

**Monmouthshire Farm School Endowment
Trust Fund**

**Annual report
for the year ended 31 March 2018**

-Registered Charity Number: 525649

Monmouthshire Farm School Endowment Trust Fund
Annual report for year ended 31st March 2018

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Trustees, officers and advisors

Trustees

D L Edwards
Monmouthshire County Council

D Yeowell
Torfaen County Borough Council

R Edwards
Monmouthshire County Council

Professor J D Hayes
University College Wales Aberystwth

R J W Greenland
Monmouthshire County Council

K Backhouse
Director Usk Campus – Coleg Gwent

S B Jones
Monmouthshire County Council

D Havard
Caerphilly County Borough Council

A Easson
Monmouthshire County Council

D.W.H Jones
Monmouthshire County Council

R Pagett
Blaenau Gwent County Borough Council

Dr W O C Symondson
University of Wales College Cardiff

Secretary

R. Tranter – Monitoring Officer, Monmouthshire County Council

Registered Office

County Hall, The Rhadyr, Usk, NP15 1GA

Auditors

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

Solicitors

R Tranter, Head of Legal Services, Monmouthshire County Council

Investment custodian

Monmouthshire County Council

Bankers

Barclays Bank, Leicester, Leicestershire LE87 2BB

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Report of the Trustee for the year ended 31st March 2018

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2018 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustee, officers and advisors set out on page 1 forms part of this report. The accounts (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 the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) 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.

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 their facilities or amenities at Usk College which would benefit these students. The grant 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. Grants were awarded to 12 people and the total awards were £27,514.

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 decrease in value by £2,846 (£20,372 increase in 2016/17) over the financial year as a result of outgoing resources being outweighed by incoming resources.

Income is comprised of interest on investment stock and cash held of £28,072 (£24,816 in 2016/17), and £14,903 (£19,701 in 2016/17) in respect of the annual payment from the Roger Edwards Educational Trust Fund. Expenditure of £29,595 (£29,989 in 2016/17) primarily comprised of grants payable of £27,514 (£26,209 in 2016/17) in line with the Charity's objects. Unrealised investment loss of £16,226 (£5,844 gain in 2016/17) were made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustee have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustee has reviewed its investment strategy and produced an investment and fund strategy for 2017/18 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 1st March 17. 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 receives 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 Foundation.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2017-18 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 1st March 2017.

Governance of the Charity

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (four years); the other representative Trustees have a term of office of three years and the co-operative 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 and financial control processes. The Roger Edwards Educational Trust provide significant income to this trust and forms the majority of income that can be used for grants. This income is received after the audited accounts have been agreed and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 1st March 2017.

Auditors

The Wales Audit Office are the appointed auditors 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 Trustee confirms 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 2018. The Trustee also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustee 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 Trustee

Trustee:

Date:

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Report of the independent examiner to the trustee of
Monmouthshire Farm Endowment Trust Fund

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31st March 2018, 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 accounts 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 accounts 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 accounts. 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 accounts 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 2018

	Notes	2018 Unrestricted Funds £	2017 Unrestricted Funds £
Income & Endowments from:			
Investment income	2	28,072	24,816
Other incoming resources (REET)		14,903	19,701
Total income & Endowments		42,975	44,517
Resources Expended			
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	27,514	26,209
Other expenditure	3 & 4	2,081	3,780
Total Resources expended		29,595	29,989
Gains/(losses) on investment assets	5	(16,226)	5,844
Net Income / (Expenditure)		(2,846)	20,372
Net movement in funds			
Fund balances brought forward 1 April 2017		725,304	704,932
Fund balances carried forward 31 March 2018		722,458	725,304

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 2018

	Notes	2018 Unrestricted Funds £	2017 Unrestricted Funds £
Fixed assets			
Investments	7	641,570	617,796
		641,570	617,796
Current assets			
Debtors: amounts falling due within one year	8	21,331	25,305
Cash at bank and in hand		61,825	87,969
		83,156	113,274
Current Liabilities			
Creditors: amounts falling due within one year	9	2,270	5,766
Net current assets		80,888	107,508
Net assets		722,458	725,304
The Funds of the Charity:			
Unrestricted Funds	10	722,458	725,304
Total Charity funds		722,458	725,304

The accounts were approved by the Trustee on 9th July 2018 and signed on their behalf by:

Trustee:

Date:

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Notes to the financial statements for the year ended 31st March 2018

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 received from the Roger Edwards Educational Trust is an estimation of income based on historical data, the actual income relating to 2017-18 has not been received at the time of this report, and therefore any adjustment will be made in the accounts for 2018-19.

During the year, the Rodger Edwards Education Trust requested a review of the income distribution. The outcome of this request is still being negotiated.

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

Monmouthshire County Council administer the Trust Fund on behalf of the Trustee. 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.

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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.

Transition to FRS 102

The opening fund position at the date of transition have 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

	2018	2017
	£	£
Interest on cash balances	449	0
Interest on Investments	27,623	24,816
	28,072	24,816

3 Expenditure on Charitable Activities

	2018	2017
	£	£
Grants payable	27,514	26,209
Management & administration	2,081	3,780
	29,595	29,989

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

4 Governance Costs

	2018	2017
	£	£
Net incoming resources is stated after charging:		
Auditor's remuneration	2,270	2,560
	2,270	2,560

No indemnity insurance for Trustee's 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

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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. The audit fee is included in the management and administration spend as per note 3.

5 Gains and losses on revaluation and disposal of investment assets

	Market Value ditions		Market Value	Gain/(Loss)
	2017	(Disposals)	2018	
	£	£	£	£
Charibond	205,761	40,000	234,983	(10,777)
OEIC	192,858	0	184,735	(8,123)
COIF	219,177	0	221,852	2,674
Total	617,796	0	641,570	(16,226)

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 2017	617,796
Net revaluation (loss) / gain	23,774
Valuation at 31 March 2018	641,570

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2018. The historical cost of the investments at 31st March 2018 was £679,000. 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 2017 are as follows:

	£	%
COIF	221,852	34.5%
Charibond	234,983	36.6%
OEIC Fund	184,735	28.9%

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2018.

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8 Debtors

	2018	2017
	£	£
Amounts falling due within one year		
Receivable from The Roger Edwards Educational Trust Fund	20,000	25,000
HM Revenue and Customs	1,331	305
	<u>21,331</u>	<u>25,305</u>

The majority of the debt relates to the payment from the Roger Edwards Educational Trust. This is an estimate of the income based on historical payments.

9 Creditors

	2018	2017
	£	£
Amounts falling due within one year		
Accruals and deferred income	<u>2,270</u>	5,766
	<u>2,270</u>	<u>5,766</u>

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

10 Unrestricted Funds

	Balance 1 April 2017	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2018
	£	£	£	£	£
Permanent endowed funds	725,304	42,975	29,595	(16,226)	<u>722,458</u>

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 trustee. Payments have been made to Monmouthshire County Council respect of management and administration expenses.