

# NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

## CABINET (FINANCE) SUB COMMITTEE

23<sup>RD</sup> MAY 2018

### REPORT OF DIRECTOR OF FINANCE & CORPORATE SERVICES

#### MATTER FOR DECISION

#### WARDS AFFECTED - ALL

#### NEATH PORT TALBOT WELSH CHURCH ACT TRUST FUND

#### 1. Purpose of Report

- 1.1 This report provides details of the Neath Port Talbot Welsh Church Act Trust Fund draft annual report and financial statements for 2017/18.

#### 2. Draft annual report and financial statements 2017/18

- 2.1 The annual report and financial statements for the year ended 31st March 2018 are attached at Appendix 1, with the following table summarising the financial position.

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£</b>	<b>£</b>
Opening value of Fund	603,398	608,817
Income	4,137	4,503
Gain/(loss) on investment assets	25,643	-
Expenditure	(10,213)	(9,922)
<b>Closing value of Fund</b>	<b>622,965</b>	<b>603,398</b>

- 2.2 The annual report and financial statements will be independently examined by the Wales Audit Office, as is required by the Welsh Church Act 1914.

#### 3. External Audit

- 3.1 Any material changes resulting from the audit of the annual report by the Independent Examiner will be reported back to the Board for consideration, prior to the final submission of the financial information to the Charity Commission.

## **4. Recommendations**

### **4.1 It is recommended that Members:**

- Approve the draft annual report and financial statements for the year ended 31<sup>st</sup> March 2018.
- Agree for the draft annual report and financial statements to be submitted to the Wales Audit Office for independent examination.
- Approve that the financial information be submitted to the Charity Commission, if there are no material changes following the independent examination by the Wales Audit Office.

## **5. Reason for Proposed Decision**

To approve the draft annual report and financial statements for the Welsh Church Act Trust Fund 2017/18.

## **6. Implementation of Decision**

The decision is proposed for implementation after the three day call in period.

## **7. Consultation**

There is no requirement to consult on this item.

## **8. Appendices**

Draft annual report and financial statements.

## **9. List of Background Papers**

Welsh Church Act Trust Fund accounts and working papers  
Charity Commission guides and accounting practices

## **10. Officer Contact**

Mr Hywel Jenkins – Director of Finance and Corporate Services  
Telephone 01639 763251  
Email: h.jenkins@npt.gov.uk

Mrs Janet North – Chief Accountant, Technical and Exchequer  
Telephone 01639 763635  
Email: j.north@npt.gov.uk

**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**WELSH CHURCH ACT TRUST FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31<sup>ST</sup> MARCH 2018**

**REGISTERED CHARITY NUMBER: 1076440**

## Neath Port Talbot Welsh Church Acts Fund

### Report of the trustees for the year ended 31<sup>st</sup> March 2018

The trustees present their annual report and financial statement for the charity for the year ended the 31<sup>st</sup> March 2018. 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 (FRS102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 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 the guidance Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) issued on the 16<sup>th</sup> July 2014, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1<sup>st</sup> April 2005, which has since been withdrawn.

### Objectives and activities

The purpose of the Fund is to receive grant applications from charities or voluntary bodies which are based in, active in, or provide significant benefits to some or all of the residents of the Neath Port Talbot County Borough area.

The Fund furthers its charitable purposes for the local public benefit through its grant making policies which cover the following areas:

- Educational
- Libraries, museums, art galleries, etc.
- Relief of poverty
- Advancement of religion
- Other purposes beneficial to the community
- Relief in sickness
- Welfare of elderly persons
- Social and recreational
- Aesthetic, architectural, historical and scientific matters
- Medical and social research, treatment, etc.
- Probation, etc.
- Visually impaired or blind individuals

- Emergencies or disasters
- Other charitable organisations whose purposes are consistent with the provisions included above.

### **Grant making policy**

#### **Welsh Church Acts Fund Guidelines for Grant Applications**

- a) Each application will be considered on its merits.
- b) Grants will only be awarded to charities and voluntary bodies which are based in, or active in, or provide significant benefits to some or all of the residents of the Neath Port Talbot County Borough area.
- c) Grants will only be awarded to individuals in exceptional circumstances.
- d) Grants will not normally exceed £1,000 and in exceptional circumstances £4,000 per applicant and successful applicants will not normally be reconsidered for a further grant within 3 years of the date of approval of the last grant.
- e) Grants will have a time limit for the take up of said grant of two years from the date of approval.
- f) Grants will not normally be awarded where the service could be dealt with out of the annual budget of the Council's service Committees activities or by other public bodies.
- g) Grants will not normally be awarded where they would commit the fund to regular annual payments nor will recurring annual expenses be supported.
- h) Grants will only be made out of the income of the fund, preserving the Fund's capital assets.
- i) Priority will be given to applications which are of significant benefit to the Neath Port Talbot County Borough area.
- j) Grant aid will not normally cover the full cost of a project/proposal and normally will be approved at 25% of actual costs incurred up to the maximum as outlined in condition (d) above. The grant of £4,000 will only be approved where expenditure exceeds £50,000.

## Appendix 1

- k) Organisations assessed as being able to meet the cost (e.g. by size or nature) are unlikely to receive any grant aid.
- l) Grants towards work of a structural nature will only be considered where:
- there is evidence that a professional assessment has been made of the works;
  - the applicant organisation can demonstrate that there is no other impediment to work proceeding at an early date (e.g. planning permission).
- m) In the case of Churches and Chapels grants will only be approved for the repair of the fabric of buildings which are more than 50 years old and of the highest architectural and historic interest. Church halls, however, where available and used significantly by the public for non-religious purposes will not be subject to these criteria.
- n) No retrospective applications are considered.
- o) The Panel will take into account the Church membership and the normal size of the congregation.
- p) In the case of students undertaking further Education courses, contributions towards the costs of individual instruments or pieces of equipment etc. will be made as follows - 50% of all costs over a threshold of £2,000 up to a maximum grant of £1,500.

### Grants awarded

The Fund has paid out or committed the following grants:

Year approved	Name	Purpose	Payment made £
2015/16	St Thomas' Church	Church Tower £1,000	4,000
2016/17	Saron Welsh Ind Chapel, Crynant	Decoration and repair to the chapel interior	188
2016/17	Cilybebyll Church	Maintenance of tower	1,000
2017/18	St Illtyds Church	Internal redecoration of walls	947
<b>Total grants paid or committed during year</b>			<b>6,134</b>

The Fund trustees have approved the following grants:

Year approved	Name	Purpose	Maximum value £
2004/05	Musica Rediviva	Church organ manuscript	4,000
2016/17	Pisgah Chapel, Cilfrew	Roof works at church	1,000
2016/17	St John the Baptist Church, Glyncorrwg	Replastering, pointing, decorating and car park	1,000
2017/18	Peniel Pentecostal Church	Roofing and electrical works	1,000
2017/18	1358 Squadron Air Cadets	Gazebo	50
<b>Total grants approved but not committed</b>			<b>7,050</b>

Although the Fund has approved these grants, none of them have been drawn down or committed as at the 31st March 2018. They have not been accrued in the accounts as the grant recipients have not yet demonstrated that they have fulfilled performance conditions.

### **Structure, governance and management**

The Fund is a registered charity, number 1076440. The Charity is governed by the Welsh Church Act 1914 and the Welsh Church Act (Designation and Specification) Order 1996.

The Welsh Church Act Fund was established from the proceeds and assets of the disestablishment of the Church in Wales and was originally created in 1914. The assets were distributed evenly amongst the former county councils in Wales, and then divided between the Welsh Unitary Authorities when they were formed in 1996, with Neath Port Talbot County Borough Council taking responsibility for the share of the Fund included in this report.

The Trustee to the Fund is Neath Port Talbot County Borough Council who has delegated responsibility to the Cabinet (Finance) Sub Committee, who consider applications received for grants for the Fund and makes decisions on whether they should be granted or not. The Fund does not directly employ any staff, with the day to day administration and the processing and handling of applications prior to consideration being managed by the Director of Finance and Corporate Services. A proportion of his team's time is charged to the Fund.

**Reference and administrative information**

**The registered address is:**

Neath Port Talbot County Borough Council  
Finance & Corporate Services Directorate  
Civic Centre  
Port Talbot  
SA13 1PJ

**The Trustee is:**

Neath Port Talbot County Borough Council, who has delegated responsibility to the Cabinet (Finance) Sub Committee.

The following advisors have assisted the trustees in the year:

**Honorary Treasurer:**

Mr Hywel Jenkins  
Director of Finance & Corporate Services  
Neath Port Talbot County Borough Council  
Civic Centre  
Port Talbot SA13 1PJ

**Independent Examiner:**

Mr Derwyn Owen  
On behalf of the Auditor General for Wales  
24 Cathedral Road  
Cardiff CF11 9LJ

**Bankers:**

Santander Commercial Bank  
Bridle Road  
Bootle  
Merseyside L30 4GB



### **Trustees' responsibilities in relation to the financial statements**

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the resources and application of the resources of the charity for the accounting period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the applicable Charities Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the appropriate Act and the applicable Charities Regulations. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees 23<sup>rd</sup> May 2018 and signed on their behalf by:

Honorary Treasurer

**Report of the independent examiner to the trustees of Neath Port  
Talbot Welsh Church Acts Fund**

To be inserted once the independent examination is completed by Wales  
Audit Office.

## Neath Port Talbot Welsh Church Act Trust Fund

Statement of Financial Activities for the year ending 31<sup>st</sup> March

	Note	Total Unrestricted Funds 31-Mar-18 £	Total Unrestricted Funds 31-Mar-17 £
<b>Incoming resources</b>			
Investment income	2	3,697	3,836
Estate Rental income	3	440	667
<b>Total Income</b>		<b>4,137</b>	<b>4,503</b>
<b>Resources expended</b>			
<b>Governance/admin costs:</b>			
Management and administration	4	(2,658)	(2,632)
Governance costs	5	(1,421)	(1,324)
<b>Expenditure on charitable activities:</b>			
Grants	6	(6,134)	(5,966)
<b>Total expenditure</b>		<b>(10,213)</b>	<b>(9,922)</b>
<b>Net income/(expenditure) before investment gains/(losses)</b>		(6,076)	(5,419)
Gains/(losses) on investment assets	7	25,643	-
<b>Net movements in funds</b>		<b>19,567</b>	<b>(5,419)</b>
<b>Reconciliation of Funds</b>			
Total Funds brought Forward		603,398	608,817
<b>Total Funds Carried Forward</b>		<b>622,965</b>	<b>603,398</b>

## Neath Port Talbot Welsh Church Act Trust Fund

Balance Sheet as at 31<sup>st</sup> March

	Note	31-Mar-18 £	31-Mar-17 £
<b>Fixed Assets</b>			
Tangible Investment Assets	8	90,877	65,234
<b>Total Fixed Assets</b>		<b>90,877</b>	<b>65,234</b>
<b>Current Assets</b>			
Debtors	9	4,967	5,104
Short Term Investments	10	528,882	537,620
<b>Total Current Assets</b>		<b>533,849</b>	<b>542,724</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within 1 year	11	(1,761)	(4,560)
<b>Net Current Assets</b>		<b>532,088</b>	<b>538,164</b>
<b>Total Net Assets</b>		<b>622,965</b>	<b>603,398</b>
<b>The Funds of the Charity</b>			
<b>Unrestricted Income Funds</b>	12		
Fund Balance		537,355	537,355
Income Accumulation Account		85,610	66,043
<b>TOTAL CHARITY FUNDS</b>		<b>622,965</b>	<b>603,398</b>

The following notes form part of these accounts.

## Neath Port Talbot Welsh Church Act Trust Fund

### Notes to the accounts

#### 1. Accounting Policies

##### a) Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the requirements of the Welsh Church Act and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 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 (FRS 102) issued on the 16th July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1st April 2005, which has since been withdrawn.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to the accounts.

The application of FRS102 in 2016/17 did not result in any significant change to the presentation of these accounts and there is no change to the financial position.

##### b) Fund structure

The Welsh Church Act Fund was established from the proceeds and assets of the disestablishment of the Church in Wales and was originally created in 1914. The assets were distributed evenly amongst the former county councils in Wales, and then divided between the Welsh Unitary Authorities when they were formed in 1996, with Neath Port Talbot County Borough Council taking responsibility for the share of the Fund included in this report.

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.

### **c) Basis of Accounting**

The accounts have been prepared using the accruals basis and there has been no change to this accounting basis.

Income is recognised once the trust fund becomes entitled to the income and there is sufficient certainty that the income will be received and the amount receivable can be measured reliably.

Expenditure or the liability to spend is recognised as soon as there is a legal or constructive obligation committing the trust fund to that expenditure. All expenditure on governance and support services is accounted for on an accruals basis.

Grants payable are accrued where there is certainty that the funds will be drawn down. However, where grants awarded are subject to the recipient fulfilling performance conditions, the grant is only accrued at the time that the performance conditions are met.

## **2. Investment Income**

The Welsh Church Acts Fund has short term cash deposits with Neath Port Talbot County Borough Council. These investments operate on an instant access basis, and interest is based on the Council's return on its investments. The average interest rate for 2017/18 was 0.67% (2016/17 was 0.7%).

Details of short term deposits are provided at Note 10.

## **3. Other income**

The Welsh Church Acts Fund receives rental income from various properties, land and wayleaves. Further details of the properties are included in note 8 to the Balance Sheet.

## **4. Management and Administration/Related parties**

Payments of £2,141 (2016/17 £2,120) for financial support services and £517 (2016/17 £512) for legal advice have been paid to Neath Port Talbot Council.

This payment is the only related party transaction within these accounts.

## 5. Governance costs

The Independent examiners fees for the Wales Audit Office to report on the accounts are anticipated to be £1,662. The value being charged to the accounts is £241 less than this as the actual charge for 2016/17 was less than the estimate.

## 6. Grants

The Fund has paid out or committed the following grants:

Year approved	Name	Purpose	Payment made £
2015/16	St Thomas' Church	Church Tower £1,000, unless project exceeded £50k	4,000
2016/17	Saron Welsh Ind Chapel, Crynant	Decoration and repair to the chapel interior	188
2016/17	Cilybebyll Church	Maintenance of tower	1,000
2017/18	St Illtyds Church	Internal redecoration of walls	947
<b>Total grants paid or committed during year</b>			<b>6,134</b>

The Fund trustees have approved the following grants.

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2017/18	Peniel Pentecostal Church	Roofing and electrical works	1,000
2017/18	1358 Squadron Air Cadets	Gazebo	50
<b>Total grants approved but not committed</b>			<b>7,050</b>

Although the Fund has approved these grants, none of them have been drawn down or committed as at the 31st March 2018. They have not been accrued in the accounts as the grant recipients have not yet demonstrated that they have fulfilled performance conditions.

## 7. Gains or losses on investment assets

A full revaluation exercise has been undertaken which has identified a net gain in investment assets of £25,643.

## 8. Tangible Investment Assets

The tangible investment assets relate to holdings of agricultural land and buildings and freehold reversions. The valuer has undertaken the full exercise with the table below showing the impact of this revaluation.

Details		Value 31-Mar-17 £	Revaluation £	Value 31-Mar-18 £
<b>Vale of Neath</b>				
Residential Neath	80 Llantwit Road, Neath	17,000	1,600	18,600
Agricultural Land	Llantwit Road Neath opp St Illtyds Church	3,250	-	3,250
Agricultural Land	Glebe under canal	100	-	100
Land Cadoxton Neath	5.4 Acres at Cwmbach Road	9,250	2,799	12,049
Land Cadoxton Neath	3.74 Acres North of Cwmbach Road	3,750	3,750	7,500
Land Cadoxton Neath	0.4 Acres South of Cwmbach Road	500	-	500
Misc. Interest Cadoxton Neath	Garage Site, Cwmbach Road	1,500	500	2,000
Misc. Interest Cadoxton Neath	Garage Site, Glebeland Street	1,500	500	2,000
Land Cadoxton Neath	Land and stream adjoining 25 Church Road	1	-	1
<b>Total</b>		<b>36,851</b>	<b>9,149</b>	<b>46,000</b>
<b>Vale of Neath - Wayleaves</b>				
Cadoxton Neath	Land North West of Cwmbach Road	0	177	177
		<b>0</b>	<b>177</b>	<b>177</b>
<b>Vale of Glamorgan - Agricultural</b>				
Peterson-Super-Ely	Gwern y Gae Uchaf Farm	11,500	9,000	20,500
Peterson-Super-Ely	Backway Farm	16,000	8,200	24,200
<b>Total</b>		<b>27,500</b>	<b>17,200</b>	<b>44,700</b>
<b>Vale of Glamorgan – Wayleaves</b>				
St Brides Super Ely	Electricity wayleaves	883	-883	0
<b>Total</b>		<b>883</b>	<b>-883</b>	<b>0</b>
<b>TOTAL FIXED ASSETS</b>		<b>65,234</b>	<b>25,643</b>	<b>90,877</b>



## 9. Analysis of Debtors

The debtors falling due within one year are as follows:

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£</b>	<b>£</b>
Investment Income	3,697	3,836
Estate rentals	1,270	1,268
<b>Total</b>	<b>4,967</b>	<b>5,104</b>

## 10. Analysis of Short term investments

The trust fund's short term investments are held as deposits with Neath Port Talbot Council, with interest based on the average investment rate.

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£</b>	<b>£</b>
Opening value	537,620	543,042
Additions/Investments	(8,738)	(5,422)
<b>Total</b>	<b>528,882</b>	<b>537,620</b>

## 11. Analysis of Creditors

The creditors falling due within one year are as follows:

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£</b>	<b>£</b>
Independent examination fees	(1,662)	(3,324)
Grant accrual	-	(1,000)
Estate rental prepayments	(99)	(236)
<b>Total</b>	<b>(1,761)</b>	<b>(4,560)</b>

## 12. Unrestricted Income Funds – analysis of net assets

All of the trust's funds are unrestricted and made up as follows:

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£</b>	<b>£</b>
Fixed investment assets	90,877	65,234
Current assets	533,849	542,724
Current liabilities	(1,761)	(4,560)
<b>Total</b>	<b>622,965</b>	<b>603,398</b>

The movement in the income funds is:

<b>Fund b/fwd</b>	<b>Income</b>	<b>Expenditure</b>	<b>Revaluation gain/(loss)</b>	<b>Fund c/fwd</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>603,398</b>	4,137	(10,213)	25,643	<b>622,965</b>