

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

**Annual Report and Financial Statements for the
year ended the 31 March 2016**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

Contents

| | |
|-----------------------------------|----|
| Trustee, Officers and Advisors | 1 |
| Report of the Trustee | 2 |
| Independent Auditors' Report | 5 |
| Statement of financial Activities | 7 |
| Balance Sheet | 8 |
| Cashflow Statement | 9 |
| Notes to the Financial Statements | 10 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

Trustee, Officers and Advisors

Trustee

Monmouthshire County Council

Secretary

Robert Tranter

Monitoring Officer

Monmouthshire County Council

Registered Office

Innovation House

Magor

PO Box 106

NP26 9AN

Auditors

Wales Audit Office

24, Cathedral Road

Cardiff

CF11 9LJ

Solicitor

Robert Tranter

Head of Legal Services

Monmouthshire County Council

Investment Custodian

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 2016

Report of the Trustee for the year ended 31 March 2016

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2016 of The Monmouthshire County Council Welsh Church Act Fund ('the Charity').

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on the 16th July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the UK Generally Accepted Practice as it applies from the 1st January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Structure, Governance and Management

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

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

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

The management of the Fund is undertaken by officers of the Council and a 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 groups and individuals for educational, social, recreational and other charitable 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 2016

Review of activities and future developments

The statement of financial activities for the year is set out on page 6 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 £38,991 (£597,124 increase in 2014/15); this decrease in value is mainly due to the re-valuation of the investments assets of £133,455 (£269,870 increase in 2014/15) as a result of market conditions at the year-end.

Income is principally comprised of investment income of £210,673 (£218,707 in 2014/15), 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 expenditure for the year amounted to £129,522 (£124,053 in 2014/15) and principally comprised grant payments of £122,604 (£117,598 in 2014/15). This is primarily due to Caerphilly Borough withholding grant payments due to applicants not meeting grant payment criteria after the initial award of funding.

As indicated previously, net losses on investments held amounted to £133,455 (£269,870 net gain in 2014/15). These non-realised investment losses have been as a result of the Trusts' current investment strategy, diversifying the portfolio across several investment categories in the last couple of financial years. The long term projections on these charity based investments as indicated by the Trustees' Treasury consultants continue to outperform the trust's old pooled investment strategy as reflected by the continuing increased investment returns received during the financial year.

The provision for potential investment losses arising from investments in Icelandic investment has been released due to the final position re the final loss due on the Icelandic investment being assessed by the treasury advisors as being complete.

Income generation

The Charity's income was £225,935, compared to £220,814 in 2014/15. The full implementation of the market investment strategy that has mainly replaced the pooled investment strategy with Monmouthshire County Council has continued to produce larger 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

The bad debt provision of £892 has been released in regard to an invoice outstanding with a tenant.

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 2015/16, which was approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on March 4th 2015.

Icelandic Bank Impairment

The Charity was exposed to a potential investment losses arising from investments in Icelandic Investments.

The investments of the Charity are managed by the appointed fund managers of Monmouthshire County Council, acting in its capacity as sole and corporate Trustee. As part of the Charity's Investment strategy, any investment losses or gains incurred by the Authority in regard to pooled funds are apportioned proportionately between the Authority and the Charity in line with total investments held by the Authority.

The Charity had provided for a potential £12,494 investment loss (£12,494 investment loss in 2014/15). The Trustee's Treasury advisors have now indicated that the likelihood of further movement in respect of the provision is deemed unlikely.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2016

Changes in fixed assets

The fixed asset investments were not re-valued in the 2015-16 financial year in line with the fixed asset policy of revaluation every five years. Revaluation of the fixed assets occurred in 2014-15 (see note 7).

Reserves

The Trustee's policy is to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure. The level of funds held at 31st March 2016 was £5,216,589. The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2015/16 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, recommendation made by the Charity Commission has resulted in grants being made in excess of investment income in order to redress accumulated balances from previous years.

Governance of the Charity

Three 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 4th March 2015.

Auditors

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

Statement of Trustee's responsibilities

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

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

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

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

The Trustee is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure that the financial statements comply with the Charities Act 1993 It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

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

**Mrs Joy Robson
Head of Finance – Monmouthshire County Council**

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

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

I have audited the financial statements of Welsh Church Act Fund for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustee and independent auditor

As explained more fully in the Trustee's Responsibilities Statement set out on page 2, the trustee is responsible for the preparation of financial statements which give a true and fair view.

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 responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Trustee's Annual Report, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- Give a true and fair view of the state of affairs of the charity as at 31 March 2016 and of its incoming resources and application of resources for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011.

Opinion on other matters

In my opinion the information which comprises the report of the Trustee in the Annual Report is consistent with the financial statements.

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

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

**Statement of financial activities (Sofa) for the year ended 31
March 2016**

| | Notes | 2016 Unrestricted Funds £ | 2016 Restricted Funds £ | 2016 Endowment Funds £ | 2016 Total Funds £ | 2015 Total Funds £ |
|---|-------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Income & Endowments from: | | | | | | |
| Donations & Legacies | | 0 | 0 | 0 | 0 | 0 |
| Charitable Activities | | 0 | 0 | 0 | 0 | 0 |
| Investment income | 2 | 210,673 | 0 | 0 | 210,673 | 218,707 |
| Other Trading Activities | | 2,768 | 0 | 0 | 2,768 | 0 |
| Other incoming resources | | 12,494 | 0 | 0 | 12,494 | 2,107 |
| Total income & Endowments | | 225,935 | 0 | 0 | 225,935 | 220,814 |
| Resources Expended | | | | | | |
| Raising funds: | | | | | | |
| Investment Property Professional fees | | 0 | 0 | 0 | 0 | 915 |
| Management and administration | | 2,951 | 0 | 0 | 2,951 | 733 |
| Movement in bad debt provision | | (942) | 0 | 0 | (942) | 885 |
| | | 2,009 | 0 | 0 | 2,009 | 2,532 |
| Charitable expenditure | | | | | | |
| Costs of activities in furtherance of the Charity's objects | | | | | | |
| Grants payable | 3,4 | 122,604 | 0 | 0 | 122,604 | 117,598 |
| Management and administration | | 4,433 | 0 | 0 | 4,433 | 3,970 |
| Other | | | | | | |
| Governance Costs | 5 | 2,485 | 0 | 0 | 2,485 | 2,485 |
| Total Resources Expended | | 131,531 | 0 | 0 | 131,531 | 126,585 |
| Gains/losses on investment assets | 13 | 133,445 | 0 | 0 | 133,445 | 269,870 |
| Net Income / Expenditure | | 39,041 | 0 | 0 | 39,041 | 366,631 |
| Transfers between funds | 11 | 0 | 0 | 0 | 0 | 0 |
| Other Recognised Gains / (Losses) | | | | | | |
| Gains/(losses) on the revaluation and disposal of tangible fixed assets | 7 | (50) | 0 | 0 | (50) | 233,025 |
| Net movement in funds | | 38,991 | 0 | 0 | 38,991 | 597,124 |
| Fund balances brought forward 1 April 2015 | | 5,255,580 | 0 | 0 | 5,255,580 | 4,658,456 |
| Fund balances carried forward 31 March 2016 | 11 | 5,216,589 | 0 | 0 | 5,216,589 | 5,255,580 |

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

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

Balance Sheet as at 31 March 2016

| | Notes | 2016 Unrestricted Funds £ | 2015 Unrestricted Funds £ |
|--|-------|------------------------------------|------------------------------------|
| Fixed assets | | | |
| Investment Land | 7 | 382,501 | 382,451 |
| Investments | 8 | 4,630,481 | 4,763,926 |
| | | 5,012,982 | 5,146,377 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 147,736 | 112,564 |
| Cash at bank and in hand | | 168,192 | 122,166 |
| | | 315,928 | 234,730 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 10 | 112,321 | 113,033 |
| Net current assets less current liabilities | | 203,607 | 121,697 |
| Long term liabilities: Provisions | 13 | 0 | 12,494 |
| Net assets less Liabilities | | 5,216,589 | 5,255,580 |
| The Funds of the Charity: | | | |
| Unrestricted Funds | 11 | 5,216,589 | 5,255,580 |
| Total Charity funds | | 5,216,589 | 5,255,580 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

Statement of Cash flows as at 31 March 2016

| | Total Funds | Prior Year Funds |
|--|------------------------|---------------------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| <i>Net Surplus / (Deficit) on the Provision of Services</i> | (38,991) | 597,124 |
| Adjust net surplus or deficit on the provision of services for non-cash movements | 85,638 | (528,020) |
| <hr/> | | |
| Cash Outflows From Operating Activities | | |
| Adjustments for items included in operating activities that are investing activities | 0 | 0 |
| <hr/> | | |
| Cash inflows from investing activities: | | |
| Proceeds from the sale of property, plant and equipment | 0 | 0 |
| Purchase of property, plant and equipment | 0 | 0 |
| Proceeds from sale of investments | 0 | 0 |
| Purchase of investments | 0 | 0 |
| <i>Net cash provided by (used in) investing activities</i> | 0 | 0 |
| <hr/> | | |
| Cash flows from financing activities: | | |
| Repayments of borrowing | 0 | 0 |
| Cash inflows from new borrowing | 0 | 0 |
| Receipt of endowment | 0 | 0 |
| <i>Net cash provided by (used in) financing activities</i> | 0 | 0 |
| <hr/> | | |
| <i>Change in cash and cash equivalents in the reporting period</i> | 46,648 | 69,104 |
| Cash and cash equivalents at the beginning of the reporting period | 122,166 | 53,062 |
| Change in cash and cash equivalents due to exchange rate movements | 0 | 0 |
| <i>Cash and cash equivalents at the end of the reporting period</i> | 168,815 | 122,166 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

**Reconciliation of net income/ (expenditure) to net cash flow from
Operating activities as at 31 March 2016**

| | Current Year £ | Prior Year £ |
|---|----------------------|-----------------|
| <i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i> | (38,991) | 597,124 |
| Adjustments for non-cash transactions | | |
| Gains/losses on the revaluation and disposal of Investment Land | (50) | (233,025) |
| Gains/losses on the revaluation and disposal of investment assets | 133,445 | (269,871) |
| Increase /(decrease) in Bad debts | (942) | 655 |
| (Increase)/decrease in Provisions | (12,494) | 0 |
| Increase/(decrease) in debtors | (33,608) | (15,356) |
| (Increase)/decrease in creditors | (712) | (10,423) |
| Non-cash items charged on the provision of services | | |
| <i>Net cash provided by (used in) operating activities</i> | 46,648 | 69,104 |

Analysis of cash and cash equivalents as at 31 March 2016

| | Current Year £ | In Year Movement £ | Prior Year £ |
|--|----------------------|--------------------------|-----------------|
| Cash in hand | 168,815 | 46,648 | 122,166 |
| Overdraft facility repayable on demand | 0 | 0 | 0 |
| Total cash and cash equivalents | 168,815 | 46,648 | 122,166 |

The accounts on pages 6 to 13 were approved by the Trustee on 15th December 2016, and signed on their behalf by:

Mrs Joy Robson
Head of Finance (S151, Responsible Financial Officer), Monmouthshire County Council

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

**Notes to the financial statements for the year ended 31 March
2016**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

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

Incoming Resources

All income is accounted for on an accruals basis.

Resources expended

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

Grants payable

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

Management and administration

Management and administration costs include expenditure on administration of the Charity and, an appropriate apportionment of overheads.

Governance Costs

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

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Debtors/ Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

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

An Independent valuer of Williams Associates, a qualified Land Valuers and Chartered Surveyors, re-valued all Investment Land as at 24th March 2015 and all assets held at that date are included in the accounts at valuation. Vacant properties are valued at open market value. Properties that are deemed to be Community Assets are valued at a £1.

Depreciation

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

Investments

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

Fees and similar income

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

Cash flow statement

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

2 Investment income

| | 2016 | 2015 |
|---|----------------|---------|
| | £ | £ |
| Investments with Monmouthshire County Council | 2,008 | 2,107 |
| External Investments | 208,665 | 218,707 |
| | 210,673 | 220,814 |

3 Grants Payable

| | 2016 | 2015 |
|--|----------------|---------|
| | £ | £ |
| 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 | 25,175 | 23,884 |
| Torfaen County Borough Council | 6,642 | 22,172 |
| Newport City Council | 44,535 | 38,135 |
| Blaenau Gwent County Borough Council | 16,201 | 15,839 |
| Caerphilly County Borough Council | 30,051 | 17,568 |
| | 122,604 | 117,598 |

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

4 Analysis of Grants

| | Grants to Organisations | Grants to Individuals |
|--|------------------------------------|----------------------------------|
| | £ | £ |
| The Advancement of Education | 2,386 | 2,050 |
| The Advancement of Religion | 71,286 | 0 |
| The Relief of Poverty | 700 | 6,642 |
| Other Purposes Beneficial to the Community | 39,540 | 0 |
| Total | 113,912 | 8,692 |

Caerphilly Borough Council, Newport City Council, Torfaen County Borough Council, Blaenau Gwent and Monmouthshire County Council have under spent their allocations for 2015/16 by £174,518, £5,920, £35,162, 3,293 and £6,509 respectively which will be carried forward for distribution in 2016/17.

5 Governance Costs

| | 2016 | 2015 |
|------------------------|--------------|-------------|
| | £ | £ |
| Auditor's remuneration | 2,485 | 2,485 |
| | 2,485 | 2,485 |

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. Governance costs have increased during the year as a result of the Public Audit Wales Act and in particular the duty placed on the Wales Audit Office to ensure full cost recovery in its audit fees.

6 Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

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

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

7 Investment Land and Property

| | Total |
|-------------------------|----------------|
| | £ |
| Valuation | |
| At 1 April 2015 | 382,451 |
| Disposals | 0 |
| Revaluation | 50 |
| At 31 March 2016 | 382,501 |
| Depreciation | |
| At 1 April 2015 | 0 |
| Charge in year | 0 |
| Disposals | 0 |
| At 31 March 2016 | 0 |
| Net book Value | |
| At 1 April 2015 | 382,451 |
| At 31 March 2016 | 382,501 |

Tangible Investment Assets solely consist of freehold land. All land held by the Fund had been revalued as at 24th March 2015. Valuations were carried out during March 2015 in accordance with the valuation policy. A further valuation will be carried out within 2016/17 financial year and on thereafter on an annual rolling basis.

8 Investments

| | 2016 | 2015 |
|--|------------------|------------------|
| | £ | £ |
| CCLA - COIF Property Fund | 1,048,603 | 975,139 |
| UBS Multi Asset Income Fund | 698,398 | 752,446 |
| M&G Charibond Fund | 703,312 | 723,491 |
| Schroders Income Maximiser | 406,342 | 476,340 |
| M&G Charifund | 492,404 | 526,706 |
| CCLA - COIF Investment Fund | 827,037 | 854,303 |
| Treasury Stock 2024 2.5% | 104,385 | 105,501 |
| Invested with Monmouthshire County Council | 350,000 | 350,000 |
| | 4,630,481 | 4,763,926 |

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 0.4495% for 2015/16 (0.5906% for 2014/15). The basis of valuation on the market based investments held with CCLA, M&G, UBS and Schroder's, is the

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

open market value of the unit holdings on the 31st March 2016 multiplied by the units held. There were no additions or disposals of investments during the financial year. The Treasury Stock 2024 valuation is based upon the market value of the Treasury Gilts at the 31st March 2016 as listed on the dmo.gov website. The value of the 'pooled' investment with Monmouthshire County Council is the cash value as at the 31st March 2016. 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.

9 Debtors

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Amounts falling due within one year | | |
| <i>Prepayment & accrued income</i> | | |
| Investment Income | 140,600 | 109,634 |
| Other Debtors | | |
| MCC Bank Transfer | 0 | 0 |
| <i>Trade debtors</i> | | |
| Rental income | 2,768 | 3,689 |
| Bad debt provision for loss of rental income | 57 | (885) |
| <i>Other Debtors</i> | | |
| HM Revenue and Customs | 622 | 0 |
| Other Debtors | 3,689 | 126 |
| | 147,736 | 112,564 |

All investment interest due from the trustee was paid in year in 2015-16.

10 Creditors

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Amounts falling due within one year | | |
| Grant creditors | 104,679 | 97,714 |
| Other creditors | 7,642 | 15,319 |
| | 112,321 | 113,033 |

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.

11 Funds

| | Balance 1 April 2015 £ | Incoming resources £ | Resources Expended £ | Other Recognised Gain / (Loss) £ | Balance 31 March 2016 £ |
|--------------------|---------------------------------|----------------------------|----------------------------|---|--|
| Unrestricted funds | 5,255,580 | 225,985 | (131,531) | (133,445) | 5,216,589 |

There were no transfers between funds during the 2015-16 financial year.

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2016**

12 Related party transactions

During the year transactions with related parties arose as follows:

| | 2016 | | 2015 | |
|------------------------------|--------------|---------------|----------|----------|
| | Receipts | Payments | Receipts | Payments |
| | £ | £ | £ | £ |
| Monmouthshire County Council | 7,543 | 22,824 | 39,566 | 27,978 |

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.

13 Investment losses -Impairment of Investments

The Charity is currently exposed to potential investment losses arising from investments in Icelandic Investments.

A small amount of the investments of the Charity are pooled within the overall investment portfolio of Monmouthshire County Council, acting in its capacity as sole Trustee. As part of the Charity's Investment strategy, any investment losses incurred by the Authority are apportioned proportionately between the Authority and the Charity in line with total investments held by the Authority.

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. Monmouthshire County Council had £1,200,000 deposited with Heritable Bank as part of its overall investment portfolio.

All monies within Heritable Bank are currently subject to the respective administration process. The amounts and timing of payments to depositors such as the authority will be determined by the administrators. This process is estimated to have terminated in the financial year 2015/16 and therefore the provision of £12,494 for the investment loss (£12,494 in 2014/15) has subsequently been released.

14 Trustee's Expenses, Remuneration and Benefits

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