investment fund balance with Monmouthshire County Council (£350,000) within the related party disclosures. | The related party note was updated to include a missing disclosure. |
| Narrative | A number of narrative corrections made to the accounts, mainly in terms of information that had not been updated from 2107-18. | To ensure consistency with the 2018-19 Financial Statements. |

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