

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016-2017

COUNCIL

11th January 2017

REPORT OF:

**Group Director, Corporate and Frontline Services
Chris Lee (01443) 424088**

	AGENDA ITEM NO.
Welsh Church Act Fund Annual Report 2015/16	

1.0 PURPOSE OF REPORT

1.1 This report is to ensure the Council complies with the requirements relating to the production and approval of a Statement of Accounts for the Welsh Church Act Fund for the financial year ended 31st March 2016.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members:

- (a) Approve and note the Welsh Church Act Fund Statement of Accounts for the financial year 2015/2016 (Appendix 1):
- (b) Approve and note the Letter of Representation relating to the Welsh Church Act Fund (Appendix 2):
- (c) Consider the External Auditor report (Appendix 3).

3.0 BACKGROUND

3.1 The Council has administrative responsibility for the production of the Welsh Church Act Fund Statement of Accounts.

3.2 The accounts were produced by 7th October 2016.

3.3 The intervening period has seen the completion of the audit of the final accounts by Wales Audit Office and they are now in a position to provide their opinion on them as presenting a true and fair view. During the audit process a small number of amendments were necessary and these are

incorporated into the accounts at Appendix 1. The Wales Audit Office report is attached for Members consideration at Appendix 3.

3.4 It is normal practice for the Wales Audit Office to request that the Responsible Finance Officer provides a “Letter of Representation”, which highlights material issues relating to the completeness and/or accuracy of the information included in their financial statements and could, therefore, influence the audit opinion. This is to ensure that the accounts properly reflect the Fund’s financial standing and is consistent with the approach taken by the Wales Audit Office in prior years.

3.5 The Letter of Representation for the Welsh Church Act Fund is provided at Appendix 2.

4.0 CONCLUSION

4.1 The completion of the audit of the Welsh Church Act Fund accounts provides Members, in their role as trustees, with the necessary assurances upon the financial affairs of the Fund.

**The Welsh Church Act Fund within
the areas of
Rhondda Cynon Taf, Bridgend
and Merthyr Tydfil
County Borough Councils**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
2015/2016**

FINAL

Registered Charity no. 506658

Annual Report 2015/2016

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Report of the Trustee for the Year Ended 31st March 2016

Duty to Prepare Annual Reports and Accounts

Rhondda Cynon Taf County Borough Council, as trustee, is responsible for the preparation of the Annual Report and Accounts for the Welsh Church Act Fund.

The trustee presents its report along with the financial statements of the charity for the year ended 31st March 2016. The financial statements have been prepared in accordance with the legal requirements contained in the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 (SI 2008 No 629), and the Charities Statement of Recommended Practice (FRS102).

Legal and Administrative Information

Name of Charity

The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

Charity Number

506658

Governing Document

Trust Deed

Trustee

Rhondda Cynon Taf CBC, as a corporate body, is the trustee of the Welsh Church Act Fund.

Method of Appointment

Upon becoming a Member of the Council, Councillors become a trustee of the Fund.

Chief Executive

Chris Bradshaw

Principal Office

Rhondda Cynon Taf CBC, Bronwydd House, Porth, Rhondda Cynon Taf, CF39 9DL.

Auditors

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

Bankers

Barclays Bank, Pontypridd Business Centre, South Wales Valleys Group of Branches, PO Box No 32, Pontypridd, CF37 4YA.

COIFs (Charities Official Investment Fund)

Managed by CCLA (Churches Charities and Local Authorities) Investment Management Ltd., Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Solicitors

Legal and Democratic Services, Rhondda Cynon Taf CBC, The Pavilions, Cambrian Park, Clydach Vale, Rhondda Cynon Taf, CF40 2XX.

Investment Managers

Advice is sought on an informal and ad-hoc basis. There is no contract with any advisor and no fees are charged.

Narrative Information**Constitution and Objectives**

Lloyd George, under the provisions of the 1914 and 1919 Welsh Churches Acts, established the Welsh Church Act Fund. These two acts transferred certain categories of secularised property to a Welsh Church Act Fund to be administered by the County Councils. However these funds were not activated until 1942-47, when property to the value of almost £2.5m was handed over to the County Councils.

The Welsh Churches Acts state that income of the funds should be devoted to charitable or alms giving purposes and that each Council is required to prepare a scheme for the use of the fund.

The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils still operates under the constitution of the Mid Glamorgan Welsh Church Act Fund. The original trust deed is dated 9th January 1976 and the registered charity number is 506658.

The charitable purposes to which the fund may be applied are:

- Educational
- Relief in sickness
- Relief in need
- Libraries, Museums, Art Galleries, etc.
- Social and recreational
- Protection of historical buildings, etc.
- Medical and social research, treatment, etc.
- Probation, etc.
- Blind persons
- Aged persons
- Places of worship and burial grounds
- Emergencies or disasters
- Other charitable purposes

These purposes are consistent with the Charity Commission's guidance on public benefit.

Organisation

All the Councillors of Rhondda Cynon Taf CBC act as trustee of the Welsh Church Act Fund. As the Fund covers the areas of Bridgend and Merthyr Tydfil as well as Rhondda Cynon Taf, the trustee consults with representatives from these County Borough Councils on successful applications within their localities.

The charity trustee has complied with the duty in the 2011 Charities Act to have due regard to guidance published by the Charity Commission.

Related Parties

A related party transaction is one where the charity has a relationship with another party, which might inhibit it from pursuing its own separate interests. It is considered that Rhondda Cynon Taf CBC, Bridgend CBC and Merthyr Tydfil CBC and all Trustees of the Fund have related party relationships with the charity. Transactions with related parties are disclosed in Note 4 to the Statement of Financial Activities.

Grant Making Policy

Organisations are invited to submit applications together with estimates, accounts and constitutions. One or more of the purposes mentioned previously will cover successful applicants. There are specific restrictions applied around these general categories which are as follows:

1. Students are not eligible as it is considered that the County Borough Council's education policy already covers the most worthwhile cases.
2. Individual cases of relief in sickness will be referred to the County Borough Council's Community & Children's Services Group.
3. Individual cases of relief in need will be refused, as any provision in this area should be the responsibility of the Department for Work and Pensions. However, applications from organisations working towards relief in need will be considered on their merits.
4. No grant will be made towards clubs with a liquor licence.
5. No grants will be made toward projects operating outside the areas of Bridgend, Merthyr Tydfil and Rhondda Cynon Taf.
6. Applications will be considered from organisations based outside the areas of Bridgend, Merthyr Tydfil and Rhondda Cynon Taf provided that the work of the organisation has local significance.
7. Grants towards works of a structural nature will only be considered in those instances where it is evidenced that a professional assessment has been made of the necessary works. Payment of such grants will be made only on evidence of completion or substantial completion of the work.

8. To be eligible, organisations providing hobby activities for their members should provide their facilities to the public at large. Any assistance given will be towards project expenditure of a capital nature. Normal running expenses will not be supported.
9. Welsh Church Act Fund grants will only be paid where the applicant does not have resources to hand.
10. Welsh Church Act Fund grant limits during 2015/16 were :

Grants under £2,000 did not require match funding and grants exceeding £2,000 required a minimum of 50% match funding from non-Welsh Church Fund sources. Maximum grant available was £10,000.

Details of the Grant Making Process

Recommendations for grant awards are made by officers in an Assessment Round Report, which is considered at special meetings regularly throughout the year on approximately a monthly basis. All decisions made have to be approved by the relevant Cabinet Member and Director for Regeneration and Planning, following consultation with Bridgend and Merthyr Tydfil County Borough Councils.

Review of Financial Activities

The Statement of Financial Activities for the year is set out on page 11. A summary of the financial results are set out below:

Investment income during the year totalled £334k (£331k in 2014/15). Expenditure on charitable activities totalled £342k (£342k in 2014/15), and governance costs of £6k were incurred (£9k in 2014/15). Net resources expended less incoming resources amounted to a deficit £14k (Net resources expended less incoming resources amounted to a deficit £20k in 2014/15).

Net losses on the Revaluation and Redemption of Investment Securities totalled £279k for the year (net gains of £653k in 2014/15).

Investment Policy and Performance against Policy

The Trust Deed governs the trustee's investment powers. This permits the Charity's funds to be invested in any authorised security listed on the London Stock Exchange. The trustee has complied with this policy during 2015/16.

The investment strategy of the Fund is to balance risk with optimum investment income by subjecting the capital value to minimum risk while ensuring at the same time that investment income is sufficient to pay for approved grants.

Achievements and Performance

In line with the charity's objectives, grants of £353k were awarded in 2015/16. Further details are given in Note 2 to the Statement of Financial Activities.

Key Objectives for the Future

New Scheme Limits for 2016/17 are as follows:

Category	Maximum Grant	Match Funding Contribution
Small	Up to £2,000	Nil
Medium	£2,001 - £10,000	Minimum 10%
Large	£10,001 - £50,000	Minimum 20%

Risk Management

The trustee is made aware of any issues with possible detrimental effects upon the Fund as they arise. There were no such issues during 2015/16.

The accounts are prepared in accordance with the Host Authority's Corporate Governance policies such as Financial Procedure Rules, Contract Procedure Rules, Codes of Conduct and Scheme of Delegation. The trustee is aware that investment values can decrease as well as increase.

Statement of the trustee's responsibilities

The trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Trustee

Signed:

On behalf of the Trustee.....

Report of the Auditor General for Wales to the Trustee of the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

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, Balance Sheet, Cashflow 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 8, 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 Financial Reporting Council'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 Report of the Trustee, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

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 Review of Financial Activities in the Report of the Trustee is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Charities Act 2011 requires me to report to you if, in my opinion:

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Emphasis of Matter

Your attention is drawn to the fact that the Charity has prepared its financial statements in accordance with the Charities SORP 2015 in preference to the Charities SORP 2005 which is referred to in the extant regulations but has been withdrawn. We understand this has been done in order for the accounts to provide a true and fair view in accordance with the United Kingdom Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales

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

Statement of Financial Activities for the year ended 31st March 2016

	Note	Unrestricted Funds	
		2015/16 £'000	2014/15 £'000
<u>Income and Endowments from:</u>			
Investments	1	334	331
Total Income and Endowments		334	331
<u>Expenditure on:</u>			
Charitable Activities	2	(342)	(342)
Other	3	(6)	(9)
Total Expenditure		(348)	(351)
Net gains/(losses) on investments		(279)	653
Net Income/(Expenditure)		(293)	633
<u>Net Movement in funds</u>		(293)	633
<u>Reconciliation of Funds</u>			
Total Funds Brought Forward at 1 st April		12,039	11,406
Total Funds Carried Forward at 31st March		11,746	12,039

The notes contained on pages 16 - 18 form part of these Accounts.

Balance Sheet as at 31st March 2016

	Note	31/03/16	31/03/15
		£'000	£'000
<u>Fixed Assets Investments</u>			
Long Term Assets	1	7,826	8,966
		7,826	8,966
<u>Current Assets</u>			
Short Term Assets	1	861	0
Debtors	2	101	102
Investments	3	0	12
Cash at Bank		3,165	3,144
		4,127	3,258
<u>Current Liabilities</u>			
Creditors: Amounts Falling Due Within One Year	4	(207)	(185)
Net Current Assets		3,920	3,073
Total Net Assets		11,746	12,039
Represented By:			
<u>Fund Balance – Unrestricted Funds</u>			
Revaluation Reserve		3,944	4,223
Fund Balance		7,802	7,816
Total Unrestricted Funds		11,746	12,039

The notes contained on pages 19-20 form part of these Accounts.

Statement of Cash Flows for the year ended 31st March 2016

	Note	2015/16 £'000	2014/15 £'000
<u>Cash Flows from Operating Activities:</u>			
Net Cash Provided by (Used in) Operating Activities	1	(326)	335
<u>Cash Flows from Investing Activities:</u>			
Dividends, Interest and Rents from Investments		335	(328)
Proceeds from the Sale/Redemption of Investments		12	0
Net Cash Provided by (Used in) Investing Activities		347	(328)
<u>Cash Flows from Financing Activities</u>			
Net Cash Provided by (Used in) Financing Activities		0	0
Change in Cash and Cash Equivalents in the Reporting Period		21	7
Cash and Cash Equivalents at the Beginning of the Reporting Period		3,144	3,137
Cash and Cash Equivalents at the End of the Reporting Period		3,165	3,144

The notes contained on page 21 form part of these Accounts.

Signed: _____ Date: _____

Christopher D Lee
Group Director - Corporate and Frontline Services
Bronwydd House
Porth,
CF39 9DL

Accounting Policies

Accounting Policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts.

Basis of Preparation

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements have been prepared in accordance with the legal requirements contained in the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 (SI 2008 No 629), the Charities (Accounts and Reports) Regulations 2000 and the Charities Statement of Recommended Practice (FRS102) except where stated otherwise.

Incoming Resources Policy

Income is credited to the fund in the year to which it relates regardless of when the income is actually received.

Resources Expended Policy

Expenditure is included on an accruals basis i.e. charged to the year to which it relates regardless of when the expenditure is made.

Grants Payable Policy

Grants payable are charged in the year when the offer is conveyed to the recipient. Unused grants are written back when written confirmation is provided stating that funding is no longer required.

Management and Administration Policy

The allocation of Central Support Services costs to the Fund is based upon an estimate of the time spent by employees of Rhondda Cynon Taf CBC in undertaking work associated with the Fund.

Investment Properties

Investment properties are recorded in the accounts at the most recent valuation of market value. Any difference in value arising out of the periodic revaluations will be charged/credited to the Revaluation Reserve. The most recent valuation was at 25th

March 2015 and was carried out by the Valuation Office Agency. In accordance with SSAP 19, investment properties are not depreciated.

Fixed Asset Investments (Other Than Property)

Long Term Investments are recorded in the accounts at current market value. Rhondda Cynon Taf CBC, as Host Authority, administers investments on behalf of the Fund. The Treasury Policy statement of the Host Authority governs all such transactions.

Any unrealised and realised gains and losses on revaluation and disposal are combined in the Statement of Financial Activities.

Fund Structure

All funds are unrestricted.

Trustee Remuneration and Expenses

The trustee has not received any remuneration or expenses in the year 2015/16.

Policy on Reserves

Reserves are unrestricted and held for the future use of the Fund for the purposes specified in the Trust Deed. The balance is made up of a revaluation reserve of £3.9m and a fund balance of £7.8m

Policy on Investments of Cash

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 unpresented cheques). The Welsh Church Fund does not hold Cash in Hand.

Policy on Debtors and Creditors

Debtors are amounts recoverable, based on the amount the Charity anticipates it will receive. There is no bad debt provision included within the Statements. Creditors are amounts due to the Welsh Church Act Fund.

Policy on Going Concern

The trustee is responsible for keeping proper accounting records and produce financial statements that comply with the provisions of the trust deed. The Fund is therefore prepared on the basis of a going concern.

Notes to the Statement of Financial Activities**1. Investment Income**

	2015/16 £'000	2014/15 £'000
Bank Interest	16	16
Interest on Investments	318	315
Total	334	331

2. Charitable Activities

During 2015/16 the Fund awarded total grants amounting to £352,661. Those organisations awarded grants equal to or greater than £2,000 are detailed below:

Organisation	Amount £
Beddau Community Church	2,000.00
Avon Street Gardening & Allotment Society	2,000.00
Fit 4 Life	2,000.00
OAP & Widows Association Treherbert	2,000.00
Parc & Dare Band	2,000.00
St Brides Minor Church	2,000.00
St Aloysius Church	2,000.00
Zion Chapel	2,000.00
St David's Church, Pontcymmer	2,000.00
The Ark Youth and Community Project	2,000.00
Siloa Chapel	2,000.00
St Alban's Church, Parish of Tonyrefail	2,000.00
Bethany Baptist Church	2,000.00
Porthcawl Harbourside CIC	2,000.00
Talbot Community Centre	2,000.00
St Cynfelyn's Church	2,000.00
Nebo Baptist Chapel	2,000.00
Avon Street Allotment & Gardening Society	2,000.00
Mountain Hare Neighbourhood Watch	2,158.49
Community Church Aberkenfig	2,232.00
St David's Church, Pencoed	2,425.00
Taff Bargoed Development Trust	2,425.00
Eglwys Y Bedyddwyr Blaenycwm	2,475.00
Hebron Evangelical Church	2,687.16
Treforest National Spiritualist Church	3,075.00
St Dunstan's Church	3,150.00
	Continued Overleaf...

The Parish of Aberdare St Fagan - St Luke's Church, Cwmdare	3,308.31
Bethel Baptist Church	3,618.00
Noddfa Ruhamah Welsh Baptist Church	3,650.00
St John Ambulance Merthyr Vale Aberfan	3,750.00
Rhondda Lawn Tennis Club	4,100.00
Merthyr Tydfil Institute for the Blind (MTIB)	4,261.63
Mount Zion Pentecostal Church	4,528.06
Merthyr Tydfil and District Model Engineering Society	4,650.00
Abergorki Community Hall	4,746.34
Holy Trinity Church	4,988.00
St Mary Magdalene Parish Centre	5,470.80
St Matthews Church Hall	5,524.67
St George's Church Hall, Cwmparc	5,531.87
Temple Baptist Church	5,911.20
Think Food Life	6,729.36
Treorchy Senior Citizens Club	7,050.00
Capel Y Tabernacle	8,260.00
Carmel Congregational Chapel	8,400.00
Gilgal Baptist Church	8,843.06
Aberdare Cricket Club - Ynys View Community Project	9,693.57
Maerdy Boxing Club	9,851.60
Salem English Baptist Church	9,879.60
Cwmaman Public Hall & Institute Ltd	10,000.00
Tabor Baptist Church	10,000.00
Parish of Coity, Nolton & Brackla	10,000.00
The Friends of Ferndale	10,000.00
St Theodore's Church, Kenfig Hill	10,000.00
New Pathways	10,000.00
Ton Pentre & District Recreation Association CIO	10,000.00
St Catherine's Church	10,000.00
Valleys Kids	10,000.00
Cwmparc Community Association	10,000.00
Sub total of grants equal to or greater than £2000 (58 in number)	289,373.72
Grants less than £2,000 (39 in number)	63,287.63
Total grants payable for 2015/16 (97 in number)	352,661.35
Grants written back to the Fund	(22,132.90)
Surveyors's fees in respect of grants	4,021.00
Accounting and Technical Support	7,500.00
Total Charitable Activities as per SOFA	342,049.45

The following organisations were awarded more than one grant in the financial year:

Organisation	Amount
	£
Avon Street Allotment and Gardening Society	4000.00
Bethel Baptist Church	4218.00
Cwmparc Community Association	11,999.08
Maerdy Boxing Club	11,542.68
Mulligan Community CIC	3,986.46
Taff Bargoed Development Trust	4,399.60

The Welsh Church Fund only awards grants to institutions.

The following table gives a summary analysis of grants awarded by the nature of the project:

Analysis	Total Amount of Grant Awarded	Total Number of Grants
	£	
Libraries, museums and art galleries	1,843.39	1
Social and recreational	154,034.20	44
Other charitable purposes	23,848.40	7
Places of worship and burial grounds	172,935.36	45
Total	352,661.35	97

3. Other Costs

	2015/16	2014/15
	£'000	£'000
Audit Fees	5	8
External Surveyors Fees	1	1
Total	6	9

4. Related Party Transactions

.Organisation	Nature of Interest	Welsh Church Act Fund Transactions with Organisation			
		Net Value (£'000)		Balance Outstanding as at 31 March 2016 (£'000)	
		Payments	Receipts	Payments	Receipts
Rhondda Cynon Taf CBC	Corporate Finance Recharge	7	0	7	0
Rhondda Cynon Taf CBC	Surveyor Fees	4	0	4	0
Rhondda Cynon Taf CBC	Interest Receivable	0	16	0	16
Total		11	16	11	16

Notes to the Balance Sheet

1. Fixed Asset Investments

1.1 Analysis of Movement in Investments

An analysis of the fixed assets held as investments for the charity is provided below:

	Land £'000	Securities £'000	Totals £'000
1 st April 2015	33	8,933	8,966
Net Loss on Revaluation	0	(279)	(279)
Market Value at 31st March 2016	33	8,654	8,687

1.2 Investment Securities Analysis

	31/03/16 £'000	31/03/15 £'000
Government Stock	1,302	1,326
Charities Official Investment Fund	5,510	5,723
Charities Official Fixed Interest Fund	1,842	1,884
Total Market Value	8,654	8,933
Historical Cost as at 31 st March 2016	5,039	5,039

2. Debtors

An analysis of debtors as at 31st March 2016 is provided below:

	31/03/16 £'000	31/03/15 £'000
Amounts due from RCT CBC	16	16
Accrued Interest on Investments	85	86
Total	101	102

2.1 The amount due from Rhondda Cynon Taf CBC is made up of notional bank interest in respect of the Welsh Church Act bank account, which lies within the Council's pooled accounts. This is not transferred into the Welsh Church Act Fund Account until after each year end.

2.2 Accrued Interest relates to investment income relating to 2015/16 paid in 2016/17. It is made up as follows:

	£'000
COIF Fixed Interest Fund	19
COIF Investment Fund	60
2 ½ % Index Linked 2016	4
2 ½ % Index Linked 2024	2
Total	85

3. Investments

The short-term investment of £12k relating to amounts invested by Rhondda Cynon Taf CBC on behalf of the Welsh Church Act Fund in the money markets was repaid during the year.

4. Creditors: Amounts Falling Due Within One Year

An analysis of creditors as at 31st March 2016 is as follows:

	31/03/16 £'000	31/03/15 £'000
Miscellaneous Charitable Organisations	190	172
Rhondda Cynon Taf CBC	11	7
Wales Audit Office – fee accrual	6	6
Total	207	185

- 4.1 The monies owing to miscellaneous charitable organisations are grants awarded which remain unpaid at the end of the financial year. These total £190k.
- 4.2 The money owed to Rhondda Cynon Taf CBC in respect of recharge fees totals £11k.
- 4.3 The Welsh Church Act Fund owed Wales Audit Office £6k at the end of the financial year.

Notes to the Cash Flow Statement**1. Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2015/16	2014/15
	£'000	£'000
Net income/(expenditure) as per the Statement of Financial Activities	(293)	633
Adjustments for:		
(Gains)/Losses on Investments	279	(653)
Dividends, Interest and Rents from Investments	(335)	328
(Increase)/Decrease in Debtors	1	(3)
Increase/(Decrease) in Creditors	22	30
Net cash provided by (used in) operating activities	(326)	335

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Appendix 2

Date/Dyddiad:
11th January 2017

Please ask for/Gofynnwch am:
Barrie Davies
(01443) 680559

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Dear Huw

Representations regarding the 2015/16 Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend

This letter is provided in connection with your audit of the financial statements of the Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend for the year ended 31st March 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities:

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Charities SORP; in particular, the financial statements give a true and fair view in accordance therewith.

We have fulfilled our responsibilities for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with:

- Full access to:

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - Our knowledge of fraud or suspected fraud that we are aware of and that affects Rhondda Cynon Taf County Borough Council (as Trustee of the Fund) and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
 - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - The identity of all related parties and all the related party relationships and transactions of which we are aware.
 - Any other matters that the auditor may consider necessary.

Financial Statement representations:

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. All misstatements have been corrected both material and those below materiality thresholds.

Representations by the Trustee of the Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for ensuring that the Council maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements of the Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend were approved by full Council of Rhondda Cynon Taf County Borough Council on 11th January 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by

Group Director Corporate and Frontline Services
(Section 151 Officer)

Leading Member

Date

Date

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – Welsh Church Act Fund within The Areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils

Audit year: 2015-16

Date issued: November 2016

Document reference: 699A2016

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are no issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Welsh Church Act Fund within The Areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils (the Welsh Church Acts) at 31 March 2016 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative level at which we judge such misstatements to be material for the Welsh Church Act is £173,740. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, such as related parties.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of Welsh Church Acts, for 2015-16, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2016 on 7 October 2016, and have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the group accountant for Financial Reporting and the senior accountant Pension Fund and Treasury Management.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are no corrected misstatements which we consider should be drawn to your attention.

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**
 - **We did not encounter any significant difficulties during the audit.**
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Welsh Church Acts that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

11 January 2017

Please ask for/Gofynnwch am:
Barrie Davies - (01443) 680559

Dear Huw

Representations regarding the 2015/16 Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend

This letter is provided in connection with your audit of the financial statements of the Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities:

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Charities SORP; in particular, the financial statements give a true and fair view in accordance therewith.

We have fulfilled our responsibilities for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with:

- Full access to:

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Rhondda Cynon Taf County Borough Council (as Trustee of the Fund) and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Any other matters that the auditor may consider necessary.

Financial Statement representations:

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. All misstatements have been corrected both material and those below materiality thresholds.

Representations by the Trustee of the Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for ensuring that the Council maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements of the Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend were approved by full Council of Rhondda Cynon Taf County Borough Council on 11 January 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Group Director Corporate and Frontline Services
(Section 151 Officer)

Leading Member

Date

Date

Appendix 2

Proposed audit report of the Auditor General to the Welsh Church Act Fund Within The Areas Of Rhondda Cynon Taf, Bridgend And Merthyr Tydfil County Borough Councils

Report of the Auditor General for Wales to the trustees of Welsh Church Act Fund Within The Areas Of Rhondda Cynon Taf, Bridgend And Merthyr Tydfil County Borough Councils

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, Balance Sheet, Cashflow 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 trustees and independent auditor

As explained more fully in the Trustee's Responsibilities Statement set out on page 8, 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 Financial Reporting Council'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 Report of the Trustee, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

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 in the Trustees' Annual Report and Financial Statements is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Charities Act 2011 requires me to report to you if, in my opinion:

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Emphasis of Matter

Your attention is drawn to the fact that the Charity has prepared its financial statements in accordance with the Charities SORP 2015 in preference to the Charities SORP 2005 which is referred to in the extant regulations but has been withdrawn. We understand this has been done in order for the accounts to provide a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

John Herniman
On behalf of the Auditor General for Wales
[Date]

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