

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	29 January 2018
SUBJECT:	Anglesey Further Education Trust Annual Report and Accounts 2014/15 and 2015/16
PORTFOLIO HOLDER(S):	Councillor John Griffith (Resources) Councillor R G Parry OBE FRAGS (Highways, Property and Waste) Councillor R Meirion Jones (Learning)
HEAD OF SERVICE:	R MARC JONES
REPORT AUTHOR:	Claire Klimaszewski (01248) 751865
TEL:	ClaireKlimaszewski@ynysmon.gov.uk
E-MAIL:	
LOCAL MEMBERS:	

A - Recommendation/s and reason/s		
<ul style="list-style-type: none"> To approve the Annual Report and Accounts for the Anglesey Further Education Trust for the years 2014/15 and 2015/16 (Appendices A and B) 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
C - Why is this a decision for the Executive?		
This matter is delegated to the Executive.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Yes		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	8 January 2018
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	As part of SLT 8 January 2018
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

F - Appendices:

- Appendix A - Anglesey Further Education Trust Annual Report and Accounts 2014/15
- Appendix B - Anglesey Further Education Trust Annual Report and Accounts 2015/16

FF - Background papers (please contact the author of the Report for any further information):

Anglesey Further Education Trust

1. Purpose

- 1.1 This report provides an overview of the background of the Anglesey Further Education Trust. It provides information about the legal status of the Trust and the different elements within it. The financial performance of the Trust is summarised. The key purpose of this report is to request the Executive's approval of the Final Annual Report and Accounts for the financial years 2014/15 and 2015/16.

2. Background

- 2.1 The Anglesey Further Education Trust is comprised of three funds: The David Hughes Endowment and the Anglesey Further Education Fund 1/3 and the Anglesey Education Trust Fund 2/3 which provide specific educational benefit.

2.1.1 David Hughes Charitable Estate (Endowment Fund) Endowment dates back to 1608 and currently consists of several plots of smallholding land and cottages and other investments. This fund collects rents from its investment property and dividends and interest on its Investment Fund investments which are managed by Blackrock Investment Fund Managers. The management, financial and administration costs of the estate are deducted from the rents received to arrive at the net income for the year that can be distributed. A payment of a quarter of any net surplus income is made to an unconnected charity, "The David Hughes Charity for the "Poor" for purposes connected with the relief of poverty in the community of Llantrisant. The remaining income forms the Anglesey Further Education Fund, which is split into two.

2.1.2 Anglesey Further Education Trust Funds 1/3 (Restricted Fund)

In addition to the net income from the David Hughes Endowment Estate, this trust also receives income from investments managed by Blackrock similar to the David Hughes Endowment. One third of the Anglesey Further Education Fund is allocated to provide special benefit of any kind, not normally provided by the Authority, to assist senior pupils to finish their course at any one of the schools specified in the scheme, the five secondary schools maintained by the County Council. No grants were issued in 2014/15 and 2015/16 due to the trust's plans to refurbish the Smallholdings which were in significant need of repair and improvements.

2.1.3 Anglesey Further Education Trust Funds 2/3 (Restricted Fund)

This element of the trust receives income similar to the above (2.1.2). The remaining two thirds of the Anglesey Further Education Fund is available to benefit persons under the age of 25 who have attended any one of the schools specified in the scheme for at least two years, who is in need of financial assistance for further or higher education or training. No grants were issued in 2014/15 and 2015/16 due to the trust's plans to refurbish the Smallholdings which were in significant need of repair and improvements.

2.2 Legal Status

The Anglesey Further Education Trust is a registered charity for which the Isle of Anglesey County Council is the sole trustee. There is no specific reservation to full Council or delegation to an officer in respect of the Trusteeship, so the decision-making in relation to the Trust is delegated to the Executive Committee. Certain functions in respect of the trust have been delegated to officers in conjunction with the relevant portfolio holder. The Head of Service (Lifelong Learning) has the delegated authority in respect of educational grants. The Head of Service (Highways, Waste and Property) has the delegated authority to agree tenancies, set rents and organise a programme of maintenance and refurbishment. The Head of Function (Resources) / Section 151 Officer has delegated authority to sign the Annual Report and Accounts of the trust each year. The Chief Executive Officer can exercise any function which has been delegated to Heads of Service.

3. Financial Performance

- 3.1** The Trust earns income from rents from the David Hughes Endowment Trust Portfolio of Properties, dividends from equity investments, other interest and sale of investments. Expenditure relates to maintenance of properties, utilities, charitable purposes, governance fees (audit) and property management fees. The detailed information relating to income, expenditure and assets of the trust are appended in Appendices A and B, which includes the financial accounts for the Trust from 2014/15 and 2015/16. The Executive is asked to approve these accounts.
- 3.2** Analysis of the accounts for 2014/15 shows a net surplus of £339,987 for the year of which £14,917 is the net operational income for the year. However, in 2015/16 there is a net shortfall of £87,873, of which £100,664 is the deficit on the day-to-day operation of the Trust. This is due to a significant increase in repairs and maintenance within the David Hughes Endowment Estate during this year. Historically, there has been a significant under-investment in repairs and maintenance of the Estate. The draft accounts for 2016/17 shows a provisional net deficit of £343,342. This is due to an extensive repairs and refurbishment programme, which was substantially completed in 2016/17. The Trust also purchased Hendre Farm during this year to optimise the David Hughes Endowment Smallholdings Portfolio. Once the Annual Report and Accounts for 2016/17 have been independently examined, a further report will be brought to the Executive for approval of the Annual Report and Accounts for this period. This report will also provide a comprehensive update on the refurbishment, maintenance and restructuring of the David Hughes Endowment Estate.
- 3.3** The Anglesey Further Education Trust accounts 2015/16 highlight that at 31 March 2016 the total funds of the Trust were £3,179,220, of which £792,324 was the cash balance of the Trust at this date.

4. Conclusion

- 4.1** An overview of the background of the Anglesey Further Education Trust has been provided. The report provides a summary of the legal status of the Trust and the financial performance of the Trust. The financial accounts for the financial years 2014/15 and 2015/16 are included in appendices A and B for approval. The trust's total funds at 31 March 2016 was £3,179,220.

**CRONFA YMDDIRIEDOLAETH ADDYSG
BELLACH YNYS MÔN**

ANGLESEY FURTHER EDUCATION TRUST FUND

**ADRODDIAD BLYNYDDOL A
CHYFRIFON**

**ANNUAL REPORT AND
ACCOUNTS**

2014/2015

**Rhif Cofrestru Elusen / Charity Registration No.
525254**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31 MARCH 2015

The trustees present their report with the financial statements of the charity for the year ended 31 March 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

LEGAL AND ADMINISTRATIVE DETAILS

Registered Charity Number:

525254

Principal Address:

Isle of Anglesey County Council
County Offices
Llangefni
Anglesey
LL77 7TW

Trustee:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust and the activities of the Trust were administered on its behalf by the County Council.

During the accounting period the directors of the County Council were:

Chief Executive – Richard Parry Jones
Deputy Chief Executive – Bethan Jones
Lifelong Learning – Dr Gwynne Jones
Community – Gwen Carrington
Sustainable Development – Arthur Owen
Head of Function (Resources) and S151 Officer – (Interim) Richard Micklewright

At the time of preparing this report the strategic leaders of the County Council were:

Chief Executive – Dr Gwynne Jones
Deputy Chief Executive – Annwen Morgan
Deputy Chief Executive – Caroline Turner
Head of Function (Resources) and S151 Officer – Marc Jones
Head of Function (Council Business) and Monitoring Officer – Lynn Ball

Independent Examiner

I G Jones & Co
10A High Street
Llangefni
LL70 7LT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document:

The charity is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity.

The Anglesey Further Education Trust Fund is regulated by a scheme made by the Board of Education on 23 March 1939 and significantly modified by a scheme dated 18 July 1960. These specify the duties, powers and conditions under which the Trust is required to operate.

Recruitment and appointment of new trustees:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust Fund. The charity is run by the Council's Executive Committee.

New directors are briefed on their legal obligations under charity law, the content of the governing document and the decision making process. Any training needs are identified and addressed internally by other existing directors.

Organisational structure:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust Fund and the activities of the Trust were administered on its behalf by the County Council.

The organisational structure has been as follows:-

- The County Council's Executive Committee act as the Trustee.
- The Council's Head of Service (Lifelong Learning) in conjunction with the Portfolio Holder for Lifelong Learning have the delegated authority to award the annual grant funding.
- The Council's Head of Service (Highways, Waste and Property) in conjunction with the Portfolio Holder for Highways, Waste and Property have the delegated authority to manage tenancy agreements and to set rents of the property portfolio (the David Hughes Endowment).
- The Council's Executive Committee will endorse the accounts of the Trust has delegated authority to sign the Trustee' Annual Accounts to the Head of Function (Resources)/S151 officer.
- The governance framework is being reviewed to ensure that it best fits the modern day requirements of a Trust.

Until that review is complete the organisational structure will continue as it was.

Related parties:

Due to the nature of the charity's operations and because the sole trustee of the charity is Anglesey County Council it is inevitable that transactions will take place with organisations related to the council and its employees. All transactions involving organisations in which Anglesey County Council may have an interest are conducted at arm's length. The council has a policy that all directors must declare an interest if a related party transaction occurs.

Risk management:

The major risks, to which the Trust is exposed, as identified by the Trustee, have been reviewed and systems or procedures have been established to manage the risk.

OBJECTIVES AND ACTIVITIES

Objectives and aims:

The Further Education Trust Fund is comprised of three funds: The David Hughes Endowment and The Anglesey Further Education Fund 1/3 and The Anglesey Further Education Fund 2/3 which provide specific educational benefit.

The David Hughes Charitable Estate (Endowment Fund):

This fund collects rents from its investment property and interest on its investments. The management and administration costs of the estate are deducted from the rents received to arrive at the net income for the year that can be distributed.

A payment of a quarter of the net income is made to an unconnected charity, "The David Hughes Charity for the Poor" for purposes connected with the relief of poverty in the community of Llantrissant. The remaining income forms the Anglesey Further Education Fund:

Anglesey Further Education Trust Funds:

One third of the General Fund is allocated to provide special benefit of any kind, not normally provided by the Authority to assist senior pupils to finish their courses at any one of the schools specified in the scheme - the five secondary schools maintained by the County Council. Grants from this fund stopped a number of years ago. The council are reviewing this fund as part of an on-going governance review of the charity. The remaining two thirds of the General Fund is available to benefit persons under the age of 25, who have attended anyone of the schools specified in the scheme, for at least two years, who is in need of financial assistance for Further or Higher Education or training.

Grant making:

Grants are made to individuals who have attended or are attending one of the five secondary schools maintained by the County Council

Anglesey Further Education Trust Fund 1/3:

Grants from this fund stopped a number of years ago; the council are reviewing this fund as part of an ongoing governance review of the charity.

Anglesey Further Education Trust Fund 2/3:

Grants from this fund stopped a number of years ago; the council are reviewing this fund as part of an ongoing governance review of the charity.

Public benefit:

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant making process.

ACHIEVEMENT AND PERFORMANCE

Charitable activities:

The charity has continued to safeguard the assets of the trust.

The charity has been in a period of consolidation and has been saving cash to reinvest in its ageing property portfolio. By undertaking this period of consolidation it will mean that the assets of the charity will be able to provide income for years to come for its future beneficiaries.

FINANCIAL REVIEW

Financial Performance:

The charity had a net surplus in funds during the year of £28,087

Total funds as at 31 March 2015 were £3,267,093 of which all funds are restricted.

Principal funding sources:

The principle funding sources of the charity are rental income from tenants and investment income in the form of dividends, investment interest or interest on deposits.

Investment policy and objectives:

The charity has a significant ageing property portfolio that will require substantial investment. The trustee of the charity has undergone a period of consolidation in order to generate the necessary cash reserves to reinvest in its assets.

TRUSTEES RESPONSIBILITY STATEMENT

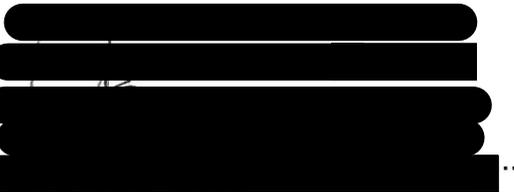
The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees 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, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 which 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 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.

Signed by the Head of Function (Resources)/S151 Officer under delegated authority on behalf of the trust:

A large black rectangular redaction box covering the signature of the Head of Function (Resources)/S151 Officer.

Mr R Marc Jones
Head of Function (Resources)/S151 Officer

REPORT OF THE INDEPENDENT EXAMINER TO THE TRUSTEES OF THE ANGLESEY FURTHER EDUCATION TRUST FUND

I report on the accounts of the Trust for the year ended 31 March 2015, which are set out on pages 8 to 15.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity is preparing accrued accounts and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

It is my responsibility to:-

- examine the accounts under section 145 of the 2011 Act;
- to follow procedures laid down in the General Directions given by the Charity Commission under section 145(5) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiners' report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiners' statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements:-
 - to keep accounting records in accordance with s. 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Act have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Dafydd Ll Jones FCA
I G Jones & Co
Chartered Accountant (ICAEW)
10A High Street, Llangefni, LL77 7LT

Signature  Date: 29.1.16

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2015

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.15 Total funds £	31.3.14 Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds	2					
Investment income		-	4,341	90,620	94,961	114,045
RESOURCES EXPENDED						
Costs of generating funds	3					
Investment management costs		-	1,051	73,659	74,710	159,901
Charitable activities David Hughes Charity of the Poor	5					
				4,084	4,084	-
Governance costs	4					
		-	625	625	1,250	1,694
Total resources expended		-	1,676	74,284	80,044	161,595
NET INCOMING/(OUTGOING) RESOURCES						
		-	2,664	12,253	14,917	(47,550)
Realised gains/(losses) on fixed asset investments		-	5,408	7,762	13,170	4,872
Realised gains/(losses) on investment property		-	-	-	-	-
		-				
Net income/(expenditure)		-	8,072	20,015	28,087	(42,678)
Unrealised gains/losses on investment assets		-	-	311,900	311,900	-
RECONCILIATION OF FUNDS						
Total funds brought forward		-	421,963	2,505,143	2,927,106	2,969,784
TOTAL FUNDS CARRIED FORWARD		-	430,035	2,837,058	3,267,093	2,927,106

BALANCE SHEET FOR THE YEAR ENDED
31 MARCH 2015

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.15 Total funds £	31.3.14 Total funds £
Investments		-	95,553	136,918	232,471	219,301
Investments	7	-	-	2,187,000	2,187,000	1,875,100
Investment property	8	-	95,553	2,323,918	2,419,471	2,094,401
CURRENT ASSETS						
Debtors	9	-	-	35,095	35,095	29,485
Cash at bank	10	-	340,502	509,969	850,471	839,832
		-	340,502	545,064	885,566	869,317
CREDITORS						
Amounts falling due within one year	11	-	(6,019)	(31,924)	(37,943)	(36,612)
NET CURRENT ASSETS		-	334,483	513,139	847,622	832,705
TOTAL ASSETS LESS CURRENT LIABILITIES		-	430,036	2,837,057	3,267,093	2,927,106
NET ASSETS		-	430,036	2,837,057	3,267,093	2,927,106
FUNDS	12					
Restricted funds					430,035	421,963
Endowment funds					2,837,057	2,505,143
TOTAL FUNDS					3,267,093	2,927,106

The financial statements are signed by the Head of Function (Resources)/S151 Officer under delegated authority

Signed: _____ Date: _____

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 MARCH 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Charities Act 2011 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of generating funds

The costs of generating funds consist of investment management costs.

Investment property

Investment property is shown at most recent internal valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the endowment fund.

Taxation

The charity is exempt from tax on its charitable activities.

Value Added Tax

The charity can reclaim Value Added Tax through its trustee Anglesey County Council, therefore where applicable expenditure is shown net of Value Added Tax.

Fund structure

The charity has three funds, one endowment and two restricted.

The David Hughes Charitable Estate (Endowment Fund)

This fund collects rents from its investment property and interest on its investments. The management and administration costs of the estate are deducted from the rents received to arrive at the net income for the year that can be distributed.

A payment of a quarter of the net income is made to an unconnected charity, "The David Hughes Charity for the Poor" for purposes connected with the relief of poverty in the community of Llantrisant.

The remaining income forms the Anglesey Further Education Fund, which is split into two.

Anglesey Further Education Trust Funds 1/3 (Restricted Fund)

One third of the Anglesey Further Education Fund is allocated to provide special benefit of any kind, not normally provided by the authority to assist senior pupils to finish their course at any one of the schools specified in the scheme - the five secondary schools maintained by the county council.

Anglesey Further Education Trust Funds 2/3 (Restricted Fund)

The remaining two thirds of the Anglesey Further Education Fund is available to benefit persons under the age of 25, who have attended any one of the schools specified in the scheme, for at least two years, who is in need of financial assistance for further or higher education or training.

The charity has no unrestricted income

Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

2. INVESTMENT INCOME

	31.3.15 £	31.3.14 £
Rents received	78,232	99,012
Water rates - recharges	6,076	672
Dividends and investment interest	7,241	7,507
Other interest	<u>3,413</u>	<u>6,854</u>
	<u>94,961</u>	<u>114,045</u>

3. INVESTMENT MANAGEMENT COSTS

	31.3.15 £	31.3.14 £
Administrative expenses	8,250	7,860
Repair & Maintenance	53,187	148,555
Water charges	7,231	3,486
Professional Services	2,020	0
Other property expenses	1,465	9
Investment Management Fees	<u>2,557</u>	<u>-</u>
	<u>74,710</u>	<u>159,901</u>

4. GOVERNANCE COSTS

	31.3.15 £	31.3.14 £
Independent Examiner's/Auditor's remuneration	<u>1,250</u>	<u>1,694</u>

5. CHARITABLE ACTIVITIES

	31.3.15 £	31.3.14 £
Contribution to David Hughes Charity for the Poor	<u>4,084</u>	-

6. TRUSTEES' REMUNERATION AND BENEFITS

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2015 or for the year ended 31 March 2014. This relates to the directors of the trustee. See related party note in connection with the fees paid to the corporate trustee for property administration costs incurred.

7. FIXED ASSET INVESTMENTS

	Listed Investments (£)
MARKET VALUE	
At 1 April 2014	219,301
Revaluations	<u>13,170</u>
At 31 March 2015	<u>232,471</u>
NET BOOK VALUE	
At 31 March 2015	<u>232,471</u>
At 31 March 2014	<u>219,301</u>

There were no investment assets outside the UK.

The investments are mainly in Charinco and Charishare Common Investment Funds with small holdings in gilts and equity.

Investments are shown at market value, historical value is £67,029.

8. INVESTMENT PROPERTY

	(£)
MARKET VALUE	
31 March 2015	2,187,000
NET BOOK VALUE	
At 31 March 2015	<u>2,187,000</u>
At 31 March 2014	<u>1,875,100</u>

The David Hughes Endowment is made up of 15 Farm dwellings and 3 parcels of land, with a total of 1,128 acres.

The Estate was valued as at March 2015 at a total value of £2,187,000 on the existing use value basis by Barry Wyn Jones MRICS the Council's Estates Internal Valuer.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.15 £	31.3.14 £
Amounts recoverable on contract	<u>35,095</u>	<u>29,485</u>

10. CASH AT BANK

	Further Education 1/3 £	Further Education 2/3 £	David Hughes Charitable Estate £	31.3.15 Total funds £	31.3.14 Total funds £
Bank deposit account	<u>202,730</u>	<u>137,772</u>	<u>509,969</u>	<u>850,471</u>	<u>839,832</u>

This represents the balance within the cash reserves held by the Isle of Anglesey County Council on behalf of the Anglesey Further Education Trust.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.15 £	31.3.14 £
Other creditors	<u>37,943</u>	<u>36,612</u>

12. MOVEMENT IN FUNDS

	At 1.4.14 £	Net Movement in Funds £	At 31.3.15 £
Further Education 1/3	260,136	5,448	265,584
Further Education 2/3	161,827	2,625	164,452
Restricted funds	421,963	8,073	430,036
David Hughes Charitable Estate	2,505,143	331,914	2,837,057
Endowment funds			
TOTAL FUNDS	2,927,106	339,987	3,267,093

Net movement in funds, included in the above are as follows:-

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted funds				
Further Education 1/3	2,831	(1,025)	3,642	5,448
Further Education 2/3	1,510	(651)	1,766	2,625
	4,341	(1,676)	5,408	8,073
Endowment funds				
David Hughes Charitable Estate	90,621	(78,368)	319,662	331,014
TOTAL FUNDS	94,961	(80,044)	325,070	339,987

13. RELATED PARTY DISCLOSURES

Anglesey County Council

The Anglesey Further Education Trust Fund is administered by the Isle of Anglesey County Council. A management fee of £8,250 (£7,110 in 2013/14) was charged by the council for the administration of the estate. In future years the trust will also be charged the actual cost for the proper administration of its financial and legal affairs.

Due to the nature of the charity's operations and because the sole trustee of the charity is Anglesey County Council it is inevitable that transactions will take place with organisations related to the council and its employees. All transactions involving organisations in which Anglesey County Council may have an interest are conducted at arm's length. The council has a policy that all directors must declare an interest if a related party transaction occurs.

**CRONFA YMDDIRIEDOLAETH ADDYSG
BELLACH YNYS MÔN**

ANGLESEY FURTHER EDUCATION TRUST FUND

**ADRODDIAD BLYNYDDOL A
CHYFRIFON**

**ANNUAL REPORT AND
ACCOUNTS**

2015/2016

**Rhif Cofrestru Elusen / Charity Registration No.
525254**

CONTENTS OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 MARCH 2016

	Page
Report of the Trustees	1-5
Report of the Independent Examiner	6
Statement of Financial Activity	7
Balance Sheet	8
Notes to the Financial Statements	9-13

REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31 MARCH 2016

The trustees present their report with the financial statements of the charity for the year ended 31 March 2016. The trustees have adopted the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) effective 1 January 2015.

LEGAL AND ADMINISTRATIVE DETAILS

Registered Charity Number:

525254

Principal Address:

Isle of Anglesey County Council
County Offices
Llangefni
Anglesey
LL77 7TW

Trustee:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust and the activities of the Trust were administered on its behalf by the County Council.

Independent Examiner

I G Jones & Co
10A High Street
Llangefni
LL70 7LT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document:

The charity is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity.

The Anglesey Further Education Trust Fund is regulated by a scheme made by the Board of Education on 23 March 1939 and significantly modified by a scheme dated 18 July 1960. These specify the duties, powers and conditions under which the Trust is required to operate.

Recruitment and appointment of new trustees:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust Fund. The charity is run by the Council's Executive Committee.

New trustees are briefed on their legal obligations under charity law, the content of the governing document and the decision making process. Any training needs are identified and addressed internally by other existing trustees and officers of the Council.

Organisational structure:

The Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust Fund and the activities of the Trust were administered on its behalf by the County Council.

The organisational structure has been as follows:-

- The County Council's Executive Committee act as the Trustee.
- The Council's Head of Service (Lifelong Learning) in conjunction with the Portfolio Holder for Lifelong Learning have the delegated authority to award the annual grant funding.
- The Council's Head of Service (Highways, Waste and Property) in conjunction with the Portfolio Holder for Highways, Waste and Property have the delegated authority to manage tenancy agreements and to set rents of the property portfolio (the David Hughes Endowment).
- The Council's Executive Committee will approve the accounts of the Trust and the S151 Officer has delegated authority to sign the Trust's Annual Accounts

The strategic leaders of the County Council were:

- Chief Executive – Dr Gwynne Jones
- Deputy Chief Executive – Annwen Morgan
- Deputy Chief Executive – Caroline Turner
- Head of Function (Resources) and S151 Officer – Marc Jones
- Head of Function (Council Business) and Monitoring Officer – Lynn Ball

Related parties:

Due to the nature of the charity's operations and because the sole trustee of the charity is the Isle of Anglesey County Council it is inevitable that transactions will take place with organisations related to the council and its employees. All transactions involving organisations in which the Isle of Anglesey County Council may have an interest are conducted at arm's length. The council has a policy that all trustees must declare an interest if a related party transaction occurs.

Risk management:

The major risks, to which the Trust is exposed, as identified by the Trustee, have been reviewed and systems or procedures have been established to manage the risk.

OBJECTIVES AND ACTIVITIES**Objectives and aims:**

The Further Education Trust Fund is comprised of three funds: The David Hughes Endowment; the Anglesey Further Education Fund 1/3 and the Anglesey Further Education Fund 2/3 which aim to provide specific educational benefit.

The David Hughes Charitable Estate (Endowment Fund):

This fund collects rents from its investment property and interest on its investments. The management and administration costs of the estate are deducted from the rents received to arrive at the net income for the year that can be distributed or net expenditure.

A payment of a quarter of the net income is made to an unconnected charity, "The David Hughes Charity for the Poor" for purposes connected with the relief of poverty in the community of Llantrisant. The remaining income forms the Anglesey Further Education Fund:

Anglesey Further Education Trust Funds:

One third of the General Fund is allocated to provide special benefit of any kind, not normally provided by the Authority to assist senior pupils to finish their courses at any one of the schools specified in the scheme - the five secondary schools maintained by the County Council. The remaining two thirds of the General Fund is available to benefit persons under the age of 25, who have attended any one of the schools specified in the scheme, for at least two years, who is in need of financial assistance for Further or Higher Education or training. The trust had not made any grants for a number of years however, procedures are being reviewed and the trust has started to award grants to eligible individuals from 2016/17 which will have helped the individuals to continue in Further or Higher Education or Training.

Grant making:

Grants are made to individuals who have attended or are attending one of the five secondary schools maintained by the County Council who meet the above criteria.

Public benefit:

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant making process.

ACHIEVEMENT AND PERFORMANCE

Charitable activities:

The charity has continued to safeguard the assets of the trust.

The charity has been in a period of consolidation and has been saving cash to reinvest in its ageing property portfolio. By undertaking this period of consolidation it will mean that the assets of the charity will be able to provide income for years to come for its future beneficiaries. The charity has commenced a significant programme of repairs and refurbishments during the year to the David Hughes Estate which will bring a number of the farm buildings into a more suitable state of repair. This programme continues into 2016/17 and beyond.

FINANCIAL REVIEW

Financial Performance:

The charity had a net deficit in funds during the year of £87,873 due to the extensive programme of repairs to the David Hughes Estate mentioned above.

Total funds as at 31 March 2016 were £3,179,220 of which all funds are restricted.

Principal funding sources:

The principle funding sources of the charity are rental income from tenants and investment income in the form of dividends, investment interest or interest on deposits.

Investment policy and objectives:

The charity has a significant ageing property portfolio that will require substantial investment. The trustee of the charity has undergone a period of consolidation in order to generate the necessary cash reserves to reinvest in its assets. In addition, the charity holds approximately 10% of its Total Fixed Assets in Investment Funds, which generate dividend and interest income.

Plans for the Future

The Anglesey Further Education Trust operates as a going concern for the charitable purposes stated above.

TRUSTEES RESPONSIBILITY STATEMENT

The trustees are responsible for preparing the Report of the Trustees 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, the Charities Act, Charity (Accounts and Reports) Regulations and the provisions of the trust deed requires the trustees 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, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;

- make judgements and estimates that are reasonable and prudent;
- 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, which 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 Charities Act, the Charity (Accounts and Reports) Regulations 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.

Signed by the Head of Function (Resources)/S151 Officer under delegated authority on behalf of the trust:



Mr R Marc Jones
Head of Function (Resources)/S151 Officer

Date: 10.10.17.

**REPORT OF THE INDEPENDENT EXAMINER TO THE TRUSTEES
OF THE ANGLESEY FURTHER EDUCATION TRUST FUND**

I report on the accounts of the Trust for the year ended 31 March 2016, which are set out on pages 7 to 13.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity is preparing accrued accounts and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

It is my responsibility to:-

- examine the accounts under section 145 of the 2011 Act;
- to follow procedures laid down in the General Directions given by the Charity Commission under section 145(5) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiners' report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiners' statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements:-
 - to keep accounting records in accordance with s. 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Act have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Dafydd LI Jones FCA
I G Jones & Co
Chartered Accountant (ICAEW)
10A High Street, Llangefni, LL77 7LT

Signature  Date: 10.10.2017

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2016**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	31.3.16 Total Funds £	31.3.15 Total Funds £
Income and endowments from:						
Investment Income	2	-	4,194	101,829	106,023	94,961
Total Income		-	4,194	101,829	106,023	94,961
Expenditure on:						
Investment management	3	-	1,051	204,415	203,364	74,710
Charitable Activities	4	-	-	-	-	4,084
Governance Costs	5	-	1,068	2,255	3,323	1,250
Total Expenditure		-	17	206,670	206,687	80,044
Net Income/(Expenditure)		-	4,176	104,841	100,664	14,917
Other recognised gains/(losses)						
Realised gains/(losses) investments		-	-	-	-	-
Realised gains/(losses) on Investment Property		-	-	21,758	21,758	-
Unrealised gains/(losses) on revaluation of investments		-	4,214	4,753	8,967	13,170
Unrealised gains on revaluation of Investment Properties		-	-	-	-	311,900
Net Movement on Funds		-	37	87,836	87,873	339,987
Reconciliation of Funds						
Total funds brought forward		-	430,035	2,837,058	3,267,093	2,927,106
Total Funds carried forward		-	429,998	2,749,222	3,179,220	3,267,093

BALANCE SHEET FOR THE YEAR ENDED
31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Endowment Fund £	31.3.16 Total Funds £	31.3.15 Total Funds £
Investments listed or traded on a recognised stock exchange	7	-	91,339	132,165	223,504	232,471
Investment Properties - David Hughes Estate	8	-	-	2,184,398	2,184,398	2,187,000
Total Fixed Assets		-	91,339	2,316,563	2,407,902	2,419,471
Current Assets						
Debtors	9	-	-	42,439	42,439	35,095
Cash at bank and in hand	10	-	339,727	452,596	792,324	850,471
Total Current Assets		-	339,727	495,035	834,763	885,566
Liabilities						
Creditors: Amounts falling due within one year	11	-	1,068	62,376	63,445	37,944
Net Current Assets or Liabilities		-	338,659	432,659	771,318	847,622
Creditors Amounts falling due after more than one year		-	-	-	-	-
Provisions for liabilities		-	-	-	-	-
Total Net Assets or Liabilities		-	429,998	2,749,222	3,179,220	3,267,093
The Funds of the Charity	12					
Endowment Funds		-	-	2,749,222	2,749,222	2,837,058
Restricted Income Funds		-	429,998	-	429,998	430,035
Total Charity Funds		-	429,998	2,749,222	3,179,220	3,267,093

The financial statements are signed by the Head of Function (Resources)/S151 Officer under delegated authority

Signed: _____

Date: 10.10.17

MR R MARC JONES CPFA
HEAD OF FUNCTION (RESOURCES)/S151 OFFICER

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 MARCH 2016

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. This is, as modified by the revaluation of certain assets and in accordance with the Charities Sorp (FRSEE) Financial Reporting Standard for Smaller Entities (effective January 2015); the Charities Act 2011 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of generating funds

The costs of generating funds consist of investment management costs.

Investment property

Investment property is shown at most recent internal valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the endowment fund.

Taxation

The charity is exempt from tax on its charitable activities.

Value Added Tax

The charity can reclaim Value Added Tax through its trustee the Isle of Anglesey County Council, therefore where applicable expenditure is shown net of Value Added Tax.

Fund structure

The charity has three funds, one endowment and two restricted.

The David Hughes Charitable Estate (Endowment Fund)

This fund collects rents from its investment property and interest on its investments. The management and administration costs of the estate are deducted from the rents received to arrive at the net income for the year that can be distributed.

A payment of a quarter of the net income is made to an unconnected charity, "The David Hughes Charity for the Poor" for purposes connected with the relief of poverty in the community of Llantrisant.

The remaining income forms the Anglesey Further Education Fund, which is split into two.

Anglesey Further Education Trust Funds 1/3 (Restricted Fund)

One third of the Anglesey Further Education Fund is allocated to provide special benefit of any kind, not normally provided by the authority to assist senior pupils to finish their course at any one of the schools specified in the scheme - the five secondary schools maintained by the county council.

Anglesey Further Education Trust Funds 2/3 (Restricted Fund)

The remaining two thirds of the Anglesey Further Education Fund is available to benefit persons under the age of 25, who have attended any one of the schools specified in the scheme, for at least two years, who is in need of financial assistance for further or higher education or training. The charity has no unrestricted income

Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

2. INVESTMENT INCOME

Investment Income	Restricted Funds	Endowment Funds	Total 31.03.16	Total 31.03.15
	£	£	£	£
Rents received	-	85,119	85,119	78,231
Water rates - recharges	-	4,791	4,791	6,076
Other income from David Hughes Estate	-	6,028	6,028	-
Dividends and investment interest	2,974	4,266	7,241	7,241
Other interest	1,219	1,624	2,844	3,413
Total Investment Income	4,194	101,829	106,023	94,961

3. INVESTMENT MANAGEMENT COSTS

Investment Management Costs	Restricted Funds	Endowment Funds	Total 31.03.16	Total 31.03.15
	£	£	£	£
Property management administrative expenses	-	8,250	8,250	8,250
Repairs and Maintenance of David Hughes Estate	-	156,241	156,241	53,187
Water Charges	-	11,683	11,683	7,231
Professional Services	-	27,067	27,067	2,020
Other property expenses	-	2,680	2,680	1,465
Investment Management Fees - non-property investments	1,051	1,506	2,557	2,557
Total Investment Management Costs	1,051	204,415	203,364	74,710

4. CHARITABLE ACTIVITIES

Charitable Expenditure	Restricted Funds £	Endowment Funds £	Total 31.03.16 £	Total 31.03.15 £
25% contribution of net expenditure to David Hughes Charity for the Poor	-	-	-	4,084
Total Charitable Expenditure			-	4,084

5. GOVERNANCE COSTS

Governance Costs	Restricted Funds £	Endowment Funds £	Total 31.03.16 £	Total 31.03.15 £
Accounting and governance costs	593	1,780	2,373	-
Independent Examiner's/Auditor's Remuneration	475	475	950	1,250
	1,068	2,255	3,323	1,250

6. TRUSTEES' REMUNERATION AND BENEFITS

Trustees' expenses

There were no trustees' remuneration paid for the year ended 31 March 2016 or for the year ended 31 March 2015. This relates to the trustee, that is, the members of the Executive Committee and the Isle of Anglesey County Council's Senior Leadership team acting on its behalf. See related party note in connection with the fees paid to the corporate trustee for property and financial administration costs incurred.

7. FIXED ASSET INVESTMENTS

Investments listed or traded on a recognised stock exchange	31.03.16 £	31.03.15 £
Market Value		
At 1 April 2015	232,471	219,301
Additions	-	-
Disposals	-	-
Revaluations	8,967	13,170
Transfers	-	-
Net book value at 31 March	223,504	232,471

There were no investment assets outside the UK.

The investments are mainly in Charinco and Charishare Common Investment Funds with small holdings in gilts and equity.

Investments are shown at market value, historical value is £67,029.

8. INVESTMENT PROPERTY

Investment Property	31.03.16 £	31.03.15 £
Market Value		
At 1 April 2015	2,187,000	1,875,100
Additions	-	-
Disposals	2,602	-
Revaluations	-	311,900
Transfers		
Net book value at 31 March	2,184,398	2,187,000

The David Hughes Endowment is comprised of 15 farm dwellings and 3 parcels of land, with a total of 1,126.16 acres.

The Estate was valued as at March 2016 at a total value of £2,184,398 on the existing use value basis by Barry Wyn Jones, the Isle of Anglesey County Council's Estates Internal Valuer.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Debtors: amounts falling due within one year	31.03.16 £	31.03.15 £
Amounts recoverable on contract	42,439	35,095
Total Debtors	42,439	35,095

10. CASH AT BANK

Cash at bank	Further Education Trust 1/3 £	Further Education Trust 2/3 £	David Hughes Charitable Estate £	31.3.16 Total Funds £	31.3.15 Total Funds £
Bank deposits	202,993	136,734	452,596	792,324	850,471

This represents the balance within the cash reserves held by the Isle of Anglesey County Council on behalf of the Anglesey Further Education Trust.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors: amounts falling due within one year	31.03.16 £	31.03.15 £
Other creditors	63,445	37,943
Total Debtors	63,445	37,943

12. MOVEMENT IN FUNDS

Movement in Funds	At 01.04.15	Net Movement in Funds	At 31.03.16
	£	£	£
Further Education Trust 1/3	265,584	194	265,778
Further Education Trust 2/3	164,452	- 231	164,221
Restricted Funds	430,036	- 37	429,999
David Hughes Charitable Estate	2,837,057	- 87,836	2,749,221
Total Funds	3,267,093	- 87,873	3,179,220

Net movement in funds, included in the above are as follows:-

Net movement in funds included in the above are:	Income resources	Expenditure	Gains and Losses	Movement in Funds
	£	£	£	£
Further Education Trust 1/3	2,747	- 9	2,544	194
Further Education Trust 2/3	1,447	- 9	1,669	- 231
Restricted Funds	4,194	- 17	4,214	- 37
David Hughes Charitable Estate	101,829	- 206,670	17,005	- 87,836
Total Funds	106,023	- 206,687	12,791	- 87,873

13. RELATED PARTY DISCLOSURES

Isle of Anglesey County Council

The Anglesey Further Education Trust Fund is administered by the Isle of Anglesey County Council. A property management fee of £8,250 (£8,250 in 2014/15) was charged by the council for the administration of the David Hughes Estate. In addition, a financial management and governance fee of £2,373.22 has been charged to the trust. Total finance and administration fees recharged by the council were therefore £10,623.22. Architectural Services in relation to the repairs of the Estate were also provided internally for which the trust was charged £21,833.86.

Due to the nature of the charity's operations and because the sole trustee of the charity is the Isle of Anglesey County Council; it is inevitable that transactions will take place with organisations related to the council and its employees. All transactions involving organisations in which the Isle of Anglesey County Council may have an interest, are conducted at arm's length. The council has a policy that all Councillors and members of Senior Leadership team must declare an interest if a related party transaction occurs.

