

## **APPENDIX 1**

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

### **Annual Report and Financial Statements for the year ended the 31 March 2021**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

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**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**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  
Deputy Chief Executive  
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 2021**

## **Report of the Trustee for the year ended 31 March 2021**

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2021 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.

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

### **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 gained in value by £346,184 (£408,417 decrease in 2019/20); this increase is primarily due to a large unrealised gain (£422,752) at the 31<sup>st</sup> March 2021 valuation date due to a sustained recovery of the investment markets after the initial shock caused by the Covid-19 pandemic.

Income is principally comprised of investment income of £181,378 (£202,540 in 2019/20), this is reduced since 2019/20 due to the Covid-19 effect on the early part of the financial year on the rate of dividend distributions. 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 £257,946 (£223,076 in 2019/20) and principally comprised grant payments of £244,242 (£211,080 in 2019/20). An increase in charitable expenditure from 2019-20 as Caerphilly County Borough Council has now allocated a large part of its unallocated brought forward balance.

Net gains on investments held amounted to £422,752 (£385,106 net loss in 2019/20). These non-realised investment gains have been due to the reversing of the effect of the Covid-19 pandemic on the financial markets at the height of the initial lockdown period in early April 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 fund 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 2021 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. Investment assets have been revalued as at the 31<sup>st</sup> March 2021 reporting date.

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. 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.

### **Income generation**

The Charity's income was £181,378 compared to £203,436 in 2019/20. 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 Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

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 2020/21, which has been approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on 3<sup>rd</sup> March 2020.

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 2020-21 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 2021 is £5,312,322 (4,966,139 in 2019/20). The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2020/21, 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 3<sup>rd</sup> March 2020 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
- 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.

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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  
Deputy Chief Executive S151 Officer), Monmouthshire County Council**

**Date: 13th January 2022**

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

The independent auditor's 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 on financial statements**

I have audited the financial statements of the Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2021 under the Charities Act 2011. These comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes, including a summary of significant accounting policies. 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 2021 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 of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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.



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## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

## **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. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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 Statement of Trustee's Responsibilities, 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.

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Monmouthshire County Council Welsh Church Act Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Monmouthshire County Council Welsh Church Act Fund's framework of authority as well as other legal and regulatory frameworks that the charity operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the charity.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

**The Monmouthshire County Council Welsh Church Act Fund  
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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  
24 January 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

**The Monmouthshire County Council Welsh Church Act Fund  
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**Statement of financial activities (Sofa) for the year ended 31  
March 2021**

	Notes	2020/21 Total Unrestricted Funds £	2019/20 Total Unrestricted Funds £
<b>Income &amp; Endowments from:</b>			
Investment income	2	181,378	202,540
Other incoming resources		0	896
<b>Total income &amp; Endowments</b>		<b>181,378</b>	<b>203,436</b>
<b>Resources Expended</b>			
Raising funds:			
Investment Property Professional fees		(400)	(1,171)
Management and administration		(2,500)	(2,500)
		(2,900)	(3,671)
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the Charity's objects			
Grants payable	3,4	(244,242)	(211,080)
Management and administration		(4,455)	(5,741)
<b>Other</b>			
Governance Costs	5	(6,349)	(6,255)
<b>Total Resources Expended</b>		<b>(257,946)</b>	<b>(223,076)</b>
Gains/(losses) on investment assets	9,10	422,752	(385,106)
<b>Net Income /(Expenditure)</b>		<b>346,184</b>	<b>(408,417)</b>
<b>Net movement in funds</b>			
Fund balances brought forward April 2020		4,966,139	5,374,556
<b>Fund balances carried forward 31 March 2021</b>	13	<b>5,312,322</b>	<b>4,966,139</b>

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  
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**Balance Sheet as at 31 March 2021**

	Notes	2020/21 Unrestricted Funds £	2019/20 Unrestricted Funds £
<b>Fixed assets</b>			
Investment Land	9	428,750	403,500
Investments	10	4,874,627	4,477,125
		<b>5,303,377</b>	<b>4,880,625</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	41,506	44,745
Cash at bank and in hand		196,733	227,964
		<b>238,239</b>	<b>272,709</b>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	12	(229,294)	(187,195)
<b>Net current assets or liabilities</b>		<b>8,946</b>	<b>85,514</b>
<b>Net assets or liabilities</b>		<b>5,312,322</b>	<b>4,966,139</b>
<b>The Funds of the Charity:</b>			
Unrestricted Funds	13	5,312,322	4,966,139
<b>Total Charity funds</b>		<b>5,312,322</b>	<b>4,966,139</b>

The accounts on pages 7 to 16 were approved by the Trustee on **13/01/2022**, and signed on their behalf by:

**By order of the Trustee**

**Mr Peter Davies**  
**Deputy Chief Executive – Monmouthshire County Council**

**Date: 13th January 2022**

**The Monmouthshire County Council Welsh Church Act Fund  
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**Statement of Cash flows as at 31 March 2021**

	note	Total Funds £	Prior Year Funds £
<b>Cash flows from operating activities</b>			
<i>Net cash provided by operating activities</i>	7	(212,608)	(370,534)
<hr/>			
<b>Cash flow from investing activities</b>			
Dividends and rents from investments		181,378	202,540
<hr/>			
<i>Change in cash and cash equivalents in the reporting period</i>		(31,230)	(167,994)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>227,964</b>	<b>395,958</b>
<hr/>			
<i>Cash and cash equivalents at the end of the reporting period</i>		<b>196,733</b>	<b>227,964</b>
<hr/>			

**The Monmouthshire County Council Welsh Church Act Fund  
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**Notes to the financial statements for the year ended 31 March  
2021**

**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 accrual's 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 accrual's 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.

# The Monmouthshire County Council Welsh Church Act Fund

## Annual Report for year ended 31 March 2021

### 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 2021 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 2021 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 2021 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 2021.

### 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

	2021	2020
	£	£
Investments with Monmouthshire County Council	2,289	3,425
Investment Property Rental Income	3,580	4,200
External Investments	175,509	194,915
	<b>181,378</b>	<b>202,540</b>



**The Monmouthshire County Council Welsh Church Act Fund  
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**3 Grants Payable**

	2021	2020
	£	£
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	32,955	33,727
Torfaen County Borough Council	24,151	42,300
Newport City Council	55,296	39,737
Blaenau Gwent County Borough Council	25,586	25,586
Caerphilly County Borough Council	106,254	69,730
	<b>244,242</b>	<b>211,080</b>

The management and administration cost of the fund and grants distributed were £7,355 during the year.

**4 Analysis of Grants**

	Grants to Organisations	Grants to Individuals
	£	£
The Advancement of Education	6,498	3,200
The Advancement of Religion	99,326	0
The Relief of Poverty	12,080	24,151
Other Purposes Beneficial to the Community	98,987	0
Total	<b>216,891</b>	<b>27,351</b>

Caerphilly County Borough Council, Newport City Council and Torfaen County Borough Council have under spent their allocations for 2020/21 by £61,750, £25,205 and £15,627 respectively. These unspent balances are retained for distribution in 2021/22. Grants to Churches and other Religious establishments totaled £99,326 and Community Organisations £98,987 respectively during the financial year. Grants of essential equipment and furnishings to the value of £36,231 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 2020-21

**5 Governance Costs**

	2021	2020
	£	£
Auditor's remuneration	6,255	6,255
	<b>6,255</b>	<b>6,255</b>

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.

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**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 2021**

	Current Year £	Prior Year £
<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	<b>346,184</b>	(408,417)
<b>Adjustments for non-cash transactions</b>		
(Gains) /losses on investments	<b>(422,752)</b>	385,106
Dividends, Interest & Rents from investments	<b>(181,378)</b>	(202,540)
(Increase)/ decrease in debtors / bad debts	<b>3,239</b>	7,306
Increase/(decrease) in creditors	<b>42,099</b>	(151,989)
<b>Net cash provided and (used in) operating activities</b>	<b>(212,608)</b>	(370,534)

**8 Analysis of cash and cash equivalents as at 31 March 2021**

	Current Year £	In Year Movement £	Prior Year £
Cash at bank	<b>196,733</b>	(31,231)	227,964
<b>Total cash and cash equivalents</b>	<b>196,733</b>	(31,231)	227,964

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**9 Investment Land and Property**

	<b>Total</b>
	<b>£</b>
<b>Valuation</b>	
At 1 April 2020	403,500
Disposals	0
Revaluation	25,250
<b>At 31 March 2021</b>	<b>428,750</b>
<b>Depreciation</b>	
At 1 April 2020	0
Charge in year	0
Disposals	0
<b>At 31 March 2021</b>	<b>0</b>
<b>Net book Value</b>	
At 1 April 2020	403,500
<b>At 31 March 2021</b>	<b>428,750</b>

Tangible Investment Assets solely consist of freehold land. Valuations were carried out in accordance with the valuation policy in the 2021/22 financial year and on thereafter on an annual rolling basis.

**10 Investments**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
CCLA - COIF Property Fund	<b>1,001,732</b>	<b>1,023,878</b>
UBS Multi Asset Income Fund	<b>660,959</b>	<b>599,874</b>
M&G Charibond Fund	<b>690,455</b>	<b>688,610</b>
Schroders Income Maximiser	<b>342,860</b>	<b>280,188</b>
M&G Charifund	<b>512,338</b>	<b>415,975</b>
CCLA - COIF Investment Fund	<b>1,207,996</b>	<b>1,009,279</b>
Treasury Stock 2024 2.5%	<b>108,287</b>	<b>109,321</b>
Invested with Monmouthshire County Council	<b>350,000</b>	<b>350,000</b>
	<b>4,874,627</b>	<b>4,477,125</b>

The Trust has investments held with UBS, M&G, Schroeder's, CCLA, HM Treasury and Monmouthshire County Council, which are generally managed by the trust's 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 0.4700% for 2020/21 (0.6690% for 2019/20).

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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**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
<i>Prepayment &amp; accrued income</i>		
Investment Income	40,165	44,745
Other Debtors	0	0
MCC Bank Transfer	1,341	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>41,506</b>	<b>44,745</b>

All investment interest due from the trustee was paid in year in 2020-21.

**12 Creditors**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Grant creditors	215,025	180,553
Other creditors	14,269	6,641
	<b>229,294</b>	<b>187,195</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 2020 £	Incoming resources £	Resources Expended £	Other Recognised Gain / (Loss) £	Balance 31 March 2021 £
Unrestricted funds	4,966,139	181,378	(257,946)	422,752	<b>5,312,322</b>

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**14 Related party transactions**

During the year transactions with related parties arose as follows:

	2021		2020	
	Receipts	Payments	Receipts	Payments
	£	£	£	£
Monmouthshire County Council	<b>3,630</b>	<b>4,455</b>	<b>3,425</b>	<b>4,897</b>

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 £4,455 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