

**The Monmouthshire County Council  
Welsh Church Act Fund**

**Annual Report and Financial Statements for the  
year ended the 31 March 2020**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2020**

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**Trustee, Officers and Advisors**

**Trustee**

Monmouthshire County Council

**Secretary**

Matthew Phillips

Monitoring Officer

Monmouthshire County Council

**Registered Office**

County Hall

The Rhadyr

Usk

NP15 1GA

**Auditors**

Audit Wales

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 2020**

## **Report of the Trustee for the year ended 31 March 2020**

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2020 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 16<sup>th</sup> 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 1<sup>st</sup> 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 Trust 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.

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### **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 £408,417 (£117,776 decrease in 2018/19); this decrease is primarily due to a large unrealised loss (£385,106) at the 31<sup>st</sup> March 2020 valuation date due to the effect on the investment markets caused by the Covid-19 pandemic.

Income is principally comprised of investment income of £202,540 (£210,597 in 2018/19), 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 £223,076 (£369,772 in 2018/19) and principally comprised grant payments of £211,080 (£355,400 in 2018/19). The decrease in charitable expenditure from 2018-19 equates to the current rate of charitable funding available for distribution, though Caerphilly Borough Council still has a large unallocated brought forward balance available.

Net losses on investments held amounted to £385,106 (£41,399 net gain in 2018/19). These non-realised investment losses have been due to the effect of the Covid-19 pandemic on the financial markets at the height of the initial lockdown period in early March 2020. The 'Trusts' current investment strategy, diversifying the portfolio across several investment categories in the last couple of financial years has enabled some investment values to remain fairly stable 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.

### **Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Trust's Balance Sheet at 31<sup>st</sup> March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### **The revaluation of investment property and property funds**

Valuation techniques are used to determine the carrying amount of pooled property funds and investment property. Market activity is being impacted in many sectors by Covid-19. At the 31<sup>st</sup> March 2020 reporting date, property fund managers and property investment valuers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances upon which to case a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund and investment property valuations.

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled property funds and investment property is less reliable than usual. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams. A retrospective valuation was undertaken post year-end due to Covid-19 and Furlough considerations at the year-end date.

### **Income generation**

The Charity's income was £203,436, compared to £210,597 in 2018/19. 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'.

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### **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 2019/20, which has been approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on March 6th 2019.

Financial market investments have been restated at the financial year-end to reflect their current open market value.

### **Changes in fixed assets**

The fixed asset investments were re-valued in the 2019-20 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 31<sup>st</sup> March 2020 is £4,966,139 (5,374,556 in 2018/19). The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2019/20, 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 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 6th March 2019 and no risks were identified.

### **Auditors**

Audit Wales were 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

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- 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:**

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**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 31<sup>st</sup> March 2020, 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<sup>st</sup> March 2020 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.



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### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
Date:

24 Cathedral Road  
Cardiff  
CF11 9LJ

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

	Notes	2019/20 Total Unrestricted Funds £	2018/19 Total Unrestricted Funds £
<b>Income &amp; Endowments from:</b>			
Investment income	2	202,540	210,597
Other incoming resources		896	0
<b>Total income &amp; Endowments</b>		<b>203,436</b>	<b>210,597</b>
<b>Resources Expended</b>			
Raising funds:			
Investment Property Professional fees		(1,171)	(679)
Management and administration		(2,500)	(2,000)
		<b>(3,671)</b>	<b>(2,679)</b>
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the Charity's objects			
Grants payable	3,4	(211,080)	(355,400)
Management and administration		(5,741)	(5,813)
<b>Other</b>			
Governance Costs	5	(6,255)	(5,880)
<b>Total Resources Expended</b>		<b>(223,076)</b>	<b>(367,093)</b>
Gains/(losses) on investment assets	9,10	(385,106)	41,399
<b>Net Income /( Expenditure)</b>		<b>(408,417)</b>	<b>(117,776)</b>
<b>Transfers between funds</b>	13	<b>0</b>	<b>0</b>
<b>Net movement in funds</b>		<b>(408,417)</b>	<b>(117,776)</b>
Fund balances brought forward April 2019		5,374,556	5,492,332
<b>Fund balances carried forward 31 March 2020</b>	13	<b>4,966,139</b>	<b>5,374,556</b>

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	2019/20 Unrestricted Funds £	2018/19 Unrestricted Funds £
<b>Fixed assets</b>			
Investment Land	9	<b>403,500</b>	394,000
Investments	10	<b>4,477,125</b>	4,871,730
		<b>4,880,625</b>	5,265,730
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	<b>44,745</b>	52,052
Cash at bank and in hand		<b>227,964</b>	395,958
		<b>272,709</b>	448,010
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	12	<b>(187,195)</b>	(339,184)
<b>Net current assets or liabilities</b>		<b>85,514</b>	108,826
<b>Net assets or liabilities</b>		<b>4,966,139</b>	5,374,556
<b>The Funds of the Charity:</b>			
Unrestricted Funds	13	<b>4,966,139</b>	5,374,556
<b>Total Charity funds</b>		<b>4,966,139</b>	5,374,556

The accounts on pages 7 to 16 were approved by the Trustee on 07<sup>th</sup> January 2021, 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**  
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**Statement of Cash flows as at 31 March 2020**

	<b>note</b>	<b>Total Funds £</b>	<b>Prior Year Funds £</b>
<b>Cash flows from operating activities</b>			
<i>Net cash provided by operating activities</i>	<i>7</i>	<b>(370,534)</b>	<b>(183,180)</b>
<hr/>			
<b>Cash flow from investing activities</b>			
Dividends and rents from investments		<b>202,540</b>	<b>210,597</b>
<hr/>			
<i>Change in cash and cash equivalents in the reporting period</i>		<b>(167,994)</b>	<b>27,417</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>395,958</b>	<b>368,541</b>
<hr/>			
<i>Cash and cash equivalents at the end of the reporting period</i>		<b>227,964</b>	<b>395,958</b>
<hr/>			

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

**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.

**Cash Balances**

Cash is sums of money available for immediate use by the Welsh Church Fund. Such items are deemed to be cash balances held in the Fund's bank accounts (less unrepresented cheques). The Welsh Church Fund does not hold Cash in Hand

**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.

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### **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.

### **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 identified that there have been material movements between formal valuations, as holdings are 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 31<sup>st</sup> March 2020 and all assets held at year-end are included in the accounts at that valuation date. 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 organisation. The basis of valuation on the market based investments held with CCLA, M&G, UBS and Schroder's, is the open market value of the unit holdings on the 31<sup>st</sup> March 2020 multiplied by the units held. Investment performance is reviewed periodically in light of prevailing economic changes. The Treasury Stock 2024 valuation is based upon the market value of the Treasury Gilts at the 31<sup>st</sup> March 2020 as listed on the dmo.gov website. The value of the 'pooled' investment with Monmouthshire County Council is the cash value as at the 31<sup>st</sup> March 2020.

### **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**

	2020	2019
	£	£
Investments with Monmouthshire County Council	3,425	3,975
Investment Property Rental Income	4,200	6,214
External Investments	194,915	200,408
	202,540	210,597

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### 3 Grants Payable

	2020	2019
	£	£
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	33,727	42,025
Torfaen County Borough Council	42,300	38,425
Newport City Council	39,737	33,943
Blaenau Gwent County Borough Council	25,586	24,400
Caerphilly County Borough Council	69,730	216,607
	<b>211,080</b>	<b>355,400</b>

The management and administration cost of the fund and grants distributed were £5,741 during the year.

### 4 Analysis of Grants

	Grants to Organisations	Grants to Individuals
	£	£
The Advancement of Education	2,349	3,750
The Advancement of Religion	81,559	0
The Relief of Poverty	43,100	0
Other Purposes Beneficial to the Community	80,322	0
Total	<b>207,330</b>	<b>3,750</b>

Caerphilly Borough Council, Newport City Council and Torfaen County Borough Council have under spent their allocations for 2019/20 by £103,253, £27,645 and £5,925 respectively. These unspent balances are retained for distribution in 2020/21. Grants to Churches and other Religious establishments totaled £81,559 and Community Organisations £80,322 respectively during the financial year. Grants of essential equipment and furnishings to the value of £43,100 were allocated to individuals for the relief of families deemed to be in poverty. No organization or individual received more than one grant award during 2019-20.

### 5 Governance Costs

	2020	2019
	£	£
Auditor's remuneration	6,255	5,880
	<b>6,255</b>	<b>5,880</b>

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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 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.

### 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 2020

	Current Year £	Prior Year £
<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	<b>(408,417)</b>	(117,776)
<b>Adjustments for non-cash transactions</b>		
(Gains) /losses on investments	<b>385,106</b>	(41,399)
Dividends, Interest & Rents from investments	<b>(202,540)</b>	(210,597)
(Increase)/ decrease in debtors / bad debts	<b>7,306</b>	2,466
Increase/(decrease) in creditors	<b>(151,989)</b>	184,126
<b>Net cash provided and (used in) operating activities</b>	<b>(370,534)</b>	(183,180)

### 8 Analysis of cash and cash equivalents as at 31 March 2020

	Current Year £	In Year Movement £	Prior Year £
Cash at bank	<b>227,964</b>	(167,994)	395,958
<b>Total cash and cash equivalents</b>	<b>227,964</b>	(167,994)	395,958



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## **9 Investment Land and Property**

	<b>Total</b>
	<b>£</b>
<b>Valuation</b>	
At 1 April 2019	394,000
Disposals	0
Revaluation	9,500
<b>At 31 March 2020</b>	<b>403,500</b>
<b>Depreciation</b>	
At 1 April 2019	0
Charge in year	0
Disposals	0
<b>At 31 March 2020</b>	<b>0</b>
<b>Net book Value</b>	
At 1 April 2019	394,000
<b>At 31 March 2020</b>	<b>403,500</b>

Tangible Investment Assets solely consist of freehold land. A late revaluation was under-taken as at 31<sup>st</sup> March 2020 due to restrictions imposed by the Covid-19 pandemic at year-end. Valuations will be carried out in accordance with the valuation policy in the 2020/21 financial year and on thereafter on an annual rolling basis.

## **10 Investments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
CCLA - COIF Property Fund	<b>1,023,878</b>	1,050,649
UBS Multi Asset Income Fund	<b>599,874</b>	687,279
M&G Charibond Fund	<b>688,610</b>	689,393
Schroders Income Maximiser	<b>280,188</b>	422,246
M&G Charifund	<b>415,975</b>	535,509
CCLA - COIF Investment Fund	<b>1,009,279</b>	1,025,599
Treasury Stock 2024 2.5%	<b>109,321</b>	111,055
Invested with Monmouthshire County Council	<b>350,000</b>	350,000
	<b>4,477,125</b>	4,871,730

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 0.6690% for 2019/20 (0.5839% for 2018/19).

## The Monmouthshire County Council Welsh Church Act Fund

### Annual Report for year ended 31 March 2020

At the reporting date, the fall in financial market transaction volumes and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund and investment property valuations. Therefore, financial; property fund managers and property investment valuers consider that they can attach less weight to previous market evidence for comparison purposes. Changes in the valuation assumptions used and this together with significant changes in rental growth could affect (increase or decrease) the fair value of equity-based instruments and property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled investment property funds and financial investment funds is less reliable than usual.

There were no additions or disposals of investments during the financial year. 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

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
<i>Prepayment &amp; accrued income</i>		
Investment Income	44,745	52,052
Other Debtors	0	0
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	0
Other Debtors	0	0
	<b>44,745</b>	<b>52,052</b>

All investment interest due from the trustee was paid in year in 2019-20.

## 12 Creditors

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Grant creditors	180,553	327,931
Other creditors	6,641	11,253
	<b>187,195</b>	<b>339,184</b>

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 2019	Incoming resources	Resources Expended	Other Recognised Gain / (Loss)	Balance 31 March 2020
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**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2020**

	£	£	£	£	£
Unrestricted funds	5,374,556	203,436	(226,747)	(385,106)	<b>4,966,139</b>

There were no transfers between funds during the 2019-20 financial year.

## **14 Related party transactions**

During the year transactions with related parties arose as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Receipts</b>	<b>Payments</b>	<b>Receipts</b>	<b>Payments</b>
	£	£	£	£
Monmouthshire County Council	<b>3,425</b>	<b>4,897</b>	3,975	4,785

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 £4,897 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